



**CME**

**CME GROUP BERHAD**  
197901007949 (52235-K)

# **ANNUAL REPORT**

**2 0 2 2**



**PERFORMANCE &  
TECHNOLOGY**



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## Corporate Information

### Corporate Profile

CME Group Berhad (“CME”) was incorporated in Malaysia on 14 November 1979 under the Companies Act, 1965 as a private limited company under the name of Beijer (Malaysia) Sdn Bhd. The name was changed to Construction and Mining Equipment Holdings Sdn Bhd on 27 February 1984 to reflect its activities at that time. On 5 January 1991, the Company changed its name to CME Group Sdn Bhd.

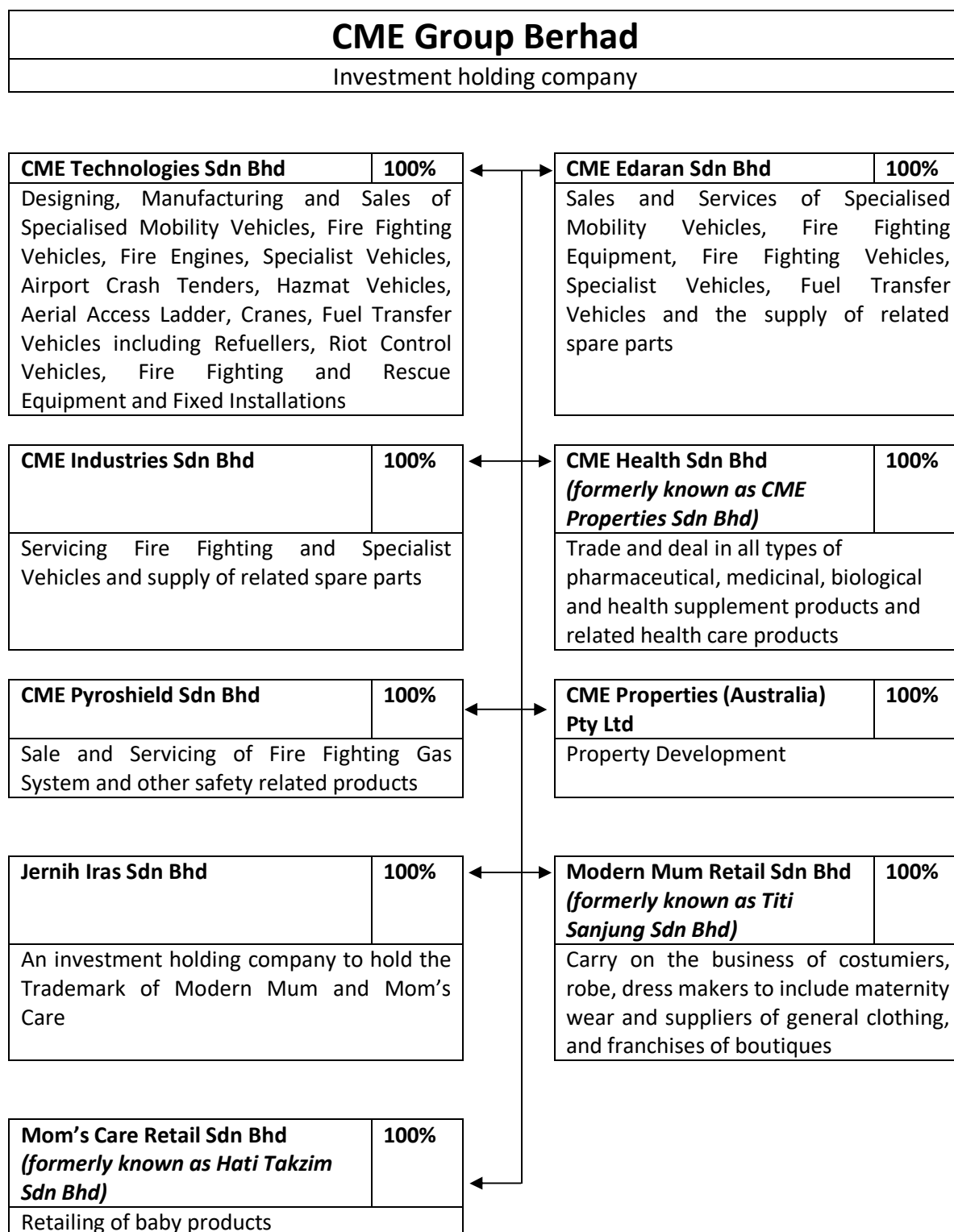
The Company subsequently converted its status into a public company and assumed its present name on 26 December 1995. The Company was listed on the Second Board of the Kuala Lumpur Stock Exchange on the 3 October 1997.

The existing principal activity of the Group is providing comprehensive solutions in relation to designing, manufacturing and sales of various types of specialised mobility vehicles, and fire fighting and safety vehicles. The Group designs and builds various types of fire fighting vehicles, specialist vehicles, airport crash tenders, hazmat vehicles, fuel transfer vehicles, riot control vehicles and fire rescue equipment.

CME of today has become an experience comprehensive solutions provider to the fire fighting industries with a reputation for delivering customized, value driven vehicle solutions that incorporate safety and reliability that comply with the highest standards such as NFPA, ICAO and CEN. The products manufactured by the Group’s meet and comply with ISO 9001 certification. CME now stands proudly at the forefront of the industry in the country. The customers of CME Group are mainly from public sector and oil and gas industry.

In recent years, the Group has diversified into the property development, property investment and retail business. The diversification is intended to be part of a long term plan to move the Group forward by expanding the Group’s income stream and further strengthening the Group’s financial position.

## Group Corporate Structure



## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Y.M. Tunku Nizamuddin Bin Tunku Dato'Seri Shahabuddin  
*Executive Director*  
Y.A.D. Dato'Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj  
*Independent Non-Executive Director*  
YAM Tengku Besar Tengku Kamil Bin Tengku Idris Shah  
*Independent Non-Executive Director*  
En. Azlan Omry Bin Omar  
*Executive Director*  
Miss Ong Suan Pin  
*Independent Non-Executive Director*

### Company Secretary

Mr. Cheam Tau Chern  
(PC No: 20190800002)

### Key Management

Mr. Yap Wai Yee  
*Chief Executive Officer*  
Miss Loong Fong Lin  
*Deputy Financial Controller*  
Mr. Amri bin Mohd Yasin  
*Project Manager*

### Audit Committee

Y.A.D. Dato'Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj  
*Chairman*  
Miss Ong Suan Pin  
YAM Tengku Besar Tengku Kamil Ismail  
Bin Tengku Idris Shah

### Nominating Committee

Y.A.D. Dato'Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj  
*Chairman*  
Miss Ong Suan Pin  
YAM Tengku Besar Tengku Kamil Ismail  
Bin Tengku Idris Shah

### Remuneration Committee

Y.A.D. Dato'Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj  
*Chairman*  
Miss Ong Suan Pin

### Corporate Office

Lot 19, Jalan Delima 1/1, Taman Perindustrian Teknologi Tinggi Subang 47500 Subang Jaya  
Tel : 03-5633 1188 Fax : 03-5634 3838  
Website : <http://www.cme.com.my>

### Share Registrar

Boardroom Share Registrars Sdn Bhd  
11<sup>th</sup> Floor, Menara Symphony, No.5  
Jalan Prof. Khoo Kay Sim, Seksyen 13  
46200 Petaling Jaya, Selangor  
Tel : 03-7890 4700 Fax : 03-7890 4670

### Auditors

Messrs. Kreston John & Gan Chartered Accountants  
Unit B-10-8, Megan Avenue II  
Jalan Yap Kwan Seng  
50450 Kuala Lumpur  
Tel : 03-2381 2828

### Registered Office

No. 22C, Jalan Gelugor  
41050 Klang, Selangor  
Tel : 03-3342 0608 Fax : 03-3342 7653

### Principal Bankers

Public Bank Berhad  
United Overseas Bank (Malaysia) Berhad  
Small Medium Enterprise Development  
Bank Malaysia Berhad

### Stock Exchange Listing

The Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name : CME  
Stock Code : 7018  
Date of listing : 3 October 1997

## Directors' Profile

### **Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin**

*Executive Director*

Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin, aged 51, Malaysian, was appointed to the Board of the Company on 6 May 2009. He holds a Bachelor of Business in Tourism Management from University of New England, Lismore, Australia and MBA in International Management from Thunderbird, The Garvin School of International Management, Arizona, USA. Tunku has more than 20 years of experience in the field of advisory and consultancy in all business areas, of which more than 8 years were spent in the oil and gas industry.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

He is deemed as a substantial shareholder in CME and has no interests in the securities of any subsidiary companies of CME. He also sits on the Board of several other private limited companies.

### **En. Azlan Omry Bin Omar**

*Executive Director*

En. Azlan Omry Bin Omar, aged 56, Malaysian, was appointed to the Board of the Company on 6 July 2000 as Independent Non-Executive Director. He has re-designated as Executive Director on 1 July 2015. He holds a Bachelor of Science degree majoring in Civil Engineering from California State University and a Master of Science degree in Manufacturing Systems Engineering from University of Warwick, England. He started his career as a civil and structural engineer in 1990 before returning to England in 1993 to work for Warwick Manufacturing Group as a Research Associate. He returned to Malaysia and joined Composites Technology Research Malaysia Sdn Bhd ("CTRM") in 1994.

He has been in the business of distribution and retail of consumer and lifestyle products between 2003 and 2014.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

He holds 50,000 shares in CME and has no interests in the securities of any subsidiary companies of CME. He also sits on the Board of several other private limited companies.

### **Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj**

*Independent Non-Executive Director*

*Chairman of Audit Committee, Nominating Committee, Remuneration Committee*

Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj, aged 71, Malaysian, was appointed to the Board of the Company on 19 June 2000. After completing his formal education in the 1960's, Dato' Setia Tengku was appointed as the Military Aide-de-Camp to His Royal Highness The Sultan of Selangor. He resigned from this position and entered the corporate world in 1995. Since then, he has extensive interests in civil, building construction and property development.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

He does not hold any shares in CME and has no interests in the securities of any subsidiary companies of CME. He also sits on the Board of several other private limited companies.

**Miss Ong Suan Pin**

*Independent Non-Executive Director*

*Member of Audit Committee*

*Member of Nominating Committee*

*Member of Remuneration Committee*

Miss Ong Suan Pin, aged 64, Malaysian, was appointed to the Board on 24 June 2011. She is a holder of ACCA (The Association of Chartered Certified Accountants) qualification and has more than 35 years of working experience in the field of accountancy. She started her career in 1981 as a lecturer for Institute Technology of Mara before moving to join a public accounting firm, gaining experience in auditing. Presently, she is the Financial Controller for a construction group of companies.

She does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has she any personal interest in any business arrangement involving CME. She has no convictions for offences over the past 10 years other than traffic offences.

She holds 7,666,000 shares in CME and has no interests in the securities of any subsidiary companies of CME.

**YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah**

*Independent Non-Executive Director*

*Member of Audit Committee*

YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah, aged 72, Malaysian, was appointed to the Board of the Company on 9 March 2015. He held the directorships in C.I Holdings Berhad, Berjaya Group Berhad and TAS Industries Sdn Bhd in the past years. Presently, he is the Chairman of Taman Positif Sdn Bhd. He is also the Chairman of Sultan Ahmad Shah Pekan Pahang Mosque. He is active in sport especially badminton. He is the president of Pahang Badminton Association for the past 30 years till today. He is also the present Vice President of Badminton Association of Malaysia.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

He does not hold any shares in CME and has no interests in the securities of any subsidiary companies of CME. He also sits on the Board of several other private limited companies.

## Key Management

**Mr. Yap Wai Yee**  
Chief Executive Officer

Mr. Yap Wai Yee holds a Masters of Management Science and Bachelor Degree of Engineering majoring in Electrical Engineering from Imperial College London.

Mr. Yap has over 30 years of experience in management and operations of business. He began his career with Hume Industries (M) Bhd as an engineer in 1989 before embarking into the financial industry. He joined D&C Mitsui Merchant Bankers Bhd in 1991 where he specialized in corporate finance and advisory including mergers and acquisitions and initial public offering. In 1996, in his capacity in a management consultancy company, he was assigned as the General Manager of Seacera Tiles Bhd where his role is to bring the company to listing on the Main Market of Bursa Malaysia. Mr. Yap also has extensive experience in the property development sector, being the Deputy Chief Operating Officer for SBC Corporation Bhd and the Senior General Manager of Fitters Properties Sdn Bhd, a subsidiary of Fitters Diversified Bhd.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.

**Miss Loong Fong Lin**  
Deputy Financial Controller

Ms Loong Fong Lin graduated with her professional qualification from Chartered Institute of Management Accountants ("CIMA") and she has more than 30 years of working experience in the field of accountancy.

She is responsible for all financial and treasury related matters of the Group which covers the overall financial management and planning to support decision making on operational and strategic issues of the Group.

She does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. She has no convictions for offences over the past 10 years other than traffic offences.

**Mr. Amri bin Mohd Yasin**  
Project Manager

Mr. Amri graduated with Engineering (Mechanical) Degree and holds a Master of Engineering Science from Universiti Malaya.

He was appointed as a Project Engineer in 2010. He has more than 12 years of experience in the engineering industries. He is currently overseeing the project division.

He does not have any family relationship with any of the Directors and/or substantial shareholders of the Company nor has he any personal interest in any business arrangement involving CME. He has no convictions for offences over the past 10 years other than traffic offences.



## Statement By The Board of Directors

Dear valued shareholders,

On behalf of the Board of Directors ("Board"), we are pleased to present the Annual Report and Audited Financial Statements of the Company and the Group for the financial year ended 30 June 2022.

### Introduction

The Group recorded a total revenue of RM15.95 million as compared to RM4.14 million last year. Despite the increased in revenue, the Group recorded a loss before tax of RM4.92 million. The earnings per share is - RM0.53 as compared to RM0.31 in FY 2021.

Manufacturing Segment continues to be the main core business for the group in terms of revenue, which accounted for 76%, followed by Trading Segment which accounted for 17% of the total revenue for the FY 2022 respectively.

### Business Outlook and Future Prospect

In view of the uncertainties in the global economy, while the ringgit exchange rate depreciated across the board against currencies of Malaysia's major trading partners, the Board expects market conditions continue to be challenging for year 2023.

Despite these challenges, CME's management team took immediate actions to put in place prudent cost management in an effort to mitigate these challenges. Meanwhile, the company will continue to explore other viable, synergistic and profitable business ventures to improve the Group's performance and enhancing CME's business platform. We will continue to leverage our experience to develop and build industry leading products and to enhance our customer relationships.

Looking ahead, global economic conditions are expected to continue recovering. Nevertheless, the global economy is projected to gradually improve in the longer term, supported by the recovery in global demand as well domestic and fiscal measures.

### Corporate Social Responsibility

The Group views corporate social responsibility as a continuing commitment for businesses to act ethically and contribute to economic and social development while improving the quality of workforce, stakeholders' value and the local community at large.

A variety of activities, such as festive celebration and sport activities were organised for promoting the wellbeing of employees. The Group continues to provide its employees with relevant training programs to help develop technical and soft skills among different level of employees.

### Dividend

The Board, having made due consideration, is not recommending any dividend payment for the FYE 30 June 2022.

### Appreciation and Acknowledgement

On behalf of the Board, I sincerely wish to extend my gratitude to our valued customers, financiers/bankers, business associates/partners and shareholders for their confidence, support and loyalty without which our success will not be possible and I look forward for their continuing support in the Group. I would also like to extend my appreciation and gratitude to the relevant regulatory authorities and agencies for their continued support, co-operation and advice. Together we can weather all challenges ahead and grow stronger.

To the management and staffs, thank you for your loyalty, dedication and commitment that has driven the Group into what it is today and to greater heights in the years ahead.

Last but not least, my sincere gratitude and thanks to my fellow board members for their invaluable counsel, insight and guidance and my special thanks to our shareholders for their continuing trust and confidence in the Group.

**Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin**

**DIRECTOR**

## FIVE-YEAR FINANCIAL HIGHLIGHTS

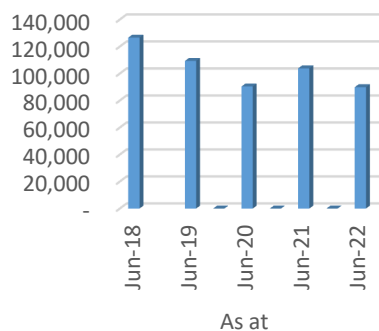
	18 months Financial Period Ended 30 June 2018	FYE 30 June 2019	FYE 30 June 2020	FYE 30 June 2021	FYE 30 June 2022
<b>FINANCIAL PERFORMANCE (RM'000)</b>					
Revenue	56,523	37,810	29,173	4,145	<b>15,955</b>
Earnings Before Interest, Tax, Depreciation and Amortisation ("EBITDA")	(10,100)	(21,725)	2,611	2,105	<b>(3,518)</b>
Profit/(Loss) Before Taxation	(13,800)	(23,735)	895	627	<b>(4,920)</b>
Profit/(Loss) After Taxation	(14,103)	(23,645)	177	2,502	<b>(5,148)</b>
Net Profit/(Loss) Attributed to Equity Holders	(14,103)	(23,645)	177	2,502	<b>(5,148)</b>
<b>KEY BALANCE SHEET DATA (RM'000)</b>					
Total Assets	126,645	109,333	90,434	103,834	<b>89,924</b>
Total Liabilities	59,241	72,700	53,434	45,934	<b>37,527</b>
Equity Attributable to owners of the Company	67,404	36,663	37,000	57,900	<b>52,397</b>
<b>SHARE INFORMATION</b>					
Basic Earnings Per Share (sen)	(2.414)	(4.047)	0.03	0.31	(0.53)
Diluted Earnings Per Share (sen)	(2.414)	(4.047)	0.01	0.18	(0.33)
<b>FINANCIAL RATIOS</b>					
Current Ratio (times)	0.553	0.481	0.356	0.655	0.407
Net Assets Per Share (RM)	0.115	0.063	0.063	0.071	0.058

### Notes:

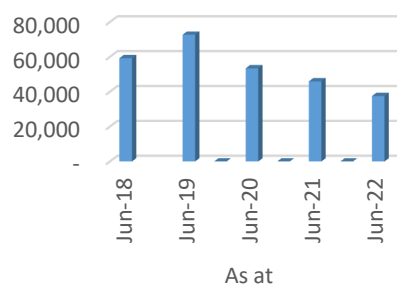
1 Earnings per share ("EPS") is computed by dividing the Net Profit/(Loss) Attributed to Equity Holders by the weighted average number of ordinary shares in issue during the financial year.

2 The diluted earnings per ordinary share is same as the basic earnings per share because the effect of the assumed conversion of warrants outstanding will be anti-dilutive and the Company has no other dilutive potential ordinary share in issue as at the end of the reporting period.

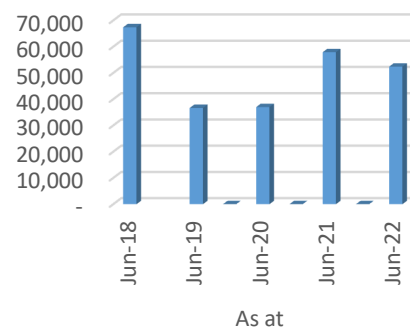
(RM'000) Total Assets



(RM'000) Total Liabilities

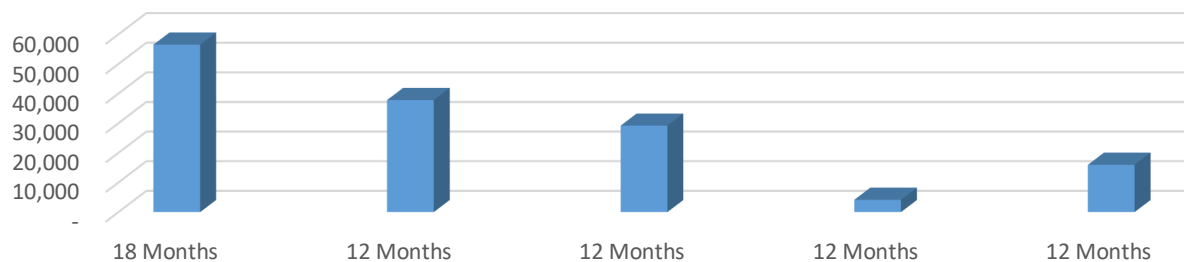


(RM'000) Equity



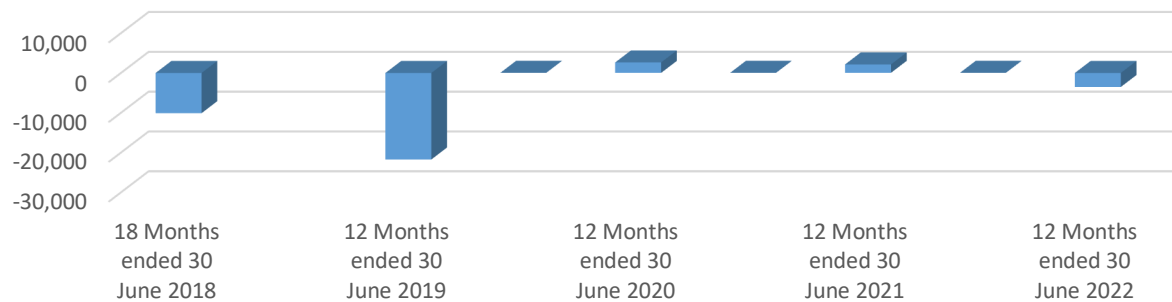
(RM'000)

Revenue



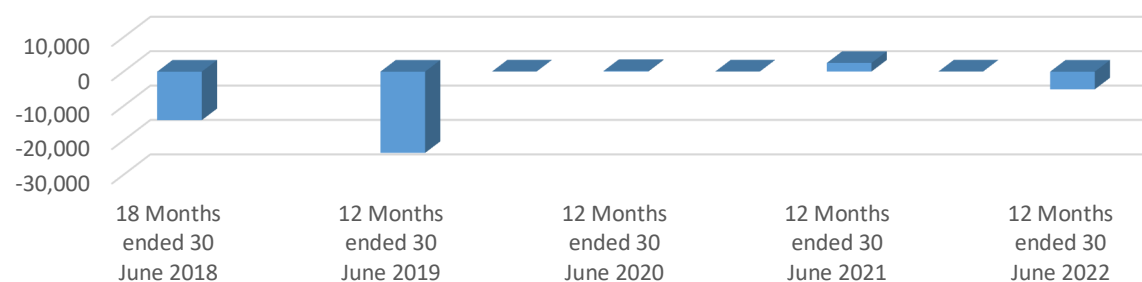
(RM'000)

EBITDA



(RM'000)

Net Profit/(Loss) Attributed to Equity Holders



## Management Discussion and Analysis

### Overview

CME Group Berhad (“CME” or the “Company”) and its subsidiaries (“CME Group” or “our Group”) are principally involved in providing comprehensive solutions in relation to designing, manufacturing and sales of various types of specialised mobility vehicles, and fire fighting and safety vehicles. Our Group has become an experienced comprehensive solutions provider to the fire fighting industries with a reputation for delivering customised, value driven vehicle solutions that incorporate safety and reliability that comply with the highest standards. Examples of our products are fire fighting vehicles, specialist vehicles, airport crash tenders, hazmat vehicles, fuel transfer vehicles, riot control vehicles and fire rescue equipment.

CME continues to focus on business development activities and is continuously seek market opportunities in the domestic and foreign markets to strengthen our market share and enhance profitability. The Group’s products are expected to remain competitive in the market, largely attributable to our established tracked record (i.e. 20 years of experience in automotive coachwork industry) with our capability in delivering customised, value driven vehicle solutions that incorporate safety and reliability that comply with the international standards.

### Performance

Total revenue generated by the Group for financial year 2022 was RM15.95 million, compared with RM4.14 million for financial year 2021, an improvement of 285%. The higher revenue was mainly contributed by the better performance of the Manufacturing Segment.

The Group reported a loss before tax of RM4.92 million (FY 2021: Profit before tax RM0.63 million). This was mainly due to fair value loss on financial asset, impairment loss on other receivables from Investment Holding Segment and lower profit margin derived from Manufacturing Segment.

The Group’s cash and bank balance dropped, RM0.50 million to RM1.72 million as at FY 2022 from RM2.22 million as at FY 2021. Total loans and borrowings increased to RM21.95 million for the FYE 2022 as compared to RM20.56 million as at FY 2021.

### Business Segments Review

#### *Investment Holding*

Our Group owns 49 units of 3-storey shop offices in Bandar Indera Mahkota, Kuantan, Pahang under the Investment Holding segment which are held to earn rental income and/or capital appreciation.

Investment Holding reported a total income of RM1.0 million during the FY 2022, representing 6% of the Group’s total income (FY 2021: RM1.0 million) whilst its loss before tax was RM5.26 million. The lower loss was mainly attributed to fair value loss on financial asset and impairment loss on other receivables.

Currently, there is no plan to expand the portfolio of investment properties.

#### *Manufacturing*

Manufacturing is operated by its subsidiaries, CME Edaran Sdn Bhd and CME Technologies Sdn Bhd, which remain the core business of the Group and has accounted for 76% or RM12.19 million of the Group’s total revenue (FY 2021: 49% or RM2.04 million). The revenue has increased mainly due to completion of projects.

Manufacturing segment recorded a lower loss before tax of RM0.50 million as compared to RM1.34 million for FY 2021.

### *Trading*

Under this segment, our Group is involved in the sales and servicing of fire fighting gas system and other safety related products which accounted for 17.22% and 26.68% of our Group's revenue for the FY 2022 and FY 2021, respectively.

The segment recorded a profit before tax of RM0.9 million for the FY 2022 (FY 2021: RM0.7 million).

### *Others*

Apart from manufacturing and trading activities, the Group also holds 2 parcels of land held for property development located on the South Western intersection of Mandurah Terrace and Henson Street in Mandurah, Australia. The land falls under the zonings of residential, tourism accommodation and mixed use and commercial.

Others segment recorded a loss before tax of RM2.07 million as compared to a loss of RM0.66 million last year.

### **Prospects**

Global economic growth is expected to moderate amid a resurgence of COVID-19 variants, prolonged supply chain disruptions, as well as tightening fiscal and monetary policies in selected major economies.

In Malaysia, the economy is expected to sustain its recovery trajectory, anchored by a rebound in domestic demand and continued expansion in exports.

The Directors will continue to exercise due care in order to preserve and enhance shareholders' values. The Board and the management will continue to access all business opportunities with prudence and leverage on its core strengths and competencies built over the years, to improve the profitability of the Group.

### **Dividends**

The Board had not proposed any dividend for the FY 2022.

## Sustainability Statement

CME Group Berhad (“CME”) is pleased to present its Sustainability Statement for the financial year ended 30 June 2022. This statement is prepared in accordance with Practice Note 9 of the Main Market Listing Requirement of Bursa Malaysia Securities Berhad.

### Structure

CME does not have a Sustainability Committee at the Board of Directors level. Our sustainability strategy is developed and directed by the Chief Executive Officer and Senior Management of the Group based on guidelines provided by the Board.

### Scope

This report focuses on our core business activities that were conducted during the financial year in respect of manufacturing and sales of specialised mobility vehicles, fire fighting and safety vehicles and other safety related products.

### Stakeholder

CME has identified the following stakeholders in the course of our core business operations. We regularly engage our key stakeholders to gain an external perspective on various aspects of our core business and work to constantly improve our sustainability practices to meet their expectations.

No.	Stakeholders	Engagement channel	Frequency of engagement	Stakeholders' concerns
1	Customers	<ul style="list-style-type: none"> <li>Meetings</li> <li>Customer feedback</li> </ul>	As needed As needed	<ul style="list-style-type: none"> <li>Customers' specific preferences and requirements (Customer satisfactions)</li> <li>Product quality</li> <li>After sales services</li> </ul>
2	Vendors/ Contractors	<ul style="list-style-type: none"> <li>Meetings</li> </ul>	As needed	<ul style="list-style-type: none"> <li>Prompt payment</li> </ul>
3	Employees	<ul style="list-style-type: none"> <li>Appraisals</li> <li>Trainings</li> <li>Open communications</li> </ul>	Annual As needed	<ul style="list-style-type: none"> <li>Remunerations</li> <li>Staff welfare</li> <li>Career advancement</li> </ul>
4	Regulators	<ul style="list-style-type: none"> <li>Statutory reporting</li> </ul>	As required	<ul style="list-style-type: none"> <li>Compliance with legal regulations</li> </ul>
5	Shareholders & Investors	<ul style="list-style-type: none"> <li>Annual General Meeting</li> <li>Extraordinary Meeting</li> </ul>	Annual  As needed	<ul style="list-style-type: none"> <li>Profitability</li> <li>Dividend</li> </ul>

### Identification of Material sustainability matters

The Group's senior management had identified the following matters which are deemed material to the Group's core business and stakeholders:

#### 1. Customer

##### i. Customer satisfaction

Our Group core business are manufacturing and sales of specialised mobility vehicles, firefighting and safety vehicles and other safety related products. We recognizes that keeping customers

satisfied is key factor for the sustainable success of the Group's business. Hence, engagement channels such as meeting, email, and phone calls with customers to get a deeper understanding of customers' needs. Our business goals is to develop and sell products that appeal to our customers. We will maintain our competitive advantage by ensuring prompt delivery, price competitiveness of our products and consistent quality.

## ii. After sale services

Our Group has also provide after sale service to customers and is confident that we will maintain our good relationship. Although we have not conducted any former customer satisfaction surveys, our project team had always welcomed feedback which would provide us with insights into customers' expectations that enabled us to develop and deliver better products and services. Knowing what customers expect from us makes it easier for us to strengthen and market our product and services.

## 2. Employees

CME recognizes that our employees are a key assets that plays a major role in influencing the performance of the Group. Human capital is the most valuable asset, the Group committed to provide a safe working environment for all its employees and promotes a balance and healthy lifestyle.

In line with this objective, we committed to the following:

	Welfare	Our Commitment
i.	Health and safety	<ul style="list-style-type: none"> <li>Workplace safety is our utmost priority, we provide safety handbook to all level of employees to improve and enhance awareness amongst staff, especially those who work with the factory.</li> <li>The Group, through CME Sport Club, promotes a balance and healthy lifestyle for the employees and their immediate family. We contributed to CME Sport Club for various outdoor activities, recreational and sport activities for the benefit of its members.</li> </ul>
ii.	Employee welfare	<ul style="list-style-type: none"> <li>Equal opportunities for career advancement based on performance to all employees irrespective of gender, age or ethnicity.</li> <li>Fair and competitive compensation and benefits.</li> <li>Complies with local statutory requirement to contributes to the Employees' Provident Fund, social security protection and annual leave provision.</li> <li>Provides medical benefits for outpatient, accident insurance, hospitalization and surgical insurance coverage to employees and their family members.</li> </ul>
iii.	Continuous training	<ul style="list-style-type: none"> <li>We recognized that continuous training are important to increase the competency of our employees. We provided both internal training and also send employees for external training. Among the trainings attended were: <ul style="list-style-type: none"> <li>i. Induction Training on ISO 9001:2015 Quality Management Systems</li> <li>ii. Niosh Oil &amp; Gas Safety Passport</li> <li>iii. Niosh TNB Safety Passport</li> </ul> </li> </ul>

### **3. Environment**

#### **i. Environment friendly**

We recognize the needs and important of environment protection. As a responsible corporate citizen, the Group has initiated various measures to promote a “greener” mindset among our employees and stakeholders. Employees are encouraged to cut down wastage on energy, water and paper consumption.

We promote and recommend to our customers environmentally friendly product namely “Pyroshield”. Pyroshield is an IG55 inert gas extinguishing system, complies to NFPA 2001 – Standard on Clean Agent Fire Extinguishing Systems, with zero ozone depleting potential, zero global warming potential and no atmospheric life. Technically, no decomposition by-products that will damage equipment, no thermal shock to sensitive electronic and electrical equipment and no clean-up after discharge.



## Corporate Governance Overview Statement

The Board of Directors (“the Board”) of CME Group Berhad (“the Group”) recognises the importance of corporate governance and is fully committed to exercise high standards of corporate governance being practiced throughout the Group to safeguard and promote the interests of all its stakeholders and for sustainable value creation. As such, the Board is committed to ensure that the relevant principles and recommendations stipulated in the Malaysian Code on Corporate Governance (“the Code”) are applied throughout the Company and its subsidiaries. The Corporate Governance Report is available for download from the Company’s website at [www.cme.com.my](http://www.cme.com.my).

The Board is pleased to provide the following statement, which sets out the manner in which the Group has applied the principles and the extent of compliance with the best practices of the Code throughout the financial year under review.

### 1. ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

#### 1.1 Clear Functions of the Board and Management

The Board plays an active role in directing management in an effective and responsible manner. The Directors, collectively and individually, has a legal and fiduciary duty to act in the best interest of the Company and to effectively represent and promote the interests of the shareholders and stakeholders with a view to achieve its vision towards corporate sustainability. The Board assured of a balanced and independent view at all Board deliberations.

To assist the Board in the discharge of its oversight function, the Board has established Board Committees namely an Audit Committee, Nominating Committee, Remuneration Committee and The Employees’ Share Option Scheme Committee. The Board Committees operate within their own clearly defined terms of references and responsibilities as set out by the Board.

The following matters shall be reserved to the Board for determination and/or approval:

- Corporate plans and programmes;
- Annual budgets, including major capital commitments;
- Key matters such as approval of annual and quarterly results;
- Material new ventures;
- Material acquisitions and disposal of undertakings and properties; and
- Changes to the management and control structure within the Company and its subsidiaries.

Other than as specifically reserved for the Board, the Board delegates the responsibility of implementing the Board approved strategies, business plans, policies and decisions to the Management which is led by the Group Chief Executive Officer (“CEO”).

The CEO and the management assumes, amongst others, the following duties and responsibilities:

- Putting in place its many measures to build on its core business of sales and services of Specialised Mobility Vehicles;
- Exploring new product range and opportunities within the specialised vehicle industry;
- Explore other viable and profitable business ventures to improve the Group’s performance;
- Reviewing and monitor the performances of the Group’s operating divisions;
- Review shared initiatives and update the operational policies; and
- Identify opportunities and risks affecting the Group’s business and find ways of dealing with them.

The CEO shall attend Board Meetings by invitation. Non-Executive Directors may communicates with members of the management team at any time. The Board is assured of a balanced and independent view at all Board deliberations largely due to the presence of its Non-Executive Directors who are independent from management.

## **1.2 Board Roles and Responsibilities**

The Board assumes, amongst others, the following duties and responsibilities:

- Reviewing, monitoring and approving the overall strategies, direction and policies of the Group;
- Overseeing the conduct of the Company's business to evaluate and to ensure the business is being properly managed;
- Identifying principal risks and ensuring significant risks are appropriately managed, reviewed and addressed;
- Succession planning, including appointing and determining the compensation of where necessary replacing senior management if required and necessary;
- Considering management recommendations on key issues including acquisition, disposal, restricting and significant capital expenditure; and
- Reviews adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.

## **1.3 Code of Conduct and Ethics and Whistleblowing Policy**

This Code of Ethics and Conduct sets out the principles, values and standards of business ethics and conduct to guide the Board of Directors, the management and employees of the Group and its subsidiaries.

This Code is not a comprehensive guide that covers every ethical situation Employees and Directors when performing their duties but it provides a minimum standard of conduct in which the board and the employees of CME in their daily conduct.

Where there are doubts over matters relating to the Code, employees are to seek guidance from their respective Heads of Subsidiaries, Heads of Division or Heads of Department, who may if necessary, seek guidance from the senior

The Board is alert to the possibility of potential conflicts of interest involving the Directors, its employees and the Company. In line with good corporate governance practices and with the introduction of Whistleblower Protection Act 2010, the Board recognises the important of formalising a Whistleblowing Policy and Procedures to provide an avenue for all employees of the Group or external party to raise concerns about any improper conduct within the Group.

The objective of the Whistleblowing Policy and Procedures is to ensure that whistleblower, through understanding the Whistleblowing Policy and Procedures, will come forward to express his or her concerns about a (suspected) malpractice, without fear of punishment or unfair treatment. The Whistleblowing Policy and Procedures is posted on the Company's website at [www.cme.com.my](http://www.cme.com.my).

## **1.4 Anti-Bribery Corruption Policy**

The Group is committed to conducting its business ethically and in compliance with all applicable laws and regulations in the countries where it does business. These laws include but are not limited to the Malaysian Penal Code (revised 1977), the Malaysian Anti-Corruption Commission Act 2009 (revised 2018) and the Malaysian Companies Act 2016. These laws prohibit acts of bribery and corruption, and mandate that companies establish and maintain adequate procedures to prevent bribery and corruption. The Group has adopted a zero-tolerance for bribery and corrupt activities and committed to acting professionally, fairly, and with integrity in all business dealings and relationships, wherever in the country we operate.

This anti-bribery policy applies to all employees (whether temporary, fixed-term, or permanent), consultants, contractors, trainees, seconded staff, home workers, casual workers, agency staff, volunteers, interns, agents, sponsors, or any other person or persons associated with us (including third parties), or any of our subsidiaries or their employees, no matter where they are located (within or outside of the Malaysia). The policy also applies to Officers, Trustees, Board, and/or Committee members at any level. The Anti-Bribery and Corruption Policy is available on the Company's website at [www.cme.com.my](http://www.cme.com.my).

### **1.5 Strategies that Promote Sustainability**

The Board places great importance on corporate responsibility and business sustainability. The Company's activities on environment, social and governance for the year under review are disclosed in the Sustainability Statement of this Annual Report.

### **1.6 Access to Information and Advice**

The Board has full and unrestricted access to all information pertaining to the businesses and affairs of the Group. Prior to the meetings of the Board and Board Committees, all Directors are furnished with the agenda together with comprehensive board papers containing information relevant to the business of the meetings. This allows the information, clarifications, necessary, at the meetings are focused and constructive to enable the Board to effectively discharge its function. Minutes of each Board meeting are circulated to all Directors for their perusal prior to confirmation, and Directors may raise comments or seek clarifications on the minutes prior to the confirmation of the minutes.

In discharging their duties, all the Directors have full access to the advice and services of the Company Secretary and other senior management. The Directors may, if necessary, also seek external independent professional advice in the furtherance of their duties to the Group's expense.

The Directors are notified of all the Company's announcements to Bursa Malaysia. They are also notified of the restriction in dealing with the securities of the Company at least one (1) month prior to the release of the quarterly financial result announcement.

Besides Board meetings, the Board also exercises control on matters that requires its approval through the circulation of Directors' resolutions.

### **1.7 Qualified and competent Company Secretary**

The Company Secretary of the Group has legal qualification and qualified to act as company secretary. The Company Secretary plays an advisory role to the Board in relation to the Company's Constitution, Board's policies and procedures and compliance with the relevant regulatory requirements, codes or guidance and legislations. The Company Secretary ensures that deliberations at the Board meetings are recorded in the minutes. The Company Secretary also ensures that accurate and proper record of the proceedings and resolutions passed are taken and maintained in the statutory registers of the company.

### **1.8 Board Charter**

The Board is guided by Board Charter which provides reference for directors in relation to the Board's role, ensure the member acting on behalf of the Company are aware of their duties and responsibilities as Board members and the various legislations and regulations affecting their conduct and that the principles and practice of good Corporate Governance are applied in all their dealings in respect and on behalf of the Company.

The Board Charter is reviewed periodically to ensure its relevance and compliance. The Board Charter can be viewed on the Company's website at [www.cme.com.my](http://www.cme.com.my).

## **2. STRENGTHEN COMPOSITION OF THE BOARD**

### **2.1 Nominating Committee**

The Board has established a Nominating Committee consisting of the following Independent Non-Executive Directors:

Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra

Alhaj Bin Tengku Azman Shah Alhaj	(Chairman)
Miss Ong Suan Pin	(Member)
YAM Tengku Besar Tengku Kamil Ismail	
Bin Tengku Idris Shah	(Member)

The Nominating Committee is empowered by the Board and its terms and reference are:

- a. The members of the Nominating Committee shall be appointed by the Board from amongst their number, consisting of wholly or mainly Non-Executives and shall consist of not less than two (2) members.
- b. The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Director.
- c. If the number of members for any reasons fall below two (2), the Committee shall, within three (3) months of that event, review and recommend for the Board's approval to appoint the appropriate Director to fill the vacancy.
- d. The term of office for all members of the Committee is subject to renewal on a yearly basis.
- e. The Company Secretary shall be the Secretary of the Committee.
- f. Directors do not participate in decisions on their own nomination.

#### **2.1.1 Terms of Reference of Nominating Committee**

- a. To propose new nominees for the Board and its subsidiaries whether to be filled by Board members, shareholders or executives.
- b. The Committee shall also consider candidates for directorships proposed by the Chief Executive Officer and within the bounds of practicality by any other senior executive or any director or shareholder.
- c. In identifying candidates for the Board, the Committee shall not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.
- d. If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Committee should explain why these source(s) suffice and other sources were not used.
- e. To assist the Board annually in reviewing the required mix of skills of experience and other qualities, including core competencies, which Non-Executive Directors should bring to the Board.
- f. To annually carry out the process to be implemented by the Board for assessing the effectiveness of the Board as a whole, the Committees of the Board and for assessing the contribution of each individual Director.
- g. To review management's proposals for the appointment, dismissal, transfer and promotions of all executives.
- h. Meetings are to be held as and when necessary. The quorum for each meeting shall be two (2). The Committee will decide its own procedures and other administrative arrangements. Minutes of each meeting shall be kept by the Company Secretary as evidence that the Committee has discharged its functions. The Chairman of the Committee will report to the Board after each Nominating Committee meeting.

## **2.2 Develop, maintain and review criteria for recruitment and annual assessment of Directors**

### **2.2.1 Appointment to the Board**

The appointment of Directors is undertaken by the Board as a whole upon recommendation by the Nominating Committee with due consideration given to the mix of expertise and experience required for an effective Board.

### **2.2.2 Gender Diversity Policy**

Currently, the Company does not have a policy on gender diversity but believes in providing equal opportunity to all candidates. The Board has one female director for the time being. The Board remains committed to achieve 30% female representation on the Board.

### **2.2.3 Annual Assessment**

The Nominating Committee will carries out annual evaluation on the effectiveness of the Board and the Board Committees as a whole. The evaluation will be done at least once a year for assessing the effectiveness of the Board. During the year, the performance evaluation indicated that the Board continue to function effectively.

### **2.2.4 Assessment of Independent Directors**

Pursuant to the Malaysian Code of Corporate Governance, the tenure of an Independent Director does not exceed a term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director. If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

The Board through the Nominating Committee assessed the independence of Independent Non-Executive Directors of the Company and the Board has recommended them to continue to act as Independent Non-Executive Directors of the Company based on the following justifications:

- i) They fulfill the criteria under the definition on Independent Director as defined in the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia;
- ii) They are able to bring independent and objective judgment to the Board;
- iii) They have been with the Company for more than nine (9) years with incumbent knowledge of the Company and the Group's activities and corporate history which enable them to participate actively and contribute positively during deliberations or discussions at Board meetings;
- iv) They have contributed sufficient time and effort and attended the Committee and Board Meetings for an informed and balanced decision making;
- v) They do not have any conflict of interest with the Company and have not been entering/are not expected to enter into contract(s) especially material contract(s) with the Company and/or its subsidiary companies; and
- vi) They have performed their duties diligently and in the best interest of the Company and provide broader views, independent and balanced assessment of proposals from the management.

### **2.2.5 Re-election of Directors**

In accordance with the Constitution of the Company (the "Constitution"), at each Annual General Meeting ("AGM"), one-third (1/3) of the Directors for the time being, or if their number is not three (3) or multiple of three (3), then the number nearest to one-third (1/3), shall retire from office by rotation and all Directors shall retire from office at least once every three years but shall be eligible to offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next AGM to be held following their appointments.

The Company Secretary ensure that all appointments are properly made, that all information is obtained from the Directors, both for the Company's own records and for the purposes of meeting statutory obligations, as well as obligations arising from the Listing Requirements or other regulatory requirements.

The names and details of Directors seeking re-election and re-appointment are disclosed in the Notice of AGM.

### **2.3 Remuneration Committee**

The Board has established a Remuneration Committee consisting of the following Directors:

Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra	
Alhaj Bin Tengku Azman Shah Alhaj	(Chairman)
Miss Ong Suan Pin	(Member)

- a. The members of the Remuneration Committee shall be appointed by the Board from amongst their number, consisting wholly or mainly of Non-Executive Directors and shall consist of not less than two (2) members.
- b. The members of the Committee shall elect the Chairman from amongst their number who shall be Independent Non-Executive Directors.
- c. If the number of members for any reasons fall below two (2), the Board shall, within three (3) months of that event, appoint such numbers of new members as may be required to make up the minimum number of two (2) members.
- d. The term of office for all members of the Committee is subject to renewal on a yearly basis.
- e. The Company Secretary shall be the Secretary of the Committee.
- f. Directors do not participate in decisions on their own remuneration packages.

#### **2.3.1 Remuneration Policy**

The responsibilities of Remuneration Committee are set out in the Term of Reference as below:

- a. To review and recommend to the Board the remuneration of each of the Executive and Non-Executive Directors in all its forms, drawing from outside advice as necessary.
- b. To recommend to the Board after reviewing the management's proposals on:
  - Overall annual salary increment frameworks/policy.
  - Annual bonus limits/guidelines and incentive scheme.
  - Fees and basic salary levels.
  - Remuneration, benefits in kinds and other terms and conditions of employment, which have to be introduced as part of the group's overall human resource development plan. This would include matters such as pegging the Group salaries in line with industry standards and major changes in benefits package.

#### **2.3.2 Remuneration Procedures**

Directors' remuneration is decided and reviewed in line with the objective of attracting and retaining directors of the calibre, expertise and experience needed to lead the Group successfully. Remuneration for the Executive Directors is aligned to individual and corporate performance. Non-Executive Directors are paid fees for the responsibility they shoulder.

The Remuneration Committee recommends to the Board for approval the remuneration of the Executive Directors in accordance with the remuneration policy established. The Board as a whole determines the remuneration of the Non-Executive Directors. Each individual Director abstains from the Board decision on his own remuneration. The fees of the Directors are subject to the approval of the shareholders at the AGM.

### 2.3.3 Disclosure of Directors' Remuneration

The details of Directors' remuneration during the financial year disclosed by category are as follows:

Directors	Fee (RM)	Salary (RM)	Statutory Contribution (RM)	Incentive (RM)	Total (RM)
<b>From the Company</b>					
<b>Executive Directors</b>					
Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	20,000	-	-	-	20,000
En. Azlan Omry Bin Omar	20,000	28,875	3,784	-	52,659
<b>Non-Executive Directors</b>					
Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	40,000	-	-	-	40,000
Miss Ong Suan Pin	40,000	-	-	-	40,000
YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	40,000	-	-	-	40,000
<b>From the Group</b>					
<b>Executive Directors</b>					
Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	20,000	-	-	-	20,000
En. Azlan Omry Bin Omar	20,000	63,000	8,204	-	91,204
<b>Non-Executive Directors</b>					
Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	40,000	-	-	-	40,000
Miss Ong Suan Pin	40,000	-	-	-	40,000
YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	40,000	-	-	-	40,000

The Company respects the confidentiality of the remuneration of the Senior Management in view of the competitive nature of human resource market. Thus, the Company does not have the intention to adopt the recommendation to disclose the details of each member of senior management in bands of RM50,000 on a named basis.

However, the Company would endeavor to ensure that the remuneration packages of the employees are in line with the industry practices and the annual increments and bonuses pay-out are based on individual performance.

### **3. REINFORCE INDEPENDENCE**

#### **3.1 Annual Assessment of Independent Directors**

The Board shall assess the independence of the Independent Directors annually, taking into account the individual Director's ability to exercise independent judgment at all times and to contribute to the effective functioning of the Board.

The Independent Directors are not employees and they do not participate in the day-to-day management as well as the daily business of the Company. All four Non-Executive Directors are independent directors and are able to express their views without any constraint. This strengthens the Board which benefits from the independent views expressed before any decisions are taken. They bring an external perspective, constructively challenge and help develop proposals on strategy, scrutinise the performance of Management in meeting approved goals and objectives, and monitor risk profile of the Company's business and the reporting of monthly business performance.

The Board has assessed the independence of the Independent Directors and is satisfied with the level of independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

#### **3.2 Tenure of Independent Directors**

In compliance with the recommendation of the Code, the Nominating Committee has reviewed and assessed the Independent Director who has served a tenure of more than nine (9) years each in that capacity of the Company. Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj who was appointed as Independent Non-Executive Directors on 19 June 2000 and Ms Ong Suan Pin who was appointed as Independent Non-Executive Directors on 24 June 2011, have exercised their objectives and independent judgments on all board deliberations and have not compromised their long relationship with other Board members. The Nominating Committee has recommended to the Board to seek shareholders' approval through a two-tier voting process for Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj and Ms Ong Suan Pin to be retained and re-appointed as Independent Non-Executive Directors of the Company at the forthcoming AGM.

#### **3.3 Separation of positions of the Chairman and CEO**

The roles and responsibilities of the Chairman and the CEO are distinct and separate; the Chairman being Non-Executive is not involved in the management and day-to-day operations of the Group. The Chairman position has been vacated and the Board will continue to assess the need to fill up the position from time to time.

The CEO has overall responsibilities for the day-to-day management of the business and is responsible for Group strategies, organisational effectiveness and implementation of Board policies and decisions.

Generally, the Executive Directors are responsible for developing, coordinating and implementing business and corporate policies and strategies for the Group. They are accountable to the Board for the profitability, operations and development of the Group, consistent with the primary objective of protecting and enhancing long term stakeholders' value and the financial performance of the Group whilst taking into account the interests of other stakeholders.



The Non-Executive Directors who possess the experience and business acumen contribute effectively to the Board's deliberation and decision making process. The Independent Directors are independent of management and are free from any business or other relationships that could materially interfere with the exercise of independent judgment. They provide independent and balanced assessment and unbiased views and advice to the Board's deliberation and decision-making process, so as to safeguard the interests of the Group and its stakeholders whilst ensuring high standards of conduct and integrity are maintained.

### 3.4 Composition of the Board

The Board acknowledges the importance of age, nationality, professional background and gender diversity and recognises the benefits that such diversity can bring. The Company is led and managed by a well-balanced Board which consists of members with wide range of business, financial, legal experience and industry specific knowledge which is vital for the successful direction of the Group.

The Board is made up of five (5) members as follows:

- Three (3) Independent Non-Executive Directors
- Two (2) Executive Directors

The Board composition provides an effective check and balance in the functioning of the Board, and is in compliance with Listing Requirements of Bursa Malaysia which require one-third (1/3) of the Board to be independent directors.

A brief profile of each Director is presented on pages 5 to 6 of this Annual Report.

## 4. FOSTER COMMITMENT

### 4.1 Time Commitment

The Board meets at least four (4) times a year, with additional meetings for particular matters convened as and when necessary. Meetings were scheduled at the start of the year to enable Board members to plan their appointment schedule. During the financial year, the Board met four (4) times and all Directors have complied with the requirement in respect of board meeting attendance as provided in the Listing Requirements of Bursa Malaysia. At these meetings, all members of the Board are encouraged to conduct full deliberation on issues brought up. Senior management and external advisors are invited to attend the Board meetings to brief and advice on relevant agenda items to enable the Board to arrive at a considered decision. At these meetings, the Company Secretary are responsible for ensuring that all relevant procedures are complied with and that accurate and proper records of the proceedings of Board meetings and resolutions passed are recorded and kept in the statutory register at the registered office of CME.

The details of the attendance of each Director at Board Meetings held during the financial year are set out below.

<b><u>Name</u></b>	<b><u>Meetings Attended</u></b>
Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	4/4
En. Azlan Omry Bin Omar	4/4
Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	4/4
Miss Ong Suan Pin	4/4
YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	3/4

#### **4.2 Directors' Training**

The Company is cognizant of the importance of continuous training for Directors to further enhance their knowledge and expertise and to keep abreast with latest developments in regulatory requirements and business practices.

All Directors have attended the Mandatory Accreditation Programme prescribed by the Listing Requirements of Bursa Malaysia. From time to time, all directors are provided with reading materials and internal briefings pertaining to their roles and responsibilities by Company Secretary.

The Board encourages its Directors to attend talks, seminars, workshops and conferences to update and enhance their skills and knowledge to enable them to carry out their roles effectively as Directors in discharging their responsibilities towards corporate governance, operational and regulatory issues.

During the financial year under review, the Director attended the following training programme:

<b><u>Name</u></b>	<b><u>Programme</u></b>
Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin En. Azlan Omry Bin Omar Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah Miss Ong Suan Pin	Governance For Portfolio Managment

### **5. UPHOLD INTEGRITY IN FINANCIAL REPORTING**

#### **5.1 Compliance with applicable financial reporting standards**

##### **5.1.1 Financial Reporting**

The Board is responsible for ensuring that financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. In presenting the financial statements, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgments and estimates to present a true and fair assessment of the Company's position and prospects. The annual audited financial statements and quarterly announcement of results were reviewed by Audit Committee and approved by the Board prior to release to Bursa Malaysia.

##### **5.2 Assessment of suitability and independence of External Auditors**

The Company's external auditors continue to report to the Company on their findings which are reported in the Company's financial reports with respect to each year of audit on the statutory financial statements. The Audit Committee and the Board have established formal and transparent arrangements to maintain appropriate relationships with the Company's external auditors from whom professional advice on financial reporting is sought.

The Board has established a formal and transparent relationship with the auditors. The Audit Committee recommends the appointment of the external auditors. The appointment of the external auditors is subject to the approval of shareholders in general meetings whilst their remuneration is determined by the Board. From time to time, the auditors highlight to the Audit Committee and the Board on matters that require the Board's attention and the Audit Committee Members meet with the External Auditors at least twice a year without the presence of the Executive Director and Management.

For the financial year under review, the External Auditors confirmed that they are and have been independent throughout the audit engagement.

## **6. RECOGNISE AND MANAGE RISK**

The Board is responsible for the Group's system of internal control and risk management and for reviewing its adequacy and integrity. While acknowledging their responsibility for the system of internal control, the Board is aware that the Group's system is designed to manage rather than eliminate risks and therefore cannot provide absolute assurance against material misstatements, fraud and loss.

The Statement on Risk Management and Internal Control set out on pages 32 to 35 of this Annual Report provides an overview of the state of risk management and internal controls of the Group and of the Company.

## **7. ENSURE TIMELY AND HIGH QUALITY DISCLOSURE**

### **7.1 Corporate Disclosure Policies**

The Board has in place a Corporate Disclosure Policy in line with the Main Market Listing Requirements of Bursa Securities to enable comprehensive, accurate and timely disclosures relating to the Company and its subsidiaries to be made to the regulators, shareholders and investors.

The Board has delegated the authority to the Executive Director to approve all announcements for release to Bursa Securities. The Executive Director work closely with the Board, Key Management and Company Secretary who are privy to the information to maintain strict confidentiality of the information.

Apart from the provisions relating to the 'closed period' for dealing in the company's shares, the directors and key management privy to price sensitive information are prohibited from dealing in the shares of the company until such information is publicly available.

### **7.2 Leverage on Information Technology for Effective Dissemination of Information**

Shareholders and investors can obtain pertinent information on the Group's various activities by accessing its website at [www.cme.com.my](http://www.cme.com.my) or through the Bursa Malaysia website at [www.bursamalaysia.com](http://www.bursamalaysia.com). CME website has a dedicated online investor relation portal providing information about the Group including financials, Annual Report, announcements and media releases.

## **8. STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS**

The Board recognises the important of establishing a direct line of communication with shareholders and investors through timely dissemination of information on the Group's performance and major development via appropriate channels of communication.

Platforms for dissemination of information include the AGM and Extraordinary General meetings ("EGM"), if any, distribution of Annual Reports and relevant circulars and prospectuses. Information on the financial performance of the Group is communicated to the public via the announcement of its financial results to Bursa Securities on a quarterly basis.

The AGM is the principal forum for dialogue and interaction among shareholders, the Board and Management. At each AGM, the Board encourages shareholders to participate in the proceedings and ask questions about the resolutions being proposed and corporate developments as well as receiving constructive feedback from

shareholders. Shareholders who are unable to attend are allowed to appoint proxy/proxies to attend and vote on their behalf.

The Chairman will ensure that the Shareholders are informed of their rights to demand for poll voting at the commencement of each general meeting.

This statement was approved by the Board of Directors on 28.10.2022.

#### **ADDITIONAL COMPLIANCE INFORMATION**

The following information provided is in respect of the FYE 30 June 2022.

##### **1. Debts and Equity Securities**

During the financial under review, there were no share buyback, shares cancelation, share held as treasury shares and resale of treasury shares, except for:-

- 1) Conversion of 373,500 Warrants into 373,500 Ordinary Shares.
- 2) Conversion of 40,800,000 ICULS into 16,320,000 Ordinary Shares.

##### **2. Audit and Non-Audit Fees**

During the financial year, the amounts of audit and non-audit fees paid and payable by the Company and the Group to the External Auditors are as follows:

	<b>Company (RM'000)</b>	<b>Group (RM'000)</b>
Audit Fees	20	90
Non-Audit Fees	5	5

##### **3. Material Contracts**

There were no material contracts entered into by the Company and its subsidiaries involving Directors' and major shareholders' interest.

##### **4. Recurrent related party transactions of a revenue or trading nature**

There were no recurrent transactions with related parties undertaken by the Group during the financial year under review.

## Audit Committee Report

### CONSTITUTION

The terms of reference of the Audit Committee are set out in pages 30 to 31 of the Annual Report.

### COMPOSITION

The Audit Committee comprises three (3) members of the Board with three (3) Independent Non-Executive Directors.

### MEMBERSHIP

Members of the Board who serve on the Audit Committee are as follows:

<u>Name</u>	<u>Membership status</u>
Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	Chairman, Independent Non-Executive Director
Miss Ong Suan Pin	Independent Non-Executive Director
YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	Independent Non-Executive Director

### MEETINGS

The Committee met four (4) times during the FYE 30 June 2022. Details of the attendance of each member at the Audit Committee Meeting held during the year are as follows:

<u>Name</u>	<u>No. of Meeting Attended</u>
Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj(appointed 5.1.2021)	4/4
Miss Ong Suan Pin	4/4
YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	3/4

### SUMMARY OF ACTIVITIES OF THE AUDIT COMMITTEE

During the financial year, the Audit Committee conducted its activities in line with its terms of reference which include the followings:

#### 1. Financial Results

- (a) Reviewed the unaudited quarterly financial results and announcements before recommending to the Board for consideration and approval and the release of the Group's results to Bursa Malaysia.

- (b) Reviewed the annual audited financial statements before recommending to the Board for consideration and approval. The review was to ensure that the financial reporting and disclosures were in compliance with:
- Main Market Listing Requirements of Bursa Malaysia;
  - Provisions of Companies Act 2016 and other legal and regulatory requirements; and
  - Applicable approved accounting standards of Malaysian Accounting Standards Board.

## **2. External Audit**

- (a) Reviewed and approved the external auditors' audit plan and scope of work for the annual audit.
- (b) Reviewed the results from the external audit and highlighted the issues and reservations arising from the audit to the Committee.
- (c) Recommended to the Board the appointment and remuneration of the external auditors.
- (d) Reviewed with the external auditors the impact of new or proposed changes in accounting standards and regulatory requirements and the extent of compliance.
- (e) During the review of CME's twelve-month's financial results, the Group External Auditors, Messrs Kreston John & Gan was invited to discuss the Group's financial statements for the FYE 30 June 2022. The Management's response to all pertinent issues and findings had been raised and noted by the External Auditors during their examination of the Group's financial statement, together with recommendations in respect of the findings.

## **3. Internal Audit**

- (a) Reviewed and approved the internal audit plan for the year prepared by the internal auditors to ensure adequate scope and coverage on the activities of the Group taking into consideration the assessment of the key risks areas.
- (b) Reviewed the performance, adequacy, resources and competency of the internal auditors.
- (c) Reviewed the internal audit reports, audit recommendations made and Management's response to these recommendations and actions taken to improve system of internal control and procedures.

### **INTERNAL AUDIT FUNCTION**

The Internal Audit Function ("IAF") of the Group is outsourced. The cost incurred for the outsourced of internal audit function in respect of the financial year 2022 amounted to RM10,500.00.

The IAF's primary role is to provide assurance to the Audit Committee on the adequacy and effectiveness of the risk, control and governance framework of the Group.

The IAF reports directly to the Audit Committee who reviews and approves the annual internal audit plan.

During the financial year, the activities carried out were as follows:

- (a) Conducted internal audit reviews in accordance with the approved internal audit plan and reported to the Audit Committee on the findings and the actions taken by Management to address the matters highlighted.
- (b) Reviewed the adequacy and effectiveness of the system of controls to ensure there is a systematic methodology in identifying, assessing and mitigating risk areas in regard to:

- Reliability and integrity of financial and operational information;
  - Effectiveness and efficiency of operations;
  - Safeguarding of assets; and
  - Compliance with laws, regulations and contractual obligations within the Group's governance, operations and information systems.
- (c) Reviewed and appraised the soundness, adequacy and application of controls in the area of adherence, efficiency and effectiveness.
- (d) Identified opportunities to improve the operations and processes of the Group and recommend improvements to existing system of internal controls.

## **TERMS OF REFERENCE**

The Audit Committee is guided by terms of reference, of which the salient points are as follows:

### **1. Objectives of the Audit Committee**

The Audit Committee shall assist the Board:

- (a) in complying with specified accounting standards and the necessary disclosure as required by Bursa Malaysia, relevant accounting standards bodies, and any other laws and regulations as amended from time to time;
- (b) in presenting a balanced and understandable assessment of the Company's position and prospects;
- (c) in establishing a formal and transparent arrangement for maintaining an appropriate relationship with the Company's auditors; and
- (d) in maintaining a sound system of internal controls to safeguard shareholders' investment and the Company's assets.
- (e) ensure the independence of the external and internal audit functions.

### **2. Composition of the Audit Committee**

- (a) The Audit Committee shall comprise a minimum of three (3) members and the Audit Committee should comprise solely of independent directors.
- (b) All members of the Audit Committee shall be non-executive directors.
- (c) At least one (1) member of the Audit Committee shall be a member of the Malaysian Institute of Accountants or a person who fulfils the requirements of the Listing Requirements.
- (d) The Chairman of the Audit Committee shall be Chairman of the board.
- (e) All members of the Audit Committee shall hold office only for so long as they serve as Directors of the Company.

### **3. Duties and Responsibilities of the Audit Committee**

- (a) To nominate and recommend the appointment of the external auditors and considers the adequacy of experience, resources, audit fee and any issues regarding their re-appointment, resignation or dismissal;
- (b) To discuss with the external auditors before the audit commences the nature and scope of the audit;

- (c) To discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss (in the absence of management where necessary);
- (d) To review with external auditors, their audit report;
- (e) To perform the following in respect of the IAF:
  - (i) reviews and reports to the Board on:
    - the adequacy of the scope, authority, functions, resources and competency of the IAF;
    - the internal audit programme, processes and the results of the internal audit programme, process or investigations undertaken and whether or not the management takes appropriate action on the recommendation of the IAF;
  - (ii) discuss and review the major findings of internal audit investigations and Management's response and where necessary, ensures that appropriate actions taken on the recommendations of the IAF;
  - (iii) reviews any appraisal or assessment of the performance of members of the IAF;
  - (iv) ensures the independence of the IAF and that it reports directly to the Audit Committee;
- (f) To review with the management and the external auditors the quarterly and year-end financial statements before their submission to the Board, focusing particularly on any changes in accounting policies and practices, significant adjustments arising from the audit, the going concern assumptions, and compliance with accounting standards and other statutory requirements;
- (g) To review and report to the Board on any related party transactions and conflict of interest situation that may arise within the Group including any transaction, procedure or course of conduct that raises questions of management integrity;
- (h) To report to the Board of Directors if there is any breach of Listing Requirements and recommends corrective measures;
- (i) To promptly report to Bursa Malaysia where a matter reported by the Audit Committee to the Board has not been satisfactorily resolved resulting in a breach of Listing Requirements; and
- (j) To consider other issues as defined by the Board.



## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Statement of Risk Management and Internal Control (“Statement”) is made pursuant to Paragraph 15.26(b) and Practice Note 9 of Bursa Malaysia Securities Berhad Main Market Listing Requirements of which requires Malaysian Public listed companies to outline the nature and scope of risk management and internal control, as a Group, in their Annual Report. The Board of Directors (“The Board”) of CME Group Berhad (“The Group”) is pleased to present the following statement which outlines the nature and scope of internal control of the Company.

### BOARD RESPONSIBILITY

The Board recognizes the importance of good practice of corporate governance and is responsible for the adequacy and effectiveness of the Group’s Risk Management and Internal Control System. The Board is committed to maintain a sound system of internal control and risk management for the Group and is responsible for the establishment of an appropriate control environment, risk management framework, processes and structures, and continually reviewing its adequacy and integrity so as to safeguard shareholders’ investment and the assets of the Group.

The Board and Management have implemented a sound system designed to identify and manage risks faced by the Group in pursuit of its business objective including updating the systems in line with changes to business environment, operating conditions and compliance with relevant laws, both local and foreign, all other regulations, policies and procedures. As any system of internal control has inherent limitations, such systems are designed to manage rather than eliminate the risk that may restrict or prevent the achievement of the Group’s business objectives. This internal control system, by its nature, can only provide reasonable but not absolute assurance against material misstatement or losses, fraud or breaches of laws or regulations. The Board has received assurance from the CEO that the Company’s risk management and internal control systems are operating adequately and effectively in all material aspects.

### RISK MANAGEMENT

The Group’s overall risk management objective is to ensure that the Group creates value for its shareholders whilst minimising potential adverse effects on its performance and positions.

The Group has in place processes for the identification, evaluation, reporting, treatment, monitoring and review of the major strategic, business and operation risks within the Group. The risk management structure and control mechanism for financial, operational, environmental and compliance matters with Board’s participation, is put in place and embedded throughout the Group during the financial year under review and up to the date of approval of this Statement, so as to manage the significant risks that may affect the Group’s business objectives on a continuous basis and they also allow any new significant risk identified being subsequently evaluated and managed. The Board shall continue to evaluate the existing risk management practices, and where appropriate and necessary, revise such practices accordingly.

### Enterprise Risk Management (“ERM”) Framework

The Board is endeavoured to identify the relevant and major risk faced by the Group and regards risk management as an integral part of the Group’s business operations and has oversight over this critical area through the Audit Committee. The Audit Committee, supported by the outsourced Internal Audit department, provides an independent assessment of the effectiveness of the Group’s ERM framework and reports to the Board. The Group’s ERM

framework is consistent with the ERM framework and involves systematically identifying, analysing, measuring, monitoring and reporting on the risks that may affect the achievement of its business objectives. This framework helps to reduce the uncertainties surrounding the Group's internal and external environment, thus allowing it to maximise opportunities and minimise adverse incidences that may arise. The major risks to which the Group is exposed are strategic, operational, regulatory, financial, market, technological, products and reputational risks.

#### GROUP'S ERM FRAMEWORK

The ERM process is based on the following principles:

- Consider and manage risks enterprise-wide;
- Integrate risk management into business activities;
- Manage risk in accordance with the Risk Management framework;
- Tailor responses to business circumstances; and
- Communicate risks and responses to Management

All identified risks are displayed on a 1-to-3 risk matrix based on their risk ranking to assist Management in prioritising their efforts and appropriately managing the different classes of risks. The Board and Management drive a proactive risk management culture and regular risk awareness and coaching sessions are held to ensure that the Group's employees have a good understanding and application of risk management principles. There is no dedicated ERM department, however, deputy Chief Finance Officer work closely with the Group's operational managers to continuously strengthen the risk management initiatives within the Group so that it responds effectively to the constantly changing business environment and is thus able to protect and enhance shareholder value.

The Board acknowledged the importance of effective ERM in enhancing shareholder value while upholding a high standard of corporate governance. Combining a strong and sustained commitment from the Board and Senior Management with a clear direction and oversight from all levels of leadership, the Group embraces a holistic risk management approach to achieve its business targets with minimal surprises.

#### **INTERNAL CONTROL SYSTEM**

The Board further recognises its responsibility for having an effective internal control system as part of the Internal Audit function of the Group. As more fully described in the Audit Committee Report, an independent internal audit function has been establishment which provides assurance to the Audit Committee on the adequacy and integrity of the Group's internal controls, the Group in its efforts to provide adequate and effective internal control system had appointed T. H. Kuan & Co, ("TH Kuan"), an independent consulting firm to review the adequacy and integrity of its system of internal control. The internal auditor work closely with management to understand all aspects of CME Group's business environment and recommend measures to improve the internal controls, where appropriate. They concentrate on areas in which risk exposures are high and management's area of concern as well as areas which have significant financial impact to the Group. This is to provide reasonable assurance that such systems continue to operate satisfactorily and effectively within the Group.

For the financial year ended 30 June 2022, the area of reviews by TH Kuan include:

- a) General computer control
  - information system operations
  - information security
  - application system implementation and maintenance
  - network and system support
  - database implementation
- b) property, plant & equipment management
  - approval of acquisition of assets
  - completeness of recording
  - safeguard measures

- c) inventory management and logistic
  - stock count procedures and process
  - stock card system, recording system and security for storage of stocks
  - provision for stock obsolescence and securities for storage of inventories

The findings of the internal audit reviews together with Management's responses are circulated to the Audit Committee and Board by TH Kuan. The objective of the internal audit review is to assist the board of directors in performing its oversight responsibilities, and to help increase shareholders' confidence in the Group's system of internal controls.

The review is to determine whether there are significant areas of non-compliance with controls and procedures as indicated in the policies and procedures of the Group that may be detrimental to the Group's financial position.

The Key Elements of The Group's Internal Control System include:

1. The roles and responsible are clearly defined with a clear organisation structure, line of accountability and delegated authority to facilitate the Group's daily operations consistently in line with its corporate objectives, strategies, budget, policies and business directions as approved by the Board;
2. Policy guidelines and authority limits are imposed on Executive Directors and Management within the Group in respect of the day to day banking and financing operations, investments, acquisition and disposal of assets. The limits are reviewed and updated regularly to reflect business, operational and structural changes. There are guidelines within the Group for recruitment of staff, training, performance appraisals and other relevant procedures;
3. Quarterly Board meetings and monthly management meetings are held where information is provided to the Board and management covering financial performances and operations;
4. Training and development are provided as and when required by employees with the objective of enhancing their knowledge and competency; and
5. Management accounts and reports are prepared regularly for monitoring of actual performance.

Audits on quality accreditations of the Group by internal auditors and accreditation bodies to ensure compliance with certification and regulatory requirements were conducted. The Group has in place internal control systems at each level of responsibility supported by commitment of management. The Board believes that a sound internal control system reduces, though it cannot eliminate, the possibility of poor judgement in decision making, human error, control processes being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances.

## **REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS**

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the external auditors have reviewed this Statement on Internal Control and Risk Management. Their limited assurance review was performed in accordance with ISAE 3000 (Revised), Assurance Engagements other than Audit or Reviews of Historical Financial Information and AAPG 3, Guidance for Auditors on Engagement to Report to the Statement on Risk Management and Internal Control Included in the Annual Report issued by the Malaysian Institute of Accountants. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Group.

Based on their procedures performed, the External Auditors have reported to the Board that nothing has come to their attention that caused them to believe that the Statement is not prepared, in all material aspects, in accordance with the disclosures required by Paragraph 41 and 42 of the Guidelines to be set out, nor is it factually inaccurate.

## **CONCLUSION**

The CEO, being the person primarily responsible for the overseeing and managing of the operational affairs of the Company has provided assurance to the Board that the Group's risk management and internal control system, have been operated adequately and effectively, in all material aspects, based on the Group's policies and procedures. Under the purview of the CEO and the General Managers, the heads of department are empowered with the responsibility of managing their respective operations.

The Board is of the view that the risk management and internal control systems of the Group are satisfactory and have not resulted in material losses or contingencies to the Group for the financial year under review.

The Board has an ongoing commitment to ensure continuous improvement in the effectiveness and integrity of the Group's system of risk management and internal control.

This statement is made in accordance with the resolution of the Board of Directors dated 28 October 2022.

## **STATEMENT OF DIRECTORS' RESPONSIBILITY**

The Directors are responsible to ensure that financial statements are drawn up in accordance with the Malaysian Financial Reporting Standards ("MFRSs"), 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 30 June 2022 and of the results and the cash flows of the Group and of the Company for the year then ended.

In preparing these financial statements for the year ended 30 June 2022, the Directors have:

- adopted suitable accounting policies and then applied them consistently;
- made estimates and judgments that are reasonable and prudent;
- ensured that applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2016. The Directors are also responsible for the assets of the Group and of the Company and hence, for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# Financial Statements

30 June

**2022**

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**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

# Directors' Report

for the financial year ended 30 June 2022

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 30 June 2022.

**Principal activities**

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiary companies are set out in Note 9 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

**Results**

	<b>Group RM'000</b>	<b>Company RM'000</b>
Loss for the financial year after taxation attributable to owners of the Company	<u>(5,148)</u>	<u>(5,259)</u>

**Dividend**

No dividend has been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the current financial year.

**Reserves and provisions**

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

**Bad and doubtful debts**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps 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 were of the opinion that it was not necessary to write off any debts and that adequate allowance had been made for doubtful debts.

At the date of this report, the directors are not aware of any circumstances which would require the amount written off for bad debts, or render the amount of the allowance for doubtful debts, in the Group or in the Company inadequate to any substantial extent.

**Current assets**

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain whether any current assets, other than debts, were unlikely to realise in the ordinary course of business their value as shown in the accounting records of the Group and of the Company and to the extent so ascertained were written down to an amount that they might be expected to realise.

**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

At the date of this report, the directors are not aware of any circumstances that would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading.



# Directors' Report

for the financial year ended 30 June 2022

## Valuation methods

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## Contingent and other liabilities

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

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

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

## Change of circumstances

At the date of this report, the directors are not aware of any circumstances, not otherwise dealt with in this report or the financial statements of the Group and of the Company, that would render any amount stated in the financial statements misleading.

## Items of an unusual nature

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

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, in the opinion of the directors, to affect substantially the results of the operations of the Group and of the Company for the current financial year.

## Shares and debentures

During the financial year, the issued and paid-up share capital of the Company was increased from 968,228,235 ordinary shares to 984,921,735 ordinary shares by ways of issue of:

- i) 16,320,000 new ordinary shares by way of conversion of irredeemable convertible unsecured loan stocks based on the conversion price of RM0.10 per ordinary shares; and
- ii) 373,500 new ordinary shares by way of conversions of warrants at an exercised price of RM0.0526 per ordinary shares.

# Directors' Report

for the financial year ended 30 June 2022

## **Shares and debentures (continued)**

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

During the financial year, the Company did not issue any debentures.

## **Options granted over unissued shares**

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

## **Directors of the Company**

The directors of the Company in office at any time during the financial year and since the end of the financial year are:

YAD Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj

YM Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin

YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah

Azlan Omry Bin Omar

Ong Suan Pin

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

Nicola Lim Lian Li

Sean Lian Siong Lim

Dato' Sri Adnan Bin Wan Mamat (appointed on 5 November 2021)

Datuk Abdul Rashid Bin Asari (resigned on 17 September 2021)

# Directors' Report

for the financial year ended 30 June 2022

## Directors' interests

According to the register of directors' shareholding under Section 59 of the Companies Act, 2016, the interests of directors in office at the end of the financial year in the ordinary shares of the Company and its related corporations during the financial year are as follows:

	<u>At 1.7.2021</u>	Number of ordinary shares		<u>At 30.6.2022</u>
		<u>Addition</u>	<u>Disposal</u>	
Direct interests:				
Ong Suan Pin	7,666,000	-	-	7,666,000
Azlan Omry Bin Omar	50,000	-	-	50,000

### Indirect interests:

YM Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin*	174,449,400	-	-	174,449,400
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	<u>At 1.7.2021</u>	Numbers of Warrants 2018/2028		<u>At 30.6.2022</u>
		<u>Addition</u>	Conversion/ <u>Disposal</u>	
Direct interests:				
Ong Suan Pin	75,000	-	-	75,000
Indirect interests:				
YM Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin*	17,144,700	-	-	17,144,700

\* By virtue of Section 8 of the Companies Act, 2016, YM Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin is deemed to be interested in the shares of the Company to the extent that Best Birdnest Sdn Bhd. has interest.

None of the other directors holding office at the end of the financial year held any interest in the ordinary shares of the Company and of its related corporations.

## Directors' benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by director shown in the financial statements, or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except as disclosed in Note 37 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company or its subsidiary companies is a party, which had the object of enabling the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

# Directors' Report

for the financial year ended 30 June 2022

## **Directors' remuneration**

The amounts of the remuneration of the directors or past directors of the Company comprising remunerations received or receivable from the Company or any of its subsidiary companies during the financial year are disclosed in Note 30 to the financial statements.

None of the directors or past directors of the Company have received any other benefits otherwise than in cash from the Company or any of its subsidiary companies during the financial year.

No payment has been paid to or payable to any third party in respect of the services provided to the Company or any of its subsidiary companies by the directors or past directors of the Company during the financial year.

## **Indemnifying Directors, Officers or Auditors**

No indemnities have been given or insurance premium paid, during or since the end of the financial year, for any person who is or has been the director, officer or auditor of the Company.

## **Significant event**

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

## **Event after the reporting period**

Details of event after the reporting period is disclosed in Note 40 to the financial statements.

## **Auditors**

- a) Detail of the auditors' remuneration for the Group and the Company is disclosed in Note 28 to the financial statements.
- b) The auditors, Kreston John & Gan, Chartered Accountants, have indicated their willingness to accept re-appointment.

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

**Azlan Omry Bin Omar**

**YM Tunku Nizamuddin Bin Tunku Dato'  
Seri Shahabuddin**

Kuala Lumpur,  
Date: 28 October 2022

# Independent Auditors' Report

to members of CME Group Berhad

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

## Report on the Audit of the Financial Statements

### *Opinion*

We have audited the financial statements of CME Group Berhad, which comprise the statements of financial position as at 30 June 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 49 to 148.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 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 Responsibilities*

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

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2(e) to the financial statements, which disclosed that the Group and the Company incurred accumulated losses of RM71,999,000 and RM73,947,000 respectively during the financial year ended 30 June 2022 and, as of that date, the Group and the Company's current liabilities exceeded their current assets by RM19,707,000 and RM41,220,000 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as going concerns. Our opinion is not modified in respect of this matter.

### *Key Audit Matters*

Key audit matters are those matters that, in our professional judgement, were of the 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.

### ***Property, plant and equipment, investment properties and inventories***

Refer to Note 4, 6, and 7 – Property, plant and equipment, investment properties and inventories.

### *The Key Audit Matters*

The carrying amount of the Group's property, plant and equipment, investment properties and land held for development (inventory) amounted to RM28,045,000, RM35,030,000 and RM12,294,000 respectively, represented 98% of the Group's total non-current assets as at 30 June 2022.

# Independent Auditors' Report

to members of CME Group Berhad

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

## ***Property, plant and equipment, investment properties and inventories (continued)***

### **The Key Audit Matters (continued)**

The management has assessed if there are any indication of impairment and performed an assessment on the carrying amount of the freehold land and building, investment properties and land held for development (inventory).

We focused on this area due to complexities in determining the fair value of the property, plant and equipment, investment properties and inventories, which involved significant estimates and judgements in determining the appropriate valuation methodologies and estimating the underlying assumption to be applied.

### **How our audit addresses this matter**

Our procedures included, amongst others:

- reviewing the valuation methodology on recoverable amount on adopted by the Group in accordance to the requirements of MFRS 136 Impairment of Assets;
- comparing the Group's assumption to externally derived data as well as our assessment; and
- testing the mathematical accuracy of the impairment assessment.

## ***Borrowings and lease liabilities***

Refer to Note 18 and 19 – Borrowings and lease liabilities.

### **The Key Audit Matters**

As at 30 June 2022, the Group and the Company have total borrowings of RM21,950,000 and RM99,000 respectively and the Group has lease liabilities of approximately RM3,569,000. The Group and the Company are relying on the bank overdraft, cash line financing-i, Islamic bank financing - Term financing term loan and lease provided by banks, which is equivalent to 59% of total borrowings and lease liabilities. We focused on the Group's and the Company's funding and ability to meet their short term obligations due to the significant amount of the short term borrowings, which resulted in the Group and the Company have negative cash flows of RM10,331,000 and RM3,253,000 respectively.

### **How our audit addresses this matter**

Our procedures included, amongst others:

- checked repayment of the borrowing against loan agreements to ascertain there is no default in repayment;
- reading loan agreements to obtain understanding of the purpose of loans;
- reviewed securities between loan agreements and bank confirmation received; and
- vouched to the transaction amount utilised for the credit facilities.

# Independent Auditors' Report

to members of CME Group Berhad

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

## *Information Other than the Financial Statements and Auditors' Report Thereon*

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, Management Discussion and Analysis, Sustainability Statement, Corporate Governance Overview Statement, Audit Committee Report and Statement of Risk Management and Internal Control included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

## *Responsibilities of the Directors for the Financial Statements*

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

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

## *Auditors' Responsibilities for the Audit of the Financial Statements*

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

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

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

# Independent Auditors' Report

to members of CME Group Berhad

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

## *Auditors' Responsibilities for the Audit of the Financial Statements (continued)*

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as 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 safeguards applied.

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

## **Report on Other Legal and Regulatory Requirements**

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, are disclosed in Note 9 to the financial statements.



# Independent Auditors' Report

to members of CME Group Berhad

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

## 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 contents of this report.

## Kreston John & Gan

(AF 0113)

Chartered Accountants

## Thien Tze Vui

Approval No: 03653/04/2024 J

Chartered Accountant

Kuala Lumpur,

Date: 28 October 2022

**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

**Consolidated Statement of Financial Position**

30 June 2022

	Note	2022 RM'000	2021 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	28,045	27,938
Right-of-use assets	5	2	34
Investment properties	6	35,030	35,030
Inventories	7	12,294	12,657
Intangible assets	8	600	800
Other investment	10	423	907
<b>Total Non-Current Assets</b>		<b>76,394</b>	<b>77,366</b>
<b>Current Assets</b>			
Inventories	7	6,673	6,713
Trade receivables	11	861	2,608
Other receivables and deposits	12	4,236	14,761
Current tax assets		37	165
Cash and bank balances	14	1,723	2,221
<b>Total Current Assets</b>		<b>13,530</b>	<b>26,468</b>
<b>Total Assets</b>		<b>89,924</b>	<b>103,834</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owner of the Company</b>			
Share capital	15	80,851	79,199
ICULS	16	20,899	22,531
Reserves	17	(49,353)	(43,830)
<b>Total Equity</b>		<b>52,397</b>	<b>57,900</b>
<b>Non-Current Liabilities</b>			
Borrowings	18	2,362	3,589
Lease liabilities	19	47	96
Provisions	20	33	22
Deferred tax liabilities	21	1,848	1,793
<b>Total Non-Current Liabilities</b>		<b>4,290</b>	<b>5,500</b>
<b>Current Liabilities</b>			
Contract liabilities	22	1,157	6,543
Trade payables	23	2,607	9,462
Other payables and accruals	24	9,742	7,335
Provisions	20	91	73
Borrowings	18	19,588	16,970
Lease liabilities	19	52	51
<b>Total Current Liabilities</b>		<b>33,237</b>	<b>40,434</b>
<b>Total Liabilities</b>		<b>37,527</b>	<b>45,934</b>

**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

**Total Equity and Liabilities****89,924**

103,834

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2022

	Note	2022 RM'000	2021 RM'000
Revenue	25	15,955	4,145
Cost of sales		(13,534)	(1,990)
Gross profit		2,421	2,155
Other income	26	413	3,301
Administrative expenses		(2,921)	(2,799)
Other operating expenses		(3,643)	(818)
(Loss)/Profit from operations		(3,730)	1,839
Finance costs	27	(1,190)	(1,212)
(Loss)/Profit before taxation	28	(4,920)	627
Income tax expense	31	(228)	1,875
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year		(5,148)	2,502
<b>Other comprehensive (loss)/income, net of tax:</b>			
Exchange differences on translation of foreign operation		(359)	694
Total comprehensive (loss)/income for the financial year		(5,507)	3,196
<b>(Loss)/Profit for the financial year attributable to:</b>			
Owners of the Company		(5,148)	2,502
<b>Total comprehensive (loss)/income for the financial year attributable to:</b>			
Owners of the Company		(5,507)	3,196
Basic earnings per share (sen)	32	(0.53)	0.31
Diluted earnings per share (sen)	32	(0.33)	0.18

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

# Consolidated Statement of Changes in Equity

for the financial year ended 30 June 2022

	<----- Non-distributable ----->				Distributable		
	Share <u>capital</u>	<u>ICULS</u>	Revaluation <u>reserve</u>	Foreign currency translation <u>reserve</u>	Warrant <u>reserve</u>	Accumulated <u>losses</u>	<u>Total equity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2020	49,459	31,370	19,929	321	5,273	(69,353)	36,999
Transactions with owners:							
- Issuance of shares (Note 15)	3,696	-	-	-	-	-	3,696
- Conversion of ICULS (Note 16)	22,098	(8,839)	-	-	-	-	13,259
- Conversion of warrants (Note 17)	3,946	-	-	-	(3,196)	-	750
	29,740	(8,839)	-	-	(3,196)	-	17,705
Profit for the financial year	-	-	-	-	-	2,502	2,502
Other comprehensive income for the financial year	-	-	-	694	-	-	694
Total comprehensive income for the financial year	-	-	-	694	-	2,502	3,196
At 30 June 2021	79,199	22,531	19,929	1,015	2,077	(66,851)	57,900

**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

**Consolidated Statement of Changes in Equity**

for the financial year ended 30 June 2022

	<----- Non-distributable----->				Distributable		
	Share <u>capital</u>	<u>ICULS</u>	Revaluation <u>reserve</u>	Foreign currency translation <u>reserve</u>	Warrant <u>reserve</u>	Accumulated <u>losses</u>	<u>Total equity</u>
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2021	<b>79,199</b>	<b>22,531</b>	<b>19,929</b>	<b>1,015</b>	<b>2,077</b>	<b>(66,851)</b>	<b>57,900</b>
Transactions with owners:							
- Conversion of ICULS (Note 16)	<b>1,632</b>	<b>(1,632)</b>	-	-	-	-	-
- Conversion of warrants (Note 17)	<b>20</b>	-	-	-	<b>(16)</b>	-	<b>4</b>
	<b>1,652</b>	<b>(1,632)</b>	-	-	<b>(16)</b>	-	<b>4</b>
Loss for the financial year	-	-	-	-	-	<b>(5,148)</b>	<b>(5,148)</b>
Other comprehensive loss for the financial year	-	-	-	<b>(359)</b>	-	-	<b>(359)</b>
Total comprehensive loss for the financial year	-	-	-	<b>(359)</b>	-	<b>(5,148)</b>	<b>(5,507)</b>
At 30 June 2022	<b>80,851</b>	<b>20,899</b>	<b>19,929</b>	<b>656</b>	<b>2,061</b>	<b>(71,999)</b>	<b>52,397</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

# Consolidated Statement of Cash Flows

for the financial year ended 30 June 2022

	Note	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>			
(Loss)/Profit before taxation		<b>(4,920)</b>	627
Adjustments for:			
Amortisation of intangible assets		<b>200</b>	200
Depreciation of property, plant and equipment		<b>180</b>	172
Depreciation of right-of-use assets		<b>32</b>	94
Fair value loss/(gain) on financial asset at fair value through profit or loss		<b>484</b>	(565)
Finance costs		<b>1,190</b>	1,212
Impairment loss on:			
- trade receivables		-	114
- other receivables		<b>65</b>	-
Interest income		<b>(32)</b>	-
Inventories written off		-	7
Other receivables written off		<b>2,493</b>	52
Provisions for warranties		<b>197</b>	-
Revaluation gain on investment properties		-	(2,417)
Reversal of impairment loss on trade receivables		-	(108)
Reversal of provision for warranties		<b>(161)</b>	(182)
Write down of inventories		-	15
Operating loss before working capital changes		<b>(272)</b>	(779)
Changes in working capital:			
Inventories		<b>40</b>	(98)
Trade receivables		<b>1,747</b>	(2,174)
Other receivables and deposits		<b>7,985</b>	(10,874)
Contract liabilities		<b>(5,386)</b>	2,699
Trade payables		<b>(6,855)</b>	(1,145)
Other payables and accruals		<b>2,407</b>	(2,435)
Provisions		<b>(7)</b>	(50)
Cash used in operation		<b>(341)</b>	(14,856)
Interest paid		<b>(1,190)</b>	(1,212)
Interest income		<b>32</b>	-
Tax paid		<b>(95)</b>	(113)
Tax refunded		<b>50</b>	198
Net cash used in operating activities		<b>(1,544)</b>	(15,983)
Balance carried forward		<b>(1,544)</b>	(15,983)

**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

# Consolidated Statement of Cash Flows

for the financial year ended 30 June 2022

	Note	2022 RM'000	2021 RM'000
Balance brought forward		<b>(1,544)</b>	(15,983)
<b>Cash flows from investing activities</b>			
Addition on intangible assets		-	(1,000)
Purchase of property, plant and equipment		<b>(287)</b>	(7)
Net cash used in investing activities		<b>(287)</b>	(1,007)
<b>Cash flows from financing activities</b>			
Issuance of shares		<b>4</b>	17,705
Placement of cash collateral		<b>542</b>	4,000
Drawdown/(Repayment) of bank borrowings	33	<b>1,718</b>	(4,179)
Repayment of lease liabilities	33	<b>(48)</b>	(164)
Net cash from financing activities		<b>2,216</b>	17,362
Net increase in cash and cash equivalents		<b>385</b>	372
Cash and cash equivalents at the beginning of the financial year		<b>(10,702)</b>	(11,040)
Foreign exchange difference		<b>(14)</b>	(34)
Cash and cash equivalents at the end of the financial year		<b>(10,331)</b>	(10,702)
Analysis of cash and cash equivalents:			
Cash and bank balances	14	<b>1,723</b>	2,221
Bank overdrafts	18	<b>(10,884)</b>	(11,211)
		<b>(9,161)</b>	(8,990)
Less: Cash collateral	14	<b>(1,170)</b>	(1,712)
		<b>(10,331)</b>	(10,702)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements



**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

**Statement of Financial Position**

30 June 2022

	Note	2022 RM'000	2021 RM'000
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, plant and equipment	4	1	3
Investment properties	6	35,030	35,030
Investment in subsidiaries	9	35,630	36,131
Other investment	10	423	907
<b>Total Non-Current Assets</b>		<b>71,084</b>	72,071
<b>Current Assets</b>			
Trade receivables	11	209	166
Other receivables and deposits	12	3,994	14,624
Amount due from subsidiaries	13	2,348	417
Cash and bank balances	14	316	41
<b>Total Current Assets</b>		<b>6,867</b>	15,248
<b>Total Assets</b>		<b>77,951</b>	87,319
<b>EQUITY AND LIABILITIES</b>			
<b>Equity attributable to owner of the Company</b>			
Share capital	15	80,851	79,199
ICULS	16	20,899	22,531
Reserves	17	(71,886)	(66,611)
<b>Total Equity</b>		<b>29,864</b>	35,119
<b>Current Liabilities</b>			
Trade payables	23	244	8,576
Other payables and accruals	24	7,761	5,504
Borrowings	18	3,569	3,751
Amount due to subsidiaries	13	36,513	34,369
<b>Total Liabilities</b>		<b>48,087</b>	52,200
<b>Total Equity and Liabilities</b>		<b>77,951</b>	87,319

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

# Statement of Profit or Loss and Other Comprehensive Income

for the financial year ended 30 June 2022

	Note	2022 RM'000	2021 RM'000
Revenue	25	<b>1,013</b>	1,003
Cost of sales		<b>(1,040)</b>	(135)
Gross (loss)/profit		<b>(27)</b>	868
Other income	26	<b>1</b>	2,990
Administrative expenses		<b>(1,033)</b>	(1,070)
Other operating expenses		<b>(3,550)</b>	(1,572)
(Loss)/Profit from operations		<b>(4,609)</b>	1,216
Finance costs	27	<b>(650)</b>	(703)
(Loss)/Profit before taxation	28	<b>(5,259)</b>	513
Income tax expense	31	-	404
(Loss)/Profit for the financial year, representing total comprehensive (loss)/income for the financial year		<b>(5,259)</b>	917

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

# Statement of Changes in Equity

for the financial year ended 30 June 2022

	Share <u>capital</u> RM'000	<----- Non-distributable -----> <u>ICULS</u> RM'000	Warrant <u>reserve</u> RM'000	Distributable Accumulated <u>losses</u> RM'000	<u>Total</u> RM'000
At 1 July 2020	49,459	31,370	5,273	(67,605)	16,497
Issuance of shares (Note 15)	3,696	-	-	-	3,696
Conversion of ICULS (Note 16)	22,098	(8,839)	-	-	13,259
Conversion of warrants (Note 17)	3,946	-	(3,196)	-	750
	29,740	(8,839)	(3,196)	-	17,705
Total comprehensive income for the financial year	-	-	-	917	917
At 30 June 2021	79,199	22,531	2,077	(68,688)	35,119
Conversion of ICULS (Note 16)	<b>1,632</b>	<b>(1,632)</b>	-	-	-
Conversion of warrants (Note 17)	<b>20</b>	-	<b>(16)</b>	-	<b>4</b>
	<b>1,652</b>	<b>(1,632)</b>	<b>(16)</b>	-	<b>4</b>
Total comprehensive loss for the financial year	-	-	-	(5,259)	(5,259)
At 30 June 2022	<b>80,851</b>	<b>20,899</b>	<b>2,061</b>	<b>(73,947)</b>	<b>29,864</b>

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

**Statement of Cash Flows**

for the financial year ended 30 June 2022

	Note	2022 RM'000	2021 RM'000
<b>Cash flows from operating activities</b>			
(Loss)/Profit before taxation		<b>(5,259)</b>	513
Adjustments for:			
Depreciation of property, plant and equipment		<b>2</b>	3
Fair value gain on financial asset at fair value through profit or loss		<b>484</b>	(565)
Finance costs		<b>650</b>	703
Impairment loss on:			
- trade receivables		-	114
- other receivables		<b>65</b>	-
- amount due from subsidiaries		-	1,399
- quasi loan		<b>501</b>	-
Other receivables written off		<b>2,493</b>	52
Revaluation gain on investment properties		-	(2,417)
Operating loss before working capital changes		<b>(1,064)</b>	(198)
Changes in working capital:			
Trade receivables		<b>(43)</b>	(85)
Other receivables and deposits		<b>8,072</b>	(10,920)
Amount due from/to subsidiaries		<b>213</b>	(3,406)
Trade payables		<b>(8,332)</b>	(327)
Other payables and accruals		<b>2,257</b>	(2,123)
Cash from/(used in) operations		<b>1,103</b>	(17,059)
Interest paid		<b>(650)</b>	(703)
Net cash generated from/(used in) operating activities		<b>453</b>	(17,762)
<b>Cash flows from investing activity</b>			
Purchase of property, plant and equipment		-	(1)
Net cash used in investing activity		-	(1)
Balance carried forward		<b>453</b>	(17,763)

**CME Group Berhad**

(Incorporated in Malaysia, Registration No.197901007949 (52235-K))

**Statement of Cash Flows**

for the financial year ended 30 June 2022

	Note	2022 RM'000	2021 RM'000
Balance brought forward		453	(17,763)
<b>Cash flows from financing activity</b>			
Issuance of share capital		4	17,705
Net cash generated from financing activity		4	17,705
Net increase/(decrease) in cash and cash equivalents		457	(58)
Cash and cash equivalents at the beginning of the financial year		(3,710)	(3,652)
Cash and cash equivalents at the end of the financial year		(3,253)	(3,710)
Analysis of cash and cash equivalents:			
Cash and bank balances	14	316	41
Bank overdraft	18	(3,569)	(3,751)
		(3,253)	(3,710)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

# Notes to the Financial Statements

30 June 2022

## 1. General information

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

The addresses of the principal place of business and registered office of the Company are as follows : -

Principal place of business	:	Lot 19, Jalan Delima 1/1 Taman Perindustrian Teknologi Tinggi Subang 47500 Subang Jaya Selangor Darul Ehsan
Registered office	:	No. 22C, Jalan Gelugor 41050 Klang Selangor Darul Ehsan

The consolidated financial statements of the Company as at and for the financial year ended 30 June 2022 comprise the Company and its subsidiary companies (together referred to as the "Group" and individually referred to as "Group entities"). The financial statements of the Company as at and for the financial year ended 30 June 2022 do not included other entities.

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiary companies are set out in Note 9 to the financial statements.

These financial statements were authorised for issue by the Board of Directors on 28 October 2022.

## 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 following are accounting standards, amendments and interpretations of the MFRSs framework that have been issued by the Malaysian Accounting Standards Board ("MASB") but have not been adopted by the Group and the Company:

### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 1, First-Time Adoption of Malaysian Financial Reporting Standards (Annual Improvements to MFRS Standards 2018 - 2020 Cycle)
- Amendments to MFRS 3, Business Combination - Reference to the Conceptual Framework
- Amendments to MFRS 9, Financial Instruments (Annual Improvements to MFRS Standards 2018 - 2020 Cycle)
- Amendments to MFRS 116, Property, Plant and Equipment - Property, Plant and Equipment - Proceeds before Intended Use
- Amendments to MFRS 137, Provisions, Contingent Liabilities and Contingent Assets - Onerous Contract - Cost of Fulfilling a Contract

# Notes to the Financial Statements

30 June 2022

## 2. Basis of preparation (continued)

### a) Statement of compliance (continued)

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2022 (continued)**

- Amendments to MFRS 141, Agriculture (Annual Improvements to MFRS Standards 2018 - 2020 Cycle)
- Amendments to Illustrative Example accompanying MFRS16, Leases (Annual Improvements to MFRS Standards 2018 – 2020)

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after 1 January 2023**

- MFRS 17, Insurance Contracts
- Amendments to MFRS 17, Insurance Contracts – Initial Application of MFRS 17 and MFRS 9 – Comparative Information
- Amendments to MFRS 101, Presentation of Financial Statements – Classification of Liabilities as Current or Non-current and Disclosures of Accounting Policies
- Amendments to MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates
- Amendments to MFRS 112, Income Tax - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

#### **MFRSs, Interpretations and amendments effective for annual periods beginning on or after a date yet to be confirmed**

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

The Group and the Company plan to apply the abovementioned accounting standards, interpretations and amendments in the respective financial year when the above accounting standards, interpretations and amendments become effective, if applicable.

The initial application of the accounting standards, amendments or interpretations are not expected to have any material financial impacts to the current period and prior period financial statements of the Group and the Company upon their first adoption.

# Notes to the Financial Statements

30 June 2022

## 2. Basis of preparation (continued)

### b) Basis of measurement

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

### c) Functional and presentation currency

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

### d) Use of estimates and judgements

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

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

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

#### i) Depreciation of property, plant and equipment

Property, plant and equipment are depreciated in a straight-line basis over their estimated useful life. Management estimated that useful life of these assets as disclosed in Note 3(c). Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

#### ii) Depreciation of right-of-use assets

Right-of-use assets are depreciated on a straight-line basis over their useful life or the end of the lease term. Changes in the expected level of usage and technological developments could impact the economic useful life and the residual values of these assets, therefore future depreciation charges could be revised.

#### iii) Allowance for inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews required judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.



# Notes to the Financial Statements

30 June 2022

## 2. Basis of preparation (continued)

### d) Use of estimates and judgements (continued)

#### iv) Measurement of Expected Credit Loss ("ECL") allowance for financial assets

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

#### v) Deferred tax assets

Deferred tax assets are recognised for all unabsorbed tax losses, unabsorbed capital allowances and other temporary differences to the extent that it is probable that taxable profit will be available against which the unabsorbed tax losses, unabsorbed capital allowances and other temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The amount of unrecognised deferred tax assets arising from unabsorbed tax losses, capital allowances and other temporary differences are as disclosed in Note 21 to the financial statements.

#### vi) Income tax expense

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.

#### vii) Impairment of investment in subsidiary companies

The Company reviews the investments in subsidiaries for impairment when there is an indication of impairment and assess the impairment of receivables on the amounts due from subsidiaries when the receivables are long outstanding.

The recoverable amounts of the investments in subsidiaries and amounts due from subsidiaries are assessed by reference to the value in use of the respective subsidiaries.

The value in use is the net present value of the projected future cash flows derived from the business operations of the respective subsidiaries discounted at an appropriate discount rate. For such discounted cash flow method, it involves the use of estimated future results and a set assumptions to reflect their income and cash flows. Judgement had also been used to determine the discount rate for the cash flows and the future growth of the businesses of the subsidiaries.

The carrying amounts of investment in subsidiary companies of the Company as at 30 June 2022 are as disclosed in Note 9 to the financial statements.

# Notes to the Financial Statements

30 June 2022

## 2. **Basis of preparation (continued)**

### e) Financial position of the Group and the Company

The financial statements of the Group and the Company have been prepared on a going concern basis, notwithstanding that the Group and the Company incurred accumulated losses of RM71,999,000 and RM73,947,000 respectively as at 30 June 2022, and as of that date, the Group's and the Company's current liabilities exceeded their current assets by RM19,707,000 and RM41,220,000 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt about the Group and the Company's ability to continue as a going concern.

The ability of the Group and the Company to continue as a going concern is dependent on continuous financial support from its shareholders in order to enable it to meet its obligations and liabilities as and when they fall due.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements and have been applied consistently by the Group and the Company, unless otherwise stated.

### a) Basis of consolidation

#### i) Subsidiaries

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

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

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

#### ii) Business combinations

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

For new acquisitions, the Group measures the cost of goodwill at the acquisition date as :

-

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

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

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

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

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### a) Basis of consolidation (continued)

#### iii) Acquisition from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholders that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparative are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group's equity and any resulting gain or loss is recognised directly in equity.

#### iv) Loss of control

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

#### v) Transactions eliminated on consolidation

Intra-group balances and transactions, including income, expenses and dividends are eliminated in full in preparing the consolidated financial statements.

Unrealised profits and losses arising from transactions with equity-accounted associates and jointly controlled entities are eliminated against the investment to the extent of the Group's interest in the investees. Unrealised losses are eliminated only to the extent that there is evidence of an impairment of the asset transferred.

### b) Financial instruments

#### i) Initial recognition and measurement

A financial asset or a financial liability is recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

Financial asset (unless it is a trade receivable without significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a financing component is initially measured at the transaction price.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### b) Financial instruments (continued)

#### i) Initial recognition and measurement (continued)

An embedded derivative is recognised separately from the host contract where the host contract is not a financial asset, and accounted for separately if, and only if, the derivative is not closely related to the economic characteristics and risks of the host contract and the host contract is not measured at fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with policy applicable to the nature of the host contract.

#### ii) Financial instrument categories and subsequent measurement

##### Financial assets

Categories of financial assets are determined on initial recognition and are not reclassified subsequent to their initial recognition unless the Group and the Company change their 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 of the business model.

##### a) Amortised cost

Amortised cost category comprises financial assets that are held within a business model whose objective is to hold assets to collect contractual cash flows 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. The financial assets are not designated as fair value through profit or loss. Subsequent to initial recognition, these financial assets are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

##### b) Fair value through other comprehensive income

##### i) Debt investments

Fair value through other comprehensive income category comprises debt investment where it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the 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. The debt investment is not designated as at fair value through profit or loss. Interest income calculated using the 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.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### b) Financial instruments (continued)

#### ii) Financial instrument categories and subsequent measurement (continued)

##### Financial assets (continued)

#### b) Fair value through other comprehensive income (continued)

##### ii) Equity investments

This category comprises investment in equity that is not held for trading, and 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 represents a recovery of part of the cost of investment. Other net gains and losses accumulated in other comprehensive income are not reclassified to profit or loss.

#### c) Fair value through profit or loss

All financial assets not measured at amortised cost or fair value through other comprehensive income as described above are measured at fair value through profit or loss. This includes derivative financial assets (except for a derivative that is a designated and effective hedging instrument). On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at fair value through other comprehensive income as at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets categorised as fair value through profit or loss are subsequently measured at their fair value. Net gains or losses, including any interest or dividend income, are recognised in the profit or loss.

All financial assets, except for those measured at fair value through profit or loss and equity investments measured at fair value through comprehensive income, are subject to impairment assessment (see Note 3(i)(i)).

##### Financial liabilities

#### a) Fair value through profit or loss

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.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### b) Financial instruments (continued)

#### ii) Financial instrument categories and subsequent measurement (continued)

##### Financial liabilities (continued)

#### a) Fair value through profit or loss (cont'd)

On initial recognition, the Group and the Company may irrevocably designate a financial liability that otherwise meets the requirements to be measured at amortised cost as at fair value through profit or loss:

- i) if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise;
- ii) a group of financial liabilities or assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Group's key management personnel; or
- iii) if a contract contains one or more embedded derivatives and the host is not a financial asset in the scope of MFRS 9, where the embedded derivative significantly modifies the cash flows and separation is not prohibited.

Financial liabilities categorised as fair value through profit or loss are subsequently measured at their fair value with gains or losses, including any interest expense are recognised in the profit or loss.

For financial liabilities where it is designated as fair value through profit or loss upon initial recognition, the Group and the Company recognise the amount of change in fair value of the financial liability that is attributable to change in credit risk in the other comprehensive income and remaining amount of the change in fair value in the profit or loss, unless the treatment of the effects of changes in the liability's credit risk would create or enlarge an accounting mismatch.

#### b) 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.

Interest expense and foreign exchange gains and losses are recognised in the profit or loss. Any gains or losses are also recognised in the profit or loss.

#### iii) Financial guarantee contracts

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



# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### b) Financial instruments (continued)

#### iii) Financial guarantee contracts (continued)

Financial guarantees issued are initially measured at fair value. Subsequently, they are measured at higher of:

- a) the amount of the loss allowance; and
- b) the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance to the principles of MFRS 15, Revenue from Contracts with Customers.

Liabilities arising from financial guarantees are presented together with other provisions.

#### iv) Regular way purchase or sales of financial assets

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

A regular way purchase or sale of financial assets is recognised and derecognised, as applicable, using trade date accounting.

Trade date accounting refers to:

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

#### v) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or transferred, or control of the asset is not retained or substantially all 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 asset and the sum of the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expires. A financial liability is also derecognised when its terms are modified and the cash flows of the modified liability are substantially different, in which case, a new financial liability based on modified terms is recognised at fair value. 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.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### c) Property, plant and equipment

#### i) Recognition and measurement

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

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

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

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

#### ii) Subsequent costs

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

#### iii) Depreciation

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Property, plant and equipment under construction are not depreciated until the assets are ready for their intended use. Freehold land is not depreciated as it has indefinite life.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### c) Property, plant and equipment (continued)

#### iii) Depreciation (continued)

The principal annual rates of depreciation for the property, plant and equipment are as follows:

	Rate (%)
Building	2
Computers, furniture and fittings, office and workshop equipment and air conditioners	10 - 30
Motor vehicles	20

Depreciation methods, useful lives and residual values are reviewed at end of the reporting period, and adjusted as appropriate.

#### iv) Derecognition

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

#### v) Revaluation of assets

Freehold land and building are measured at fair value, based on valuations by external independent valuers, less accumulated depreciation on building and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the freehold land and building does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent of any credit balance existing in the revaluation reserve in respect of that asset. The revaluation reserve is transferred in full directly to retained earnings when the asset is derecognised.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### d) Leases

#### i) Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group and the Company assess whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the customer has the right to direct the use of the asset. The customer for this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the customer has the right to direct the use of the asset if either the customer has the right to operate the asset, or the customer designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or a reassessment of a contract that contains a lease component, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for lease of properties in which the Group and the Company are a lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

#### ii) Recognition and initial measurement

##### a) As a lessee

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the respective Group incremental borrowing rate. Generally, the Group and the Company use their incremental borrowing rate as the discount rate.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### d) Leases (continued)

#### ii) Recognition and initial measurement (continued)

##### a) As a lessee (continued)

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

- fixed payments, including in-substance fixed payments less any incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Group and the Company are reasonably certain to exercise; and
- penalties for early termination of a lease unless the Group and the Company are reasonable certain not to terminate early.

The Group and the Company exclude variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

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

##### b) As a lessor

When the Group and the Company act as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group and the Company make an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease, if not then it is an operating lease.

If an arrangement contains lease and non-lease components, the Group and the Company apply MFRS 16 to allocate the consideration in the contract based on the stand-alone selling prices.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### d) Leases (continued)

#### ii) Recognition and initial measurement (continued)

##### b) As a lessor (continued)

When the Group and the Company are an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. It assesses the lease classification of a sublease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group and the Company apply the exemption described above, then it classifies the sublease as an operating lease.

#### iii) Subsequent measurement

##### a) As a lessee

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is measure 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 an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Group's and the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Group and the Company changes their assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

##### b) As a lessor

The Group and the Company recognise lease payments received under operating leases as income on a straight-line basis over the lease term as part of "other income".

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### e) Intangible assets

#### i) Goodwill

Goodwill arising on business combinations is measured at cost less any accumulated impairment losses. In respect of equity-accounted associates, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any assets, including goodwill, that forms part of the carrying amount of the equity-accounted associates.

Goodwill with indefinite useful lives are not amortised but are tested for impairment annually and whenever there is an indication that they may be impaired.

#### ii) Trademark

Trademark acquired by the Group is measured at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is calculated using the straight-line basis over their estimated useful lives and commences from the date of commercial production of the product or when the intangible assets are ready for use.

Trademark is amortised over useful lives of 5 years.

The policy for the recognition and measurement of impairment losses is in accordance with Note 3(i)(ii) to the financial statements.

### f) Investment properties

Investment properties are properties held to earn rental income or for capital appreciation or both.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair values of investment properties are recognised in profit or loss for the period in which they arise.

Cost includes purchase price and any directly attributable costs incurred to bring the property to its present location and condition intended for use as an investment property.

An investment property is derecognised on its disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gains and losses arising from derecognition of the asset is recognised in the profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property carried at fair value to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, any difference arising on the date of change in use between the carrying amount of the item immediately prior to the transfer and its fair value is recognised directly in equity as a revaluation of properties, plant and equipment.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### g) Inventories

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

The cost of inventories is calculated using the weighted average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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.

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the goods sold and an allocation of any non-specific costs estimated, if any.

#### Land held for property development

Cost includes:

- freehold rights for land; and
- professional fees, stamp duties, commissions, conversion fees and other relevant levies.

### h) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and deposits with banks and highly liquid investments which have an insignificant risk of changes in fair value with original maturities of three months or less, and are used by the Group and the Company in the management of their short term commitments. For the purpose of the statement of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

### i) Impairment of assets

#### i) Financial assets

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

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



# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### i) Impairment of assets (continued)

#### i) Financial assets (continued)

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

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

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

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

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

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

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

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### i) Impairment of assets (continued)

#### ii) Other assets

The carrying amounts of other assets (except for contract assets, deferred tax asset, assets arising from employee benefits, investment property measured at fair value and non-current assets (or disposal group) classified as held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to group of cash-generating units that are expected to benefit from the synergies of the combination.

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 its related cash-generating unit exceeds its estimated recoverable amount.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

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

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### j) Foreign currencies transactions and balances

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

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

Non-monetary assets and liabilities denominated in foreign currencies are not retranslated at the end of the reporting date, except for those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of equity instruments where they are measured at fair value through other comprehensive income or a financial instrument designated as a cash flow hedge, which are recognised in other comprehensive income.

### k) Equity instruments

Instruments classified as equity are measured at cost on initial recognition and are not remeasured subsequently.

#### i) Issue expenses

Costs directly attributable to the issue of instruments classified as equity are recognised as a deduction from equity.

#### ii) Ordinary shares

Ordinary shares are classified as equity.

### l) Employee benefits

#### i) Short-term employee benefits

Short-term employee benefit obligations in respect of salaries, annual bonuses, paid annual leave and sick leave are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group and the Company have a present legal or constructive obligation can be estimated reliably.

#### ii) State plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### m) Provisions

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

### n) Revenue and other income

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

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

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

If control of the assets is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards the satisfaction of each of those performance obligations. Otherwise, revenue is recognised at a point in time when the customer obtain control over the goods or service.

### i) Goods sold

Revenue from the sale of goods is recognised upon delivery of goods where the control of the goods has been passed to the customers, net of goods and services taxes and discounts.

Deferred costs are recognised when the goods delivered to customers but pending installation and/or testing rendered to customers.

### ii) Contract revenue

Contract revenue with customers include contracts relating to manufacturing and selling of firefighting and specialist vehicles.

These contracts may include multiple performance obligations as they are not highly integrated. Hence, the transaction price will be allocated to each performance obligation based on the standalone selling price.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### n) Revenue and other income (continued)

#### ii) Contract revenue (continued)

Where the contracts are highly integrated, they are recognised as a single performance obligation. Revenue is recognised progressively based on the progress towards complete satisfaction of the performance obligation.

Revenue are recognised over time when control of the asset is transferred over time when the Group's performance:

- creates and enhances an asset that the customer controls as the services are being performed; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract is recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. No element of financing is deemed present as the payment schedule and credit terms of 30 days to 60 days are consistent with the market practice.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent agreed with the customer or the negotiations on the variation claims have reached an advanced stage such that it is probable that the customer will accept the claims and the claims are capable of being reliably measured. The 'percentage-of-completion method' is used to determine the appropriate amount to be recognised as revenue in a given period. The stage of completion 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 outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that is probable will be recoverable.

#### iii) Rendering of services

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction at the end of the reporting period. The stage of completion is assessed by reference to services performed to date as a percentage of total services to be performed.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### n) Revenue and other income (continued)

#### iv) Interest income

Interest income is recognised as it accrues using the effective interest method in profit or loss except for interest income arising from temporary investment of borrowings taken specifically for the purpose of obtaining a qualifying asset which is accounted for in accordance with the accounting policy on borrowing costs.

### o) Borrowing costs

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

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

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and 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.

### p) Income tax

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

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

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

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

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### p) Income tax (continued)

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

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

### q) Operating segments

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

### r) Earnings per share

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

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

### s) Contingencies

#### i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statement of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

# Notes to the Financial Statements

30 June 2022

## 3. Significant accounting policies (continued)

### s) Contingencies (continued)

#### ii) Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statement of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

### t) Fair value measurements

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

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

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

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

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



**CME Group Berhad**

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

# Notes to the Financial Statements

30 June 2022

**4. Property, plant and equipment**

<b>Group</b>	< -----At Revaluation----- >		< -----At Cost----->		
	Freehold land RM'000	Building RM'000	Computers, furniture, fittings, office and workshop equipment and air conditioners RM'000	Motor vehicles RM'000	Total RM'000
At 1.7.2021	<b>21,150</b>	<b>7,050</b>	<b>1,281</b>	<b>1,095</b>	<b>30,576</b>
Additions	-	-	<b>287</b>	-	<b>287</b>
At 30.6.2022	<b>21,150</b>	<b>7,050</b>	<b>1,568</b>	<b>1,095</b>	<b>30,863</b>
< ----- Accumulated depreciation ----- >					
At 1.7.2021	-	<b>282</b>	<b>1,262</b>	<b>1,094</b>	<b>2,638</b>
Charge for the financial year	-	<b>141</b>	<b>39</b>	-	<b>180</b>
At 30.6.2022	-	<b>423</b>	<b>1,301</b>	<b>1,094</b>	<b>2,818</b>

**CME Group Berhad**

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

# Notes to the Financial Statements

30 June 2022

**4. Property, plant and equipment (continued)**

Group	< -----At Revaluation----- >		<-----At Cost----->		
	Freehold land RM'000	Building RM'000	Computers, furniture, fittings, office and workshop equipment and air conditioners RM'000	Motor vehicles RM'000	Total RM'000
At 1.7.2020	21,150	7,050	1,274	560	30,034
Additions	-	-	7	-	7
Reclassification from right-of-use assets (Note 5)	-	-	-	535	535
At 30.6.2021	21,150	7,050	1,281	1,095	30,576
<-----Accumulated depreciation----->					
At 1.7.2020	-	141	1,231	559	1,931
Charge for the financial year	-	141	31	-	172
Reclassification from right-of-use assets (Note 5)	-	-	-	535	535
At 30.6.2021	-	282	1,262	1,094	2,638

**CME Group Berhad**

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

# Notes to the Financial Statements

30 June 2022

**4. Property, plant and equipment (continued)**

<b>Group</b>	<b>Carrying amount</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Freehold land	<b>21,150</b>	21,150
Building	<b>6,627</b>	6,768
Computers, furniture, fittings, office and workshop equipment and air conditioners	<b>267</b>	19
Motor vehicles	<b>1</b>	1
Total	<b>28,045</b>	27,938
<b>Company</b>		Computers, furniture, fittings, office and workshop equipment and air conditioners RM'000
<b>At cost</b>		
At 1.7.2021		<b>122</b>
Additions		-
At 30.6.2022		<b>122</b>
<b>Accumulated depreciation</b>		
At 1.7.2021		<b>119</b>
Charge for the financial year		<b>2</b>
At 30.6.2022		<b>121</b>
<b>At cost</b>		
At 1.7.2020		121
Additions		1
At 30.6.2021		122
<b>Accumulated depreciation</b>		
At 1.7.2020		116
Charge for the financial year		3
At 30.6.2021		119
<b>Carrying amount</b>		
At 30.6.2022		<b>1</b>

**CME Group Berhad**

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

At 30.6.2021

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# Notes to the Financial Statements

30 June 2022

## 4. Property, plant and equipment (continued)

### i) Assets pledged as security

Freehold land and building with carrying amount of RM27,777,000 (2021 – RM27,918,000), have been pledged to licensed banks as securities for credit facilities granted to a subsidiary as disclosed in Note 18(ii), Note 18(iii) and Note 18(iv) to the financial statements.

### ii) Revaluation of freehold land and building

Had the revalued freehold land and building been carried at historical cost less accumulated depreciation, the net carrying amount would have been as follows:

<b>Group</b>	<b>Cost RM'000</b>	<b>Accumulated depreciation RM'000</b>	<b>Carrying amount RM'000</b>
<b>2022</b>			
Freehold land	<b>1,820</b>	<b>-</b>	<b>1,820</b>
Building	<b>7,261</b>	<b>(3,773)</b>	<b>3,488</b>
	<b>9,081</b>	<b>(3,773)</b>	<b>5,308</b>
<b>2021</b>			
Freehold land	1,820	-	1,820
Building	7,261	(3,628)	3,633
	9,081	(3,628)	5,453

### iii) Fair value information

The fair value of property, plant and equipment of the Group is categorised as follows:

<b>Group</b>	<b>Level 3 RM'000</b>
<b>2022</b>	
Freehold land	<b>21,150</b>
Building	<b>6,627</b>
<b>2021</b>	
Freehold land	<b>21,150</b>
Building	<b>6,768</b>

The current year fair value in total was arrived from directors' estimation by reference to the actual transactions transacted for properties around the same vicinity.

# Notes to the Financial Statements

30 June 2022

## 5. Right-of-use assets

<b>Group</b>	Motor vehicles RM'000
<b>Costs</b>	
At 30.6.2022	<b>525</b>
<b>Accumulated depreciation</b>	
At 1.7.2021	<b>491</b>
Charge for the financial year	<b>32</b>
At 30.6.2022	<b>523</b>
<b>Carrying amount</b>	<b>2</b>
<b>Costs</b>	
At 1.7.2020	1,406
Disposal	(346)
Reclassification to property, plant and equipment (Note 4)	(535)
At 30.6.2021	<b>525</b>
<b>Accumulated depreciation</b>	
At 1.7.2020	1,278
Charge for the financial year	94
Disposal	(346)
Reclassification to property, plant and equipment (Note 4)	(535)
At 30.6.2021	<b>491</b>
<b>Carrying amount</b>	<b>34</b>

# Notes to the Financial Statements

30 June 2022

## 6. Investment properties

	<b>Group and Company</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
<b>At fair value</b>		
At 1 July	<b>35,030</b>	32,613
Fair value gain recognised in profit or loss (Note 28)	-	2,417
At 30 June	<b>35,030</b>	35,030

Investment properties of the Group and the Company comprise commercial and residential properties that are intended to be leased to third parties. No contingent rents are charged.

Investment properties of the Group and the Company with carrying amount of RM22,270,000 (2021 - RM22,270,000) have been pledged as securities for banking facilities and advances granted to the Group and the Company as mentioned in Note 18(i), Note 18(ii) and Note 24 to the financial statements respectively.

As at the reporting date, the title of the investment properties of the Group and the Company with carrying amount of RM12,760,000 (2021 - RM12,760,000) has yet to be transferred to the Company's name.

Rental income of RM1,013,000 (2021 - RM1,003,000) is recognised in profit or loss in respect of the investment properties. The direct operating expenses of RM1,040,000 (2021 - RM135,001) to generate rental income is recognised in profit or loss in respect of investment properties.

### Fair value information

The fair value of investment properties of the Group and Company is categorised as follows:

	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	RM'000	RM'000	RM'000
<b><u>Group and Company</u></b>			
<b>2022</b>			
Investment properties	-	<b>35,030</b>	<b>35,030</b>
<b>2021</b>			
Investment properties	35,030	-	35,030

The previous year fair values of the investment properties have been determined based on valuation report dated 22 April 2021 using comparison and investment method of valuation. The valuation is carried out by external independent valuers, Range International Property & Valuer (M) Sdn. Bhd., a member of the Institute of Valuers in Malaysia. The most significant input into this valuation approach is price per square feet of comparable properties.

# Notes to the Financial Statements

30 June 2022

## 7. Inventories

	2022 RM'000	2021 RM'000
<b>Group</b>		
<b>Non-current:</b>		
<b>At net realisable value</b>		
- Freehold land held for development	<b>12,294</b>	12,657
<b>Current:</b>		
<b>At costs</b>		
- Raw material	<b>3,643</b>	3,888
- Work-in-progress	<b>2,656</b>	2,452
- Trading merchandise	<b>374</b>	373
	<b>6,673</b>	6,713
	<b>18,967</b>	19,370

The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM18,208,999 (2021 - RM1,180,787).

The cost of inventories of the Group recognised as an expense in other expenses during the financial year in respect of write-down of inventories to net realisable value was RMNIL (2021 - RM15,022).

The fair value of freehold land held for development of AUD4,050,000 (approximately RM12,294,180) was arrived from directors' estimation by reference to the actual transactions transacted for properties around the same vicinity.

## 8. Intangible assets

	Goodwill RM'000	Trademarks RM'000	Total RM'000
<b>Group</b>			
<b>Costs</b>			
At 1.7.2021/30.6.2022	<b>121</b>	<b>1,450</b>	<b>1,571</b>
<b>Accumulated amortisation</b>			
At 1.7.2021	-	<b>200</b>	<b>200</b>
Charge for the financial year	-	<b>200</b>	<b>200</b>
At 30.6.2022	-	<b>400</b>	<b>400</b>
<b>Accumulated impairment losses</b>			
At 1.7.2021/30.6.2022	<b>121</b>	<b>450</b>	<b>571</b>
<b>Carrying amount</b>	-	<b>600</b>	<b>600</b>



# Notes to the Financial Statements

30 June 2022

## 8. Intangible assets (continued)

<b>Group</b>	<b>Goodwill RM'000</b>	<b>Trademarks RM'000</b>	<b>Total RM'000</b>
<b>Costs</b>			
At 1.7.2020	121	45	571
Addition	-	1,000	1,000
At 30.6.2021	121	1,045	1,571
<b>Accumulated amortisation</b>			
At 1.7.2020	-	-	-
Charge for the financial year	-	200	200
At 30.6.2021	-	200	200
<b>Accumulated impairment losses</b>			
At 30.6.2021	121	450	571
<b>Carrying amount</b>	-	800	800

## 9. Investment in subsidiaries

<b>Company</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
Unquoted shares, at cost	10,338	10,338
Quasi loans	65,556	65,556
	75,894	75,894
Less: Impairment loss	(40,264)	(39,763)
	35,630	36,131

Quasi loans represent amount owing by subsidiary companies which is non-trade in nature, unsecured and non-interest bearing. The settlement of the amount is neither planned nor likely to occur in the foreseeable future as it is the intention of the Company to treat this amount as long-term source of capital to the subsidiary company. As this amount is, in substance, a part of the Company's net investment in the subsidiaries, it is stated at cost less accumulated impairment loss, if any.

# Notes to the Financial Statements

30 June 2022

## 9. Investment in subsidiaries (continued)

The details of the subsidiary companies are as follows:

Name of subsidiary companies	Principal place of business/ Country of incorporation	Principal activity	Effective ownership interest	
			2022 %	2021 %
CME Industries Sdn. Bhd.	Malaysia	Servicing of firefighting and specialist vehicles and sale of related spare parts	<b>100</b>	100
CME Edaran Sdn. Bhd.	Malaysia	Sale and servicing of firefighting equipment and specialist vehicles and sale of related spare parts	<b>100</b>	100
CME Technologies Sdn. Bhd.	Malaysia	Designing, manufacturing and sale of firefighting equipment, fire engines and specialist vehicles	<b>100</b>	100
CME Health Sdn. Bhd.	Malaysia	Trade and deal in all types of pharmaceutical, medicinal, biological and health supplement products and related health care products	<b>100</b>	100
CME Pyroshield Sdn. Bhd.	Malaysia	Sale and servicing of firefighting gas system and other safety related products	<b>100</b>	100
CME Properties (Australia) Pty Ltd*#	Australia	Property development	<b>100</b>	100
Jernih Iras Sdn. Bhd.^	Malaysia	Dormant	<b>100</b>	100
Mom's Care Retail Sdn. Bhd.^	Malaysia	Trading of baby products, the company has ceased business	<b>100</b>	100
Modern Mum Retail Sdn. Bhd.^	Malaysia	Trading of maternity wear, the company has ceased business	<b>100</b>	100

\* The auditors' report of the subsidiary companies contains an emphasis of material uncertainty related to going concern.

# Audited by a firm other than Kreston John & Gan.

^ Unaudited. Total asset of the unaudited subsidiaries represented less than 0.01% of the Group's total assets as at 30 June 2022.

# Notes to the Financial Statements

30 June 2022

## 10. Other investment

	<b>Group and Company</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
<b>At fair value</b>		
- Quoted equity investment	<b>423</b>	907

## 11. Trade receivables

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Trade receivables	<b>6,827</b>	8,574	<b>6,175</b>	6,132
Less: Impairment loss (Note 35)	<b>(5,966)</b>	(5,966)	<b>(5,966)</b>	(5,966)
	<b>861</b>	2,608	<b>209</b>	166

The normal credit terms of trade receivables range from 30 to 90 days (2021 – 30 to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

## 12. Other receivables and deposits

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other receivables	<b>1,396</b>	11,939	<b>680</b>	11,238
Less: Impairment losses	<b>(686)</b>	(621)	<b>(65)</b>	-
	<b>710</b>	11,318	<b>615</b>	11,238
Deposits	<b>3,526</b>	3,443	<b>3,379</b>	3,386
	<b>4,236</b>	14,761	<b>3,994</b>	14,624

Other receivables amounted to RM2,493,000 in respect of security deposits related to Bellajade (refer Note 38(i) for details) was written off during the year.

## 13. Amount due from/(to) subsidiaries

	<b>Company</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
<b>Non-trade</b>		
Amount due from subsidiaries	<b>3,747</b>	1,816
Less: Impairment losses	<b>(1,399)</b>	(1,399)
	<b>2,348</b>	417
<b>Non-trade</b>		
Amount due to subsidiaries	<b>(36,513)</b>	(34,369)

# Notes to the Financial Statements

30 June 2022

## 13. Amount due from/(to) subsidiaries (continued)

The non-trade amount due from subsidiaries is unsecured, non-interest bearing, repayable on demand by cash and cash equivalents.

The non-trade amount due to subsidiaries is unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash except for an amount due to a subsidiary of RM3,091,000 (2021 - RM3,442,000) which bears interest at rate ranging from 6% to 7.22% (2021 - 6.72% to 7.25%) per annum.

## 14. Cash and bank balances

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Cash and bank balances	<b>1,723</b>	2,221	<b>316</b>	41

Included in the cash and bank balances of the Group is an amount of RM1,170,000 (2021 – RM1,712,000) charged to a licensed bank as cash collateral for banking facilities granted to a subsidiary as disclosed in Note 18 to the financial statement and therefore, restricted from use in other operations.

## 15. Share capital

	<b>Group and Company</b>			
	<b>2022</b>	2021	<b>2022</b>	2021
	Number of ordinary shares ('000)		<b>RM'000</b>	RM'000
<b>Issued and fully paid</b>				
As at 1 July	<b>968,228</b>	584,236	<b>79,199</b>	49,459
Issuance of shares	-	88,000	-	3,696
Conversion of ICULS	<b>16,320</b>	220,975	<b>1,632</b>	22,098
Conversion of warrants	<b>374</b>	75,017	<b>20</b>	3,946
As at 30 June	<b>984,922</b>	968,228	<b>80,851</b>	79,199

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank pari passu with regard to the Company's residual assets.

## 16. Irredeemable convertible unsecured loan stocks ("ICULS")

On 28 November 2014, the Company issued 784,250,715 ICULS.

The ICULS are constituted by a Trust Deed Dated 15 October 2014 as varied in the Supplemental Trust Deed dated 13 March 2018. The ICULS at the nominal amount of RM0.04 each issued by the Company have a tenure of ten (10) years from the date of issue and are not redeemable in cash. Unless converted, all outstanding ICULS will be mandatorily converted by the Company into new ordinary shares of the Company ("CME Shares") at the conversion price applicable on the maturity date (i.e. 27 November 2024).

# Notes to the Financial Statements

30 June 2022

## 16. Irredeemable convertible unsecured loan stocks ("ICULS") (continued)

The ICULS may be converted into new CME Shares by:

- (i) surrendering the ICULS with an aggregate nominal value equivalent to RM0.10 for every one (1) new CME Share (subject to adjustments in accordance with the provisions of the Trust Deed) ("Conversion Price"); or
- (ii) surrendering one (1) ICULS together with the necessary cash payment constituting the difference between the Conversion Price and the nominal value of the ICULS surrendered, for one (1) new CME Share. For avoidance of doubt, for every one (1) ICULS surrendered together with the required cash payment, the holder will only be entitled to subscribe for one (1) new CME Share.

The new CME Shares to be issued upon conversion of the ICULS will, upon allotment and issuance, rank pari passu in all respects with the then existing CME Shares save that they will not be entitled for any dividends, rights, allotments, and/or other distributions, the entitlement date of which is before the date of allotment of the new CME Shares pursuant to the conversion of the ICULS.

The interest on the ICULS is at zero coupon rate per annum on the nominal value of the outstanding ICULS.

In previous financial year, 220,974,800 ICULS were converted into new ordinary shares based on conversion price of RM0.10 per ordinary shares.

During the financial year, 40,800,000 ICULS were converted into 16,320,000 new ordinary shares based on conversion price of RM0.10 per ordinary shares. As at 30 June 2022, the remaining balance of ICULS is 522,475,915.

## 17. Reserves

		Group		Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revaluation reserve	(ii)	19,929	19,929	-	-
Foreign currency translation reserve	(i)	656	1,015	-	-
Warrant reserve	(iii)	2,061	2,077	2,061	2,077
Accumulated losses	(iv)	(71,999)	(66,851)	(73,947)	(68,688)
		<b>(49,353)</b>	<b>(43,830)</b>	<b>(71,886)</b>	<b>(66,611)</b>

### (i) Foreign currency translation reserve

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of a foreign operation whose functional currency is different from that of the Group's presentation currency as well as the foreign currency differences arising from monetary items which form part of the Group's net investment in foreign operation, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation or another currency.

# Notes to the Financial Statements

30 June 2022

## 17. Reserves (continued)

### (ii) Revaluation reserve

Revaluation reserve represents the surplus on the revaluation of freehold land and building of the Group.

### (iii) Warrant reserve

On 14 May 2018, the Company issued 123,783,023 free warrants to all subscribers of the rights issue on the basis of five (5) free warrants for every four (4) right shares subscribed. The warrants were listed on the Main Market of Bursa Malaysia Securities Berhad on 14 May 2018. The warrants are constituted under a Deed Poll executed on 13 March 2018.

The salient features of the warrants are as follows:

- a) Each warrant entitles the registered holder the right at any time during the exercise period of 10 years from 14 May 2018 to 13 May 2028 to subscribe in cash for one new ordinary share of the Company at an exercise price of RM0.01 each (subject to adjustments in accordance with the provisions of the Deed Poll);
- b) Upon the expiry of the exercise period, warrants which have not been exercised will lapse and cease to be valid for any purposes; and
- c) The holders of the warrants are not entitled to any voting right or participation in any dividends, rights, allotment and/or other forms of distribution other than on winding-up, compromise or arrangement of the Company unless and until the holders of the warrants become a shareholder of the Company by exercising his warrants into new shares.

In previous financial year, 75,017,000 new ordinary shares by way of conversions of warrants at an exercised price of RM0.01 each and transfer of warrants reserve of RM0.0426 each upon exercise of warrants.

During the financial year, 373,500 new ordinary shares by way of conversions of warrants at an exercised price of RM0.01 each and transfer of warrants reserve of RM0.0426 each upon exercise of warrants.

The number of outstanding Warrants 2018/2028 are 48,392,523 (2021 – 48,766,023).

The fair value of the warrants is RM0.0426 each estimated using the Trinomial option model, taking into account the terms and conditions upon which the warrants are issued. The fair value of the warrants measured at issuance date and the assumptions are as follows:

Valuation model	Trinomial
Exercise type	American
Tenure	10 years
Risk-free rate	4.18%
Conversion price	RM0.01
Volatility rate	97.57%
Period of volatility assessment	Past 10 years up to and including 14 May 2018

# Notes to the Financial Statements

30 June 2022

## 17. Reserves (continued)

### (iv) Accumulated losses

The Company may distribute dividend out of its retained profits under the single tier system which are tax exempt in the hands of shareholders.

## 18. Borrowings

	Note	Group 2022 RM'000	2021 RM'000	Company 2022 RM'000	2021 RM'000
<b>Non-current:</b>					
<u>Secured</u>					
Term loan		205	589	-	-
Short term loan		2,157	3,000	-	-
		<u>2,362</u>	<u>3,589</u>	<u>-</u>	<u>-</u>
<b>Current:</b>					
<u>Secured</u>					
Term loan and project loans		7,862	4,807	-	-
Bank overdrafts		10,884	11,211	3,569	3,751
Banker acceptances and trust receipts		-	140	-	-
Short term loan		842	812	-	-
		<u>19,588</u>	<u>16,970</u>	<u>3,569</u>	<u>3,751</u>
<b>Total borrowings</b>					
<u>Secured</u>					
Term loan and project loans	(i)	8,067	5,396	-	-
Bank overdrafts	(ii)	10,884	11,211	3,569	3,751
Banker acceptances and trust receipts	(iii)	-	140	-	-
Short term loan	(iv)	2,999	3,812	-	-
		<u>21,950</u>	<u>20,559</u>	<u>3,569</u>	<u>3,751</u>

**CME Group Berhad**

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

(i) Term loan and project loans

i. Term loan

The term loan of the Group and the Company bear interest rate of 6% (2021 – 7.25%) per annum and are secured by way of:

- (a) corporate guarantee by the Company;
- (b) legal charge over property held by third party.



# Notes to the Financial Statements

30 June 2022

## 18. Borrowings (continued)

### (i) Term loan and project loans (continued)

#### ii. Project loans

##### Project loan 1

The project loan 1 bear interest at rate range from 8.20% (2021 – 7.70%) per annum and is secured by following:

- (a) corporate guarantee by the Company;
- (b) specific Deed of Assignment of particular project proceeds and charge over the project account to be executed between the Company and the bank;
- (c) cash collateral as disclosed in Note 14 to the financial statements.

##### Project loan 2

The project loan 2 bear interest at rate range from 7.47% (2021 – 6.97%) per annum and is secured by following:

- (a) corporate guarantee by the Company;
- (b) 30% cash margin placed in form of cash deposit; and
- (c) legal charge over the investment properties of the Company as disclosed in Note 6 to the financial statements.

### (ii) Bank overdrafts

The bank overdrafts of the Group and the Company bear interest at rate range from 6.95% to 7.32% (2021 – 6.72% to 7.07%) per annum and are secured by way of:

- (a) corporate guarantee by the Company;
- (b) legal charge over the investment properties of the Company as disclosed in Note 6 to the financial statements; and
- (c) legal charge over the freehold land and building of subsidiary company as disclosed in Note 4(i) to the financial statements.

### (iii) Bankers' acceptance and trust receipts

Bankers' acceptance and trust receipts of the Group and the Company bear interest at rate of Nil (2021 – 2.59% to 4.42%) per annum and are secured by way of:

- (a) corporate guarantee by the Company; and
- (b) legal charge over the freehold land and building of subsidiary company as disclosed in Note 4(i) to the financial statements.

# Notes to the Financial Statements

30 June 2022

## 18. Borrowings (continued)

### (iv) Short-term loan

The short term loan of the Group and the Company bear interest at rate of 4.17% (2021 – 3.67) per annum and are secured by way of:

- (a) corporate guarantee by the Company; and
- (b) legal charge over the freehold land and building of subsidiary company as disclosed in Note 4(i) to the financial statements.

## 19. Lease liabilities

Future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	<b>Group</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Minimum lease payments:		
- Not later than one year	<b>59</b>	60
- Later than one year and not later than two years	<b>36</b>	60
- Later than two years and not later than five years	<b>12</b>	44
	<b>107</b>	164
Less: Future finance charges	<b>(8)</b>	(17)
Present value of minimum lease payments	<b>99</b>	147
Repayable as follows:		
Current		
- Not later than one year	<b>52</b>	51
Non-current		
- Later than one year and not later than two years	<b>35</b>	52
- Later than two years and not later than five years	<b>12</b>	44
	<b>99</b>	147

The weighted average effective interest rate of the lease liabilities of the Group are 2.37% - 2.95% (2021 – 2.37% - 2.95%) per annum.

The Group obtains lease facilities to finance their purchase of motor vehicles. The remaining lease terms are in the range from 1 to 5 years as at 30 June 2022. Implicit interest rate of the lease is fixed and the inception of the lease arrangements and the lease instalments are fixed throughout the lease period. The Company has the option to purchase the assets at the end of the agreements. There are no significant restriction clauses imposed on the lease arrangements.

# Notes to the Financial Statements

30 June 2022

## 20. Provisions

	<b>Group</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
<b><u>Warranties</u></b>		
As at 1 July	<b>95</b>	327
Recognised in profit or loss	<b>197</b>	-
Repayment or utilised during the financial year	<b>(7)</b>	(50)
Reversal during financial year	<b>(161)</b>	(182)
As at 30 June	<b>124</b>	95
Non-current	<b>33</b>	22
Current	<b>91</b>	73
	<b>124</b>	95

The provision for warranties represent the present value of the directors' best estimates of future economic obligation that will be required under the Company's obligation for warranties at the reporting date. The provision is recognised based on estimation made from warranty costs experienced over the years.

## 21. Deferred tax liabilities

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
As at 1 July	<b>1,793</b>	3,658	-	404
Recognised in profit or loss (Note 31)				
- Property, plant and equipment	<b>55</b>	(1,461)	-	-
- Investment properties	-	(404)	-	(404)
As at 30 June	<b>1,848</b>	1,793	-	-
	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Unutilised tax losses	<b>2,944</b>	2,549	-	-
Unabsorbed capital allowance	<b>121</b>	7	-	-
Other temporary differences	<b>(70)</b>	26	-	-
	<b>2,995</b>	2,582	-	-
Deferred tax asset not recognised at 24%	<b>719</b>	619	-	-

# Notes to the Financial Statements

30 June 2022

## 21. Deferred tax liabilities (continued)

### Unrecognised deferred tax assets

Effective from year of assessment 2019 as announced in the Annual Budget 2022, the unused tax losses of the Company as at 31 December 2018 and thereafter will only be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unabsorbed losses will be disregarded.

## 22. Contract liabilities

	<b>Group</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
<b>Contract liabilities</b>		
- Consideration received or billed for goods or service yet rendered	<b>1,157</b>	6,543

Significant changes in contract balances:

	<b>Group</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
<b>Contract liabilities</b>		
Revenue recognised that was included in contract liabilities at the beginning of the financial year	<b>(10,911)</b>	(419)
Increase due to consideration received or billed, but revenue not recognised	<b>5,525</b>	2,964

## 23. Trade payables

The normal credit terms of trade receivables range from 30 to 60 days (2021 – 30 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

The currency exposure profile of trade payables are as follows:

	<b>Group</b>	
	<b>2021</b>	2020
	<b>RM'000</b>	RM'000
European Dollar	<b>1</b>	1
Great Britain Pound	<b>3</b>	21
United Stated Dollar	<b>20</b>	125

# Notes to the Financial Statements

30 June 2022

## 24. Other payables and accruals

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Other payables	<b>7,414</b>	5,540	<b>6,077</b>	4,171
Accruals	<b>1,703</b>	1,222	<b>1,178</b>	944
Deposits received	<b>625</b>	573	<b>506</b>	389
	<b>9,742</b>	7,335	<b>7,761</b>	5,504

Included in other payables of the Group and of the Company consist of advances from third parties amounted to RM4,477,254 (2021 – RM1,853,436) of which RM960,000 (2021 - RMNil) bears interest at rate of 18% (2021 - Nil) per annum and secured by way of legal charge over the investment properties of the Group and the Company as disclosed in Note 6 to the financial statements.

## 25. Revenue

### (i) Disaggregation of revenue

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Primary geographical markets				
- Malaysia	<b>15,955</b>	4,145	<b>1,013</b>	1,003
Major products				
- Manufacturing of fire fighting and specialist vehicles	<b>10,912</b>	-	-	-
- Servicing of fire fighting vehicles and equipment	<b>1,200</b>	1,187	-	-
- Sale of fire fighting equipment gas systems and accessories	<b>2,830</b>	1,955	-	-
- Rental income from investment properties	<b>1,013</b>	1,003	<b>1,013</b>	1,003
	<b>15,955</b>	4,145	<b>1,013</b>	1,003
<b>Timing of revenue recognition:</b>				
At a point in time	<b>15,955</b>	4,145	-	-

# Notes to the Financial Statements

30 June 2022

## 25. Revenue (continued)

### (ii) Nature of goods

<b><u>Nature of goods</u></b>	<b><u>Timing of recognition or method used to recognise revenue</u></b>	<b><u>Significant payment terms</u></b>	<b><u>Variable element in consideration</u></b>	<b><u>Obligation for returns or refunds</u></b>	<b><u>Warranty</u></b>
Manufacturing of firefighting and specialist vehicles	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer at its premise.	Credit period of 30 to 60 days from invoice date.	Discount are given to customers based on director discretion.	The group allows return only for modification of fire truck (i.e. no cash refund are offered).	Defect liability period of 0 – 24 months is given to the purchaser.
Servicing of fire fighting vehicles and equipment	Revenue is recognised at a point in time when the services are rendered and accepted by the customer at its premise.	Credit period of 30 to 60 days from invoice date.	Discount are given to customers based on director discretion.	Not applicable.	Not applicable.
Sale of firefighting equipment gas systems and accessories	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer at its premise.	Credit period of 30 to 90 days from invoice date.	Discount are given to customers based on director discretion.	The group allows return only for exchange with new goods (i.e. no cash refund are offered).	Not applicable.
Sale of maternity and baby products	Revenue is recognised at a point in time when the goods are delivered and accepted by the customer at its premise.	Credit period of 30 to 60 days from invoice date.	Discount are given to customers based on director discretion.	Not applicable.	Not applicable.
Rental income from investment properties	Revenue is recognised on a straight-line basis over the term of the lease.	Credit period of 30 to 90 days from invoice date.	Not applicable.	Not applicable.	Not applicable.

# Notes to the Financial Statements

30 June 2022

**25. Revenue (continued)**

- (iii) Transaction price allocated to the remaining performance obligations

The Group applies the practical expedient on the exemption on disclosure of information on remaining performance obligations that have original expected durations of one year or less.

- (iv) Significant judgements and assumptions arising from revenue recognition

The Company did not apply significant judgements and assumptions that significantly affect the determination of the amount and timing of revenue recognised from contracts with customers.

**26. Other income**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Deposit forfeited	-	17	-	8
Fair value gain on financial asset at fair value through profit or loss	-	565	-	565
Gain on disposal of right-of-use assets	-	130	-	-
Gain on realised foreign exchange	<b>107</b>	3	<b>1</b>	-
Interest income	<b>32</b>	-	-	-
Over provision of project cost	<b>135</b>	53	-	-
Rental income	<b>24</b>	-	-	-
Revaluation gain on investment properties	-	2,417	-	2,417
Reversal of contract	-	108	-	-
Reversal of contract liabilities	-	-	-	-
Truck rental	<b>81</b>	-	-	-
Wages subsidy	<b>34</b>	8	-	-
	<b>413</b>	3,301	<b>1</b>	2,990

**27. Finance costs**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Interest expenses on:				
- Lease liabilities	<b>9</b>	15	-	-
- Term loans and project loans	<b>188</b>	235	<b>46</b>	85
- Bank overdraft	<b>773</b>	593	<b>388</b>	252
- Bankers' acceptance and trust receipts	<b>4</b>	3	-	-
- Other payables	-	198	-	198
- Other borrowings	<b>216</b>	168	<b>216</b>	168
	<b>1,190</b>	1,212	<b>650</b>	703

# Notes to the Financial Statements

30 June 2022

**28. (Loss)/Profit before taxation**

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
This is arrived at after charging:				
Auditors' remuneration				
- Kreston John & Gan				
- Current financial year	<b>75</b>	75	<b>20</b>	25
- Other services	<b>5</b>	5	-	-
- Other auditors	<b>14</b>	17	-	-
Amortisation of intangible asset	<b>200</b>	200	-	-
Depreciation of:				
- property, plant and equipment	<b>180</b>	172	<b>2</b>	3
- right-of-use assets	<b>32</b>	94	-	-
Directors' remuneration (Note 30)	<b>266</b>	284	<b>160</b>	203
Employee benefits expenses (Note 29)	<b>1,506</b>	1,469	<b>418</b>	479
Fair value loss on financial asset at fair value through profit or loss	<b>484</b>	-	<b>484</b>	-
Finance cost (Note 27)	<b>1,190</b>	1,212	<b>650</b>	703
Impairment loss on:				
- quasi loan	-	-	<b>501</b>	-
- trade receivables	-	114	-	114
- other receivables	<b>65</b>	65	-	-
- amount due from subsidiaries	-	-	-	1,399
Inventories written off	-	7	-	-
Loss on realised foreign exchange	<b>52</b>	14	-	-
Other receivables written off (Note 12)	<b>2,493</b>	52	<b>2,493</b>	52
Provision for warranties	<b>197</b>	-	-	-
Write down of inventories	-	15	-	-
and crediting:				
Fair value gain on financial asset at fair value through profit or loss	-	565	-	565
Gain on disposal of right-of-use assets	-	130	-	-
Gain on realised foreign exchange	<b>107</b>	3	<b>1</b>	-
Interest income	<b>32</b>	-	-	-
Over provision of project cost	<b>135</b>	53	-	-
Revaluation gain on investment properties	-	2,417	-	2,417
Truck rental	<b>81</b>	-	-	-



# Notes to the Financial Statements

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## 29. Employee benefits expenses

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Salaries and other staff benefit	<b>1,346</b>	1,328	<b>379</b>	437
Defined contribution plan	<b>160</b>	141	<b>39</b>	42
	<b>1,506</b>	1,469	<b>418</b>	479

## 30. Directors' remuneration

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Directors' remuneration</b>				
- fees	<b>160</b>	167	<b>160</b>	167
- other emoluments	<b>98</b>	106	-	32
- defined contribution plan	<b>8</b>	11	-	4
	<b>266</b>	284	<b>160</b>	203

## 31. Income tax expense

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
<b>Income tax expense</b>				
- current year	<b>167</b>	97	-	-
- prior years	<b>6</b>	(107)	-	-
	<b>173</b>	(10)	-	-
<b>Deferred tax (Note 21)</b>				
- current year	<b>55</b>	(1,461)	-	-
- prior years	-	(404)	-	(404)
	<b>228</b>	(1,875)	-	(404)

Income tax is calculated at the Malaysian statutory tax rates of 24% (2021 – 24%) of the estimated assessable profit for the financial year. The corporate tax rate applicable to the subsidiary of the Group in Australia is 30% (2021 - 30%).

# Notes to the Financial Statements

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## 31. Income tax expense (continued)

The numerical reconciliation between the effective tax rate and the applicable tax rate is as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Applicable tax rate	<b>24</b>	24	<b>(24)</b>	24
Different tax rate in foreign jurisdiction	<b>2</b>	(25)	-	-
Non-allowable expenses	<b>(29)</b>	118	<b>24</b>	116
Non-taxable income	-	(119)	-	(140)
Reversal of temporary differences	-	(297)	-	(79)
Deferred tax not recognised	<b>(2)</b>	-	-	-
Utilisation of previous year deferred tax assets not recognised	<b>1</b>	17	-	-
Over provision in prior years	-	(17)	-	-
Effective tax rate	<b>(4)</b>	(299)	-	(79)

## 32. Earnings per share

### **Basic Earnings Per Ordinary Share**

Basic earnings per share is calculated by dividing the earnings/loss for the financial year attributable to ordinary shareholders by weighted average number of ordinary shares in issue during the financial year as follows:

	<b>Group</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	<b>RM'000</b>
(Loss)/Profit attributable to owners of the Company	<b>(5,148)</b>	2,502
Weighted average number of ordinary shares in issue ('000)	<b>977,779</b>	813,777
Basic earnings per share (sen)	<b>(0.53)</b>	0.31

# Notes to the Financial Statements

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## 32. Earnings per share (continued)

### *Diluted Earnings Per Ordinary Share*

Diluted earnings per share is calculated by dividing the consolidated profit attributable to owners of the Group by weighted average number of ordinary shares in issue during the financial year after adjustments for dilutive effects of all potential ordinary shares as follows:

	<b>Group</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
(Loss)/Profit attributable to owners of the Company	<b>(5,148)</b>	2,502
Weighted average number of ordinary shares in issue ('000)	<b>974,252</b>	813,777
Adjusted for assumed exercise of:		
- ICULS	<b>522,476</b>	563,276
- Warrants	<b>48,392</b>	48,766
	<b>1,545,120</b>	1,425,819
Diluted earnings per share (sen)	<b>(0.33)</b>	0.18

## 33. Changes in liabilities arising from financing activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes as follows:

	At	Net change	At
	1 July	from	30 June
<b>Group</b>	RM'000	financing	RM'000
		cash flow	
		RM'000	
<b>2022</b>			
Term loan and project loans	<b>5,396</b>	<b>2,671</b>	<b>8,067</b>
Bankers' acceptance or trust receipt and short term loan	<b>3,952</b>	<b>(953)</b>	<b>2,999</b>
Lease liabilities	<b>147</b>	<b>(48)</b>	<b>99</b>
	<b>9,495</b>	<b>1,670</b>	<b>11,165</b>

# Notes to the Financial Statements

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## 33. Changes in liabilities arising from financing activities (continued)

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes as follows: (continued)

<b>Group</b>	At 1 July RM'000	Net change from financing cash flow RM'000	At 30 June RM'000
2021			
Term loan and project loans	9,306	(3,910)	5,396
Bankers' acceptance or trust receipt and short term loan	4,221	(269)	3,952
Lease liabilities	311	(164)	147
	<u>13,838</u>	<u>(4,343)</u>	<u>9,495</u>

Cash outflows for leases as a lessee

<b>Group</b>	<b>Note</b>	<b>2022 RM'000</b>	<b>2021 RM'000</b>
<b>Included in net cash from operating activities:</b>			
Interest paid in relation to lease liabilities	27	9	15
<b>Included in net cash from financing activities:</b>			
Payment of lease liabilities		48	164
<b>Total cash outflows for leases</b>		<u>57</u>	<u>179</u>

# Notes to the Financial Statements

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## 34. Segment information

The Group prepared the following segment information in accordance with MFRS 8 Operating Segments based on the internal reports of the Group's strategic business units which are regularly reviewed by the Group's chief operating decision maker for the purpose of making decisions about resource allocation and performance assessment.

The four reportable operating segments are as follows : -

### Segments

Investment holding	Investment holding
Manufacturing	Designing, manufacturing, sales and servicing of firefighting and specialist vehicles
Trading	Servicing of firefighting and specialist vehicles Sales of firefighting equipment and related spare parts Sales and servicing of firefighting gas systems and related accessories Sales of maternity and baby products
Others	Dormant

Inter-segment pricing is determined on negotiated basis.

### Segment profit

Segment performance is used to measure performance as Group's chief operating decision maker believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Performance is evaluated based on operating profit or loss which is measured differently from operating profit or loss in the consolidated financial statements.

### Segment assets and liabilities

The total of segment assets and liabilities are measured based on all assets and liabilities of a segment, as included in the internal reports that are reviewed by the Group's chief operating decision maker.

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# Notes to the Financial Statements

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**34. Segment information (continued)****(i) Operating segment**

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
<b>2022</b>							
<b>Revenue:</b>							
External sales	<b>1,013</b>	<b>12,194</b>	<b>2,748</b>	-	-	<b>A</b>	<b>15,955</b>
Inter-segment sales	-	<b>6,165</b>	<b>1,222</b>	-	<b>(7,387)</b>		-
Total revenue	<b>1,013</b>	<b>18,359</b>	<b>3,970</b>	-	<b>(7,387)</b>		<b>15,955</b>
<b>Results:</b>							
Segment results	<b>(1,066)</b>	<b>39</b>	<b>916</b>	<b>(2,070)</b>	<b>1,493</b>	<b>B</b>	<b>(688)</b>
Impairment loss on other receivables	<b>(65)</b>	-	-	-	-		<b>(65)</b>
Impairment loss on inter-companies	<b>(501)</b>	-	-	-	<b>501</b>		-
Written off of other receivables	<b>(2,493)</b>	-	-	-	-		<b>(2,493)</b>
Fair value loss on financial assets at FVPL	<b>(484)</b>	-	-	-	-		<b>(484)</b>
Finance costs	<b>(650)</b>	<b>(540)</b>	-	-	-		<b>(1,190)</b>
Segment (loss)/profit	<b>(5,259)</b>	<b>(501)</b>	<b>916</b>	<b>(2,070)</b>	<b>1,994</b>	<b>B</b>	<b>(4,920)</b>
Income tax expense	-	-	<b>(228)</b>	-	-		<b>(228)</b>
(Loss)/Profit for the financial year	<b>(5,259)</b>	<b>(501)</b>	<b>688</b>	<b>(2,070)</b>	<b>1,994</b>	<b>B</b>	<b>(5,148)</b>

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**34. Segment information (continued)****(i) Operating segment (continued)**

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
<b>2022</b>							
<b>Other information:</b>							
Investment properties	<b>35,030</b>	-	-	-	-		<b>35,030</b>
Depreciation of plant, property and equipment	<b>2</b>	<b>35</b>	-	-	-		<b>37</b>
Depreciation of right-of-use assets	-	<b>32</b>	-	-	-		<b>32</b>
Amortisation of intangible asset	-	-	-	<b>200</b>	-		<b>200</b>
<b>Assets:</b>							
Segment assets	<b>77,528</b>	<b>44,752</b>	<b>34,613</b>	<b>12,930</b>	<b>(80,322)</b>		<b>89,501</b>
Other investment	<b>423</b>	-	-	-	-		<b>423</b>
Segment assets	<b>77,951</b>	<b>44,752</b>	<b>34,613</b>	<b>12,930</b>	<b>(80,322)</b>	<b>C</b>	<b>89,924</b>
<b>Liabilities:</b>							
Segment liabilities	<b>48,087</b>	<b>32,436</b>	<b>8,606</b>	<b>53,289</b>	<b>(104,891)</b>	<b>C</b>	<b>37,527</b>

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**34. Segment information (continued)**
**(i) Operating segment (continued)**

	Investment holding RM'000	Manufacturing RM'000	Trading RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
2021							
<b>Revenue:</b>							
External sales	1,003	2,036	1,106	-	-		4,145
Inter-segment sales	-	163	1,854	-	(2,017)	A	-
Total revenue	1,003	2,199	2,960	-	(2,017)		4,145
<b>Results:</b>							
Segment results	(201)	(821)	724	(657)	-	B	(955)
Impairment loss on trade receivables	(114)	-	-	-	-		(114)
Impairment loss on inter-companies	(1,399)	(10)	(2)	-	1,411		-
Written off of other receivables	(52)	-	-	-	-		(52)
Fair value gain on financial assets at FVPL	565	-	-	-	-		565
Revaluation gain on investment gain	2,417	-	-	-	-		2,417
Inventories written down	-	-	(15)	-	-		(15)
Inventories written off	-	-	(7)	-	-		(7)
Finance costs	(703)	(509)	-	-	-		(1,212)
Segment profit/(loss)	513	(1,340)	700	(657)	1,411	B	627
Income tax expense	404	105	1,366	-	-		1,875
Profit/(Loss) for the financial year	917	(1,235)	2,066	(657)	1,411	B	2,502



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**34. Segment information (continued)****(i) Operating segment (continued)**

	Investment holding RM'000	Manufactu- ring RM'000	Trading RM'000	Others RM'000	Adjustments and elimination RM'000	Note	Total RM'000
<b>2021</b>							
<b>Other information:</b>							
Investment properties	35,030	-	-	-	-		35,030
Depreciation of plant, property and equipment	3	11	158	-	-		172
Depreciation of right-of-use assets	-	94	-	-	-		94
Amortisation of intangible asset	-	-	-	200	-		200
<b>Assets:</b>							
Segment assets	86,412	51,506	35,207	18,190	(88,388)		102,927
Other investment	907	-	-	-	-		907
Segment assets	87,319	51,506	35,207	18,190	(88,388)	C	103,834
<b>Liabilities:</b>							
Segment liabilities	52,200	38,690	9,887	57,613	(112,456)	C	45,934

# Notes to the Financial Statements

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## 34. Segment information (continued)

### (i) Operating segment (continued)

Nature of elimination to arrive at amounts reported in the consolidated financial statements : -

- A. Inter-segment revenues are eliminated on consolidation;
- B. Inter-segment revenues and expenses are eliminated on consolidation; and
- C. Inter-segment balances are eliminated on consolidation.

### (ii) Information about major customer

Major customers' information is revenue from transaction with a single external customer amount to ten percent or more of the Group's revenue.

The following is major customer with revenue equal or more than 10% of the Group's or the Company's total revenue:

	<b>2022</b> <b>RM'000</b>	2021 RM'000
<b>Manufacturing</b>		
Customer A	-	334
Customer B	<b>6,547</b>	-
Customer C	<b>3,733</b>	-
	<hr/>	<hr/>

### (iii) Geographical information

The Group is principally operating in Malaysia and hence, no geographical segment is presented.

# Notes to the Financial Statements

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## 35. Financial instruments

### a) Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

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

(ii) Financial assets measured at amortised cost ("FAAC").

(iii) Financial liabilities measured at amortised cost ("FLAC").

Group	Carrying amount RM'000	FVTPL RM'000	FAAC RM'000	FLAC RM'000
<b>2022</b>				
<b>Financial assets</b>				
Other investment	423	423	-	-
Trade receivables	861	-	861	-
Other receivables and deposits	4,236	-	4,236	-
Cash and bank balances	1,723	-	1,723	-
	<b>7,243</b>	<b>423</b>	<b>6,820</b>	<b>-</b>
<b>Financial liabilities</b>				
Trade payables	(2,607)	-	-	(2,607)
Contract liabilities	(1,157)	-	-	(1,157)
Other payables and accruals	(9,742)	-	-	(9,742)
Borrowings	(21,950)	-	-	(21,950)
Lease liabilities	(99)	-	-	(99)
	<b>(35,555)</b>	<b>-</b>	<b>-</b>	<b>(35,555)</b>
<b>2021</b>				
<b>Financial assets</b>				
Other investment	907	907	-	-
Trade receivables	2,608	-	2,608	-
Other receivables and deposits	14,761	-	14,761	-
Cash and bank balances	2,221	-	2,221	-
	<b>20,497</b>	<b>907</b>	<b>19,590</b>	<b>-</b>
<b>Financial liabilities</b>				
Trade payables	(9,462)	-	-	(9,462)
Contract liabilities	(6,543)	-	-	(6,543)
Other payables and accruals	(7,335)	-	-	(7,335)
Borrowings	(20,559)	-	-	(20,559)
Lease liabilities	(147)	-	-	(147)
	<b>(44,046)</b>	<b>-</b>	<b>-</b>	<b>(44,046)</b>

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### a) Categories of financial instruments (continued)

The table below provides an analysis of financial instruments categorised as follows: (continued)

Company	Carrying amount RM'000	FATPL RM'000	FAAC RM'000	FLAC RM'000
<b>2022</b>				
<b>Financial assets</b>				
Other investment	423	423	-	-
Trade receivables	209	-	209	-
Other receivables and deposits	3,994	-	3,994	-
Amount due from subsidiaries	2,348	-	2,348	-
Cash and bank balances	316	-	316	-
	<b>7,290</b>	<b>423</b>	<b>6,867</b>	<b>-</b>
<b>Financial liabilities</b>				
Trade payables	(244)	-	-	(244)
Other payables and accruals	(7,761)	-	-	(7,761)
Amount due to subsidiaries	(36,513)	-	-	(36,513)
Borrowings	(3,569)	-	-	(3,569)
	<b>(48,087)</b>	<b>-</b>	<b>-</b>	<b>(48,087)</b>
<b>2021</b>				
<b>Financial assets</b>				
Other investment	907	907	-	-
Trade receivables	166	-	166	-
Other receivables and deposits	14,624	-	14,624	-
Amount due from subsidiaries	417	-	417	-
Cash and bank balances	41	-	41	-
	<b>16,155</b>	<b>907</b>	<b>15,248</b>	<b>-</b>
<b>Financial liabilities</b>				
Trade payables	(8,576)	-	-	(8,576)
Other payables and accruals	(5,504)	-	-	(5,504)
Amount due to subsidiaries	(34,369)	-	-	(34,369)
Borrowings	(3,751)	-	-	(3,751)
	<b>(52,200)</b>	<b>-</b>	<b>-</b>	<b>(52,200)</b>

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### b) Gains and losses arising from financial instruments:

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Net gains/(losses) on:				
Financial liabilities				
measured at				
amortised costs	<b>(1,190)</b>	<b>(1,212)</b>	<b>(650)</b>	<b>(703)</b>

### c) Financial risk management

The Group and the Company have exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity and cash flow risk
- Market risk
- Operational risk

#### i) Credit risk

Credit risk is the risk of a financial loss if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from the individual characteristics of each customer. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies. There are no significant changes as compared to prior periods.

#### Trade receivables

#### *Risk management objectives, policies and processes for managing the risk*

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit valuations are performed on customers requiring credit over a certain amount.

At each reporting date, the Group assesses whether any of the trade receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partially or fully) when 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. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

There are no significant changes as compared to previous financial year.

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### i) Credit risk (continued)

##### Trade receivables (continued)

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk arising from trade receivables and contract assets are represented by the carrying amounts in the statement of financial position.

The trade receivables and contract assets are not secured by any collateral or supported by any other credit enhancements.

##### *Concentration of credit risk*

As at 30 June 2022, the Group and the Company have significant concentration of credit risk in the form of outstanding balance of approximately RM580,000 and RM100,000 due from five trade receivable which represents 67% and 48% of the total trade receivables of the Group and the Company. However, the directors are of the opinion that these amount outstanding is fully recoverable. Credit risk and receivables are monitored on an ongoing basis. These procedures substantially mitigate credit risk of the Group and the Company.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are measured at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group and the Company. The Group and the Company use ageing analysis to monitor the credit quality of the receivables. Any past due receivables having significant balances, which are deemed to have higher credit risk, are monitored individually.

##### *Recognition and measurement of impairment losses*

The Group and the Company use an allowance matrix to measure the expected credit losses ("ECLs") of trade receivables and contract assets for all segments, which comprise a very large number of insignificant balances outstanding.

To measure the ECLs, trade receivables and contract assets have been grouped based on credit risk and days past due.

Where a receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### i) Credit risk (continued)

##### Trade receivables (continued)

##### *Recognition and measurement of impairment losses (continued)*

The following table provides information about the exposure to credit risk and ECLs for trade receivables and contract assets as at 30 June 2022 which are grouped together as they are expected to have similar risk nature:

	Gross RM'000	Loss allowance RM'000	Net RM'000
<b>2022</b>			
<b>Group</b>			
Not past due	<b>323</b>	-	<b>323</b>
1 – 30 days past due	<b>181</b>	-	<b>181</b>
31 – 60 days past due	<b>198</b>	-	<b>198</b>
61 – 90 days past due	<b>159</b>	-	<b>159</b>
	<b>861</b>	-	<b>861</b>
Individual impairment	<b>5,966</b>	<b>(5,966)</b>	-
	<b>6,827</b>	<b>(5,966)</b>	<b>861</b>
<b>Company</b>			
Not past due	<b>41</b>	-	<b>41</b>
1 – 30 days past due	<b>31</b>	-	<b>31</b>
31 – 60 days past due	<b>26</b>	-	<b>26</b>
61 – 90 days past due	<b>111</b>	-	<b>111</b>
	<b>209</b>	-	<b>209</b>
Individual impairment	<b>5,966</b>	<b>(5,966)</b>	-
	<b>6,175</b>	<b>(5,966)</b>	<b>209</b>

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### i) Credit risk (continued)

#### Trade receivables (continued)

#### *Recognition and measurement of impairment losses (continued)*

	Gross RM'000	Loss allowance RM'000	Net RM'000
2021			
<b>Group</b>			
Not past due	2,243	-	2,243
1 – 30 days past due	51	-	51
31 – 60 days past due	77	-	77
61 – 90 days past due	47	-	47
More than 90 days past due	190	-	190
	<u>2,608</u>	<u>-</u>	<u>2,608</u>
Individual impairment	5,966	(5,966)	-
	<u>8,574</u>	<u>(5,966)</u>	<u>2,608</u>
<b>Company</b>			
Not past due	61	-	61
1 – 30 days past due	45	-	45
31 – 60 days past due	31	-	31
61 – 90 days past due	26	-	26
More than 90 days past due	3	-	3
	<u>166</u>	<u>-</u>	<u>166</u>
Individual impairment	5,966	(5,966)	-
	<u>6,132</u>	<u>(5,966)</u>	<u>166</u>

The movements in the allowance for impairment in respect of trade receivables during the financial year is as follows:

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
<b>Group</b>			
At 1 July 2021/30 June 2022	<u>-</u>	<u>5,966</u>	<u>5,966</u>



# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### i) Credit risk (continued)

##### Trade receivables (continued)

##### *Recognition and measurement of impairment losses (continued)*

The movements in the allowance for impairment in respect of trade receivables during the financial year is as follows: (continued)

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
<b>Company</b>			
At 1 July 2021/30 June 2022	-	<b>5,966</b>	<b>5,966</b>
	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
<b>Group</b>			
At 1 July 2020	-	<b>6,138</b>	<b>6,138</b>
Additional	-	<b>114</b>	<b>114</b>
Bad debt written off	-	<b>(286)</b>	<b>(286)</b>
At 30 June 2021	-	<b>5,966</b>	<b>5,966</b>
<b>Company</b>			
At 1 July 2020	-	<b>5,941</b>	<b>5,941</b>
Additional	-	<b>114</b>	<b>114</b>
Bad debt written off	-	<b>(89)</b>	<b>(89)</b>
At 30 June 2021	-	<b>5,966</b>	<b>5,966</b>

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### i) Credit risk (continued)

##### Other receivables

##### *Risk management objectives, policies and processes for managing the risk*

The credit risk is controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Group's associations to business partners with high credit worthiness. The Group also has an internal credit review which is conducted if the credit risk is material. Trade receivables are monitored on an ongoing basis via Group management reporting procedures.

There are no significant changes as compared to previous financial period.

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

##### *Recognition and measurement of impairment losses*

The Group uses an allowance matrix to measure the expected credit losses ("ECL") of its receivables, where a receivable has a low credit risk, it is excluded from the allowance matrix and its ECL is assessed individually by considering historical payment trends and financial strength of the receivable.

The movements in the allowance for impairment in respect of other receivables during the financial period are as follows:

	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
<b>Group</b>			
At 1 July 2021	-	621	621
Additional	-	65	65
At 30 June 2022	-	686	686
<b>Company</b>			
At 1 July 2021	-	-	-
Additional	-	65	65
At 30 June 2022	-	65	65

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### i) Credit risk (continued)

##### Other receivables (continued)

##### *Risk management objectives, policies and processes for managing the risk*

Group	Lifetime ECL RM'000	Credit impaired RM'000	Total RM'000
At 1 July 2020/30 June 2021	-	621	621

##### Inter-company loans and advances

##### *Risk management objectives, policies and processes for managing the risk*

The Company provides unsecured loans and advances to subsidiary companies. The Company monitors the ability of the subsidiary companies to repay the loans and advances on an individual basis.

##### *Exposure to credit risk, credit quality and collateral*

As at the end of the reporting period, the maximum exposure to credit risk is represented by their carrying amounts in the statement of financial position.

Loans and advances provided are not secured by any collateral or supported by any other credit enhancements.

##### *Recognition and measurement of impairment losses*

Generally, the Company considers loans and advances to subsidiary companies have low credit risk. The Company assumes that there is a significant increase in credit risk when a subsidiary company's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiary companies' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiary companies are not able to pay when demanded. The Company considers a subsidiary company's loan or advance to be credit impaired when:

- The subsidiary company is unlikely to repay its loan or advance to the Company in full;
- The subsidiary company's loan or advance is overdue for more than 365 days; or
- The subsidiary company is continuously loss making and is having a deficit shareholders' funds.

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### i) Credit risk (continued)

##### Inter-company loans and advances (continued)

##### *Recognition and measurement of impairment losses*

The Company determines the default rate for these loans and advances individually using internal information available.

As at the end of the reporting period, the Company did not recognised any additional allowance for impairment losses.

#### ii) Liquidity and cash flow risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises principally from its various payables and borrowings.

The Group and the Company maintain a level of cash and cash equivalents deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meet their liabilities when they fall due.

It is not expected that the cash flows included in the maturity analysis could occur significantly earlier or at significantly different amounts.

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# Notes to the Financial Statements

30 June 2022

**35. Financial instruments (continued)**

## c) Financial risk management (continued)

## ii) Liquidity and cash flow risk (continued)

*Maturity analysis*

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

<b>Group</b>	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000
<b>2022</b>						
<i>Non-derivative financial liabilities</i>						
Trade payables	<b>2,607</b>	-	<b>2,607</b>	<b>2,607</b>	-	-
Contract liabilities	<b>1,157</b>	-	<b>1,157</b>	<b>1,157</b>	-	-
Other payables and accruals	<b>9,742</b>	-	<b>9,742</b>	<b>9,742</b>	-	-
Borrowings	<b>21,950</b>	4.17 – 8.20	<b>22,186</b>	<b>19,718</b>	<b>1,149</b>	<b>1,319</b>
Lease liabilities	<b>99</b>	2.37 – 2.95	<b>107</b>	<b>59</b>	<b>36</b>	<b>12</b>
	<b>35,555</b>		<b>35,799</b>	<b>33,283</b>	<b>1,185</b>	<b>1,331</b>

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### ii) Liquidity and cash flow risk (continued)

##### *Maturity analysis*

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

<b>Group</b>	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000	1 – 2 years RM'000	2 – 5 years RM'000
<b>2021</b>						
<i>Non-derivative financial liabilities</i>						
Trade payables	9,462	-	9,462	9,462	-	-
Contract liabilities	6,543	-	6,543	6,543	-	-
Other payables and accruals	7,335	-	7,335	7,335	-	-
Borrowings	20,559	2.59 – 7.50	20,990	17,164	1,359	2,467
Lease liabilities	147	2.37 – 2.95	164	60	60	44
	<u>44,046</u>		<u>44,494</u>	<u>40,564</u>	<u>1,419</u>	<u>2,511</u>

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### ii) Liquidity and cash flow risk (continued)

##### *Maturity analysis (continued)*

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

<b>Company</b>	Carrying amount RM'000	Contractual interest rate %	Contractual cash flows RM'000	Under 1 year RM'000
<b>2022</b>				
<i>Non-derivative financial liabilities</i>				
Trade payables	<b>244</b>		<b>244</b>	<b>244</b>
Other payables and accruals	<b>7,761</b>		<b>7,761</b>	<b>7,761</b>
Borrowings	<b>3,569</b>	<b>7.32</b>	<b>3,569</b>	<b>3,569</b>
Amount due to subsidiaries				
- Interest bearing	<b>3,091</b>	<b>6 – 7.22</b>	<b>3,091</b>	<b>3,091</b>
- Non-Interest bearing	<b>33,422</b>		<b>33,422</b>	<b>33,422</b>
Financial guarantee	<b>8,647</b>		<b>8,647</b>	<b>8,647</b>
	<b>53,165</b>		<b>53,165</b>	<b>53,165</b>
<b>2021</b>				
<i>Non-derivative financial liabilities</i>				
Trade payables	8,576	-	8,576	8,576
Other payables and accruals	5,504	-	5,504	5,504
Borrowings	3,751	7.07	3,751	3,751
Amount due to subsidiaries				
- Interest bearing	3,442	6.72 – 7.25	3,550	3,550
- Non-Interest bearing	30,927	-	30,927	30,927
Financial guarantee	16,808		17,239	17,239
	<b>69,008</b>		<b>69,547</b>	<b>69,547</b>

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### iii) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and other prices that will affect the Group's financial position or cash flows. Other than foreign exchange rate risk and interest rates risk, the Group is not exposed to other prices risk.

#### Currency risk

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily Euro ("EURO"), British Pound ("GBP") and US Dollar ("USD").

#### *Risk management objectives, policies and processes for managing the risk*

The exposure to currency risk is monitored by the management and it is not expected to have a material impact on the financial performance of the Group.

#### *Exposure to foreign currency risk*

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period are as follows:

	<b>Group</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
Financial liabilities not held in functional currency:		
<u>Trade payables</u>		
- USD	<b>(20)</b>	(125)
- GBP	<b>(3)</b>	(21)
- EURO	<b>(1)</b>	(1)
	<b>(24)</b>	(147)

#### *Currency risk sensitivity analysis*

A 10% strengthening of RM against the following currencies at the end of the reporting period would have increased/(decreased) equity and post-tax profit or loss by the amounts shown below. This analysis is based on foreign currency exchange rate variances that the Group considered to be reasonable possible at the end of the reporting period. This analysis assumes that all other variables, in particular interest rates, remained constant and ignores any impact of forecasted transactions.



# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### iii) Market risk (continued)

##### Currency risk (continued)

##### *Currency risk sensitivity analysis (continued)*

	2022		2021	
	Equity RM	Profit or Loss RM	Equity RM	Profit or Loss RM
<u>Group</u>				
USD	(2)	(2)	(10)	(10)
GBP	-	-	(2)	(2)
	<u>(2)</u>	<u>(2)</u>	<u>(12)</u>	<u>(12)</u>

A 10% of weakening of RM against the above foreign currencies at the end of the reporting period would have had equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

##### Interest/Expense rate risk

The Group's and the Company's fixed rate borrowings are exposed to a risk of change in their fair value due to changes in interest/expense rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest/expense rates. Short term investments such as deposits with licensed banks are not significantly exposed to interest rate risk.

##### *Risk management objectives, policies and processes for managing the risk*

The Group's and the Company's policy is to borrow principally on the floating rate basis but to retain a proportion of fixed rate debt. The objectives for the mix between fixed and floating rate borrowings are set to reduce the impact of an upward change in interest rates while enabling benefits to be enjoyed if interest rates fall.

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### iii) Market risk (continued)

##### Interest/Expense rate risk (continued)

##### *Exposure to interest/expense rate risk*

The interest/expense rate profile of the Group's and the Company's significant interest/expense-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

<b>Group</b>	<b>2022 RM'000</b>	<b>Interest rate %</b>	<b>2021 RM'000</b>	<b>Interest rate %</b>
<u>Fixed rate instruments</u>				
Lease liabilities	<b>(99)</b>	<b>2.37 – 2.95</b>	(147)	2.37 – 2.95
<u>Floating rate instruments</u>				
Bank overdraft	<b>(10,884)</b>	<b>6.95 – 7.32</b>	(11,211)	6.72 – 7.07
Banker acceptance and trust receipt	-	-	(140)	2.59 – 4.42
Short term loan	<b>(2,999)</b>	<b>4.17</b>	(3,812)	3.67
Term loan and project loans	<b>(8,067)</b>	<b>6 – 8.2</b>	(5,396)	7.25 – 7.50
<b>Company</b>				
<u>Floating rate instruments</u>				
Bank overdraft	<b>(3,569)</b>	<b>7.32</b>	(3,751)	7.07
Amount due to subsidiaries	<b>(3,091)</b>	<b>6 – 7.22</b>	(3,442)	6.72 – 7.25

##### *Interest rate risk sensitivity analysis:*

##### *Fair value sensitivity analysis for fixed rate instruments*

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

##### *Cash flow sensitivity analysis for variable rate instruments*

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At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's and the Company's profit net of tax would have been RM167,000 and RM32,000 (2021 – RM156,000 and RM28,000) respectively higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### c) Financial risk management (continued)

#### iii) Operational risk

The operational risk arises from the daily activities of the Group and of the Company which includes legal, credit reputation and financing risk and other risks associated to daily running of its business operations.

Such risks are mitigated through proper authority levels of approval limits, clear reporting structure, segregation of duties, policies and procedures implemented and periodic management meetings.

In dealing with its stewardship, the directors recognise that effective risk management is an integral part of good business practice.

The directors will pursue an ongoing process of identifying, assessing and managing key business areas, overall operational and financial risks faced by the business units as well as regularly reviewing and enhancing risk mitigating strategies with its appointed and key management personnel.

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### d) Fair value information

The carrying amounts of cash and cash equivalents, short term receivables and payables and short term borrowings reasonably approximate their fair value due to the relatively short term nature or that they are floating rate instruments that are re-priced to market interest rates on or near to the reporting date.

The table below analyses financial instruments carried at fair value and those not carried at fair value for which fair value is disclosed, together with their fair values and carrying amounts shown in the statement of financial position.

Group	Fair value of financial instruments carried at				Fair value of financial instruments not carried				Total	
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	fair value RM'000	Carrying amount RM'000
<b>2022</b>										
<b>Financial asset</b>										
Other investment	<b>423</b>	-	-	<b>423</b>	-	-	-	-	<b>423</b>	<b>423</b>
<b>Financial liabilities</b>										
Lease liabilities	-	-	-	-	-	-	-	(48)	(48)	(47)
Term loan	-	-	-	-	-	-	-	(2,468)	(2,468)	(2,362)
	-	-	-	-	-	-	-	(2,516)	(2,516)	(2,409)

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# Notes to the Financial Statements

30 June 2022

**35. Financial instruments (continued)**

## d) Fair value information (continued)

Group	Fair value of financial instruments carried at				Fair value of financial instruments not carried at				Total	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	fair value RM'000	
<b>2021</b>										
<b>Financial asset</b>										
Other investment	907	-	-	907	-	-	-	-	907	907
<b>Financial liabilities</b>										
Lease liabilities	-	-	-	-	-	-	-	(104)	(104)	(96)
Term loan	-	-	-	-	-	-	-	(3,826)	(3,826)	(3,589)
	-	-	-	-	-	-	-	(3,930)	(3,930)	(3,685)

# Notes to the Financial Statements

30 June 2022

## 35. Financial instruments (continued)

### d) Fair value information (continued)

Company	Fair value of financial instruments carried at				Fair value of financial instruments not carried at				Total	Carrying amount RM'000
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000	fair value RM'000	
<b>2022</b>										
<b>Financial asset</b>										
Other investment	<b>423</b>	-	-	<b>423</b>	-	-	-	-	<b>423</b>	<b>423</b>
<b>2021</b>										
<b>Financial asset</b>										
Other investment	907	-	-	907	-	-	-	-	907	907

# Notes to the Financial Statements

30 June 2022

## 36. Capital management

The Group and the Company manage their capital to ensure that the Group and the Company will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group and the Company may take adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group and the Company manage their capital based on debt-to-equity ratio. The debt-to-equity ratio is calculated as total borrowings from financial institutions divided by total equity.

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Total borrowings	<b>22,049</b>	20,706	<b>3,569</b>	3,751
Total equity	<b>52,397</b>	57,900	<b>29,864</b>	35,119
Debt-to-equity ratio	<b>0.42</b>	0.36	<b>0.12</b>	0.11

There was no change in the Group's and the Company's approach to capital management during the financial year.

## 37. Related parties

### Identity of related parties

For the purposes of these financial statements, parties are considered to be related to the Group and the Company if the Group and the Company have the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the Company and the party are subject to common control or common significant influence. 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 Company either directly or indirectly. The key management personnel include all the Directors of the Group and of the Company, and certain members of the senior management of the Group and of the Company.

The Group and the Company have related party relationship with their directors and key management personnel.



# Notes to the Financial Statements

30 June 2022

## 37. Related parties (continued)

### Significant related party transactions

Related party transactions entered into the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are show below. The related party balances are shown in Note 13 to the financial statements.

	<b>Company</b>	
	<b>2022</b>	2021
	<b>RM'000</b>	RM'000
<b>CME Edaran Sdn. Bhd.</b>		
Term loan interest expenses	<b>351</b>	253

### Compensation of key management personnel

	<b>Group</b>		<b>Company</b>	
	<b>2022</b>	2021	<b>2022</b>	2021
	<b>RM'000</b>	RM'000	<b>RM'000</b>	RM'000
Director remuneration (Note 30)	266	284	160	203
Other key management personnel				
- short term employee benefits	234	515	234	295
- defined contribution plan	22	40	22	19
	<b>522</b>	<b>839</b>	<b>416</b>	<b>517</b>

# Notes to the Financial Statements

30 June 2022

## 38. Material litigation

### i) Bellajade Sdn. Bhd. v CME Group Berhad

On 12 May 2014, Bellajade Sdn. Bhd. ("Bellajade") commenced a legal action against the Company ("CME") arising from the disputes in relation to a Tenancy Agreement dated 21 February 2013 whereby CME agree to rent a premise for a rental of RM1,018,750 per month, commencing from 20 February 2013, for tenancy term of 3 years.

On 20 May 2015, the Kuala Lumpur High Court dismissed Bellajade's claims of RM8,401,757 to CME and allowed CME's counterclaim that the Tenancy Agreement for the sum of RM9,411,062 with interest of 4% on the pre-judgment sum and 5% on the post judgment sum, along with the cost of RM30,000 ("FC Order").

On 3 June 2015, Bellajade filed the Notice of Appeal.

On 24 August 2016, the Court of Appeal allowed Bellajade's appeal and set aside High Court Order dated 20 May 2015. The Court of Appeal further awarded costs of RM50,000 (for the Appeal Court and High Court) to be paid to Bellajade. The Court of Appeal, however, stayed the Judgment granted in favour of Bellajade pending CME to file Motion for Leave to Appeal to the Federal Court ("COA Order").

On 13 November 2017, the Federal Court allowed CME's Motion for Leave to appeal to the Federal Court. The Federal Court also granted a stay of execution of the Judgment of the Court of Appeal dated 24 August 2016 ("CME's FC Leave Order and Motion").

On 25 September 2018, the Federal Court allowed CME's appeal against Bellajade ("CME's FC Appeal") and set aside the COA Order. The Federal Court re-instated the FC Order which ordered that Bellajade's claim against CME be dismissed, the tenancy agreement between Bellajade and CME as null and void and Bellajade to pay CME a sum of RM9,411,062, along with the cost of RM80,000 ("CME's FC Appeal Order").

On 4 October 2018, Bellajade filed in the Federal Court a Notice of Motion to review the CME's FC Appeal Order and a Notice of Motion to stay the execution of CME's FC Appeal. CME opposed both the Motions.

With the filling of Notice of Discontinuance of the Motion for stay of execution of Federal Court's order dated 25 September 2018 by Bellajade on 14 November 2018, the file has been closed and hearing date has been vacated.

On 14 February 2019, the Federal Court allowed Bellajade's Review Motion dated 4 October 2018 to review the judgement delivered on 25 September 2018, setting aside the CME's FC Appeal Order and the CME FC Appeal to be re-heard by a different panel of judges ("FC Review Order").

On 15 March 2019, CME applied to review the FC Review Order ("CME Review"). CME has also filed a Notice of Motion to stay the execution of FC Review Order and stay the hearing of CME's FC Appeal while pending the disposal of the CME's Review ("CME Stay Motion").

Pursuant to the Federal Court order dated 13 November 2017, the COA order is currently stayed pending final disposal of the CME's FC Appeal. CME's FC Appeal is currently fixed for case management, pending the disposal of the CME Review.

# Notes to the Financial Statements

30 June 2022

## 38. Material litigation (continued)

### i) **Bellajade Sdn. Bhd. v CME Group Berhad**

Bellajade has issued a notice dated 24 April 2019 demanded for a sum of RM55,251,738, CME had on 30 April 2019 applied to Kuala Lumpur High Court to seek for an injunction to restrain Bellajade from presenting a winding up petition against CME. On 14 May 2019, CME been granted an ad interim injunction in favour of CME with a condition that CME shall deposit a sum of RM10,969,933 into a joint stakeholder account held by solicitors of CME and Bellajade. The sum had been deposited by CME on 3 June 2019.

On 17 July 2019, Kuala Lumpur High Court allowed CME's application for Fortuna Injunction on the condition that the stakeholder sum of RM10,969,933 deposited remains in the stakeholder account pending the disposal of CME's FC Appeal or any other orders made by the Courts that state otherwise, whichever earlier.

On 24 July 2019, CME filed a Notice of Appeal to Court of Appeal against such part of decision by the Kuala Lumpur High Court dated 17 July 2019 to maintain the stakeholder sum in the stakeholder account ("CME's Appeal"). Case management was fixed on 15 November 2019.

On 15 August 2019, Bellajade filed a Notice of Appeal to Court of Appeal against such part of decision by the Kuala Lumpur High Court dated 14 May 2019 that an interim injunction be granted pending the final disposal of CME's FC Appeal ("Bellajade's Appeal"). Bellajade appeal fixed for hearing on 4 December 2020.

On 13 October 2020, the Federal Court had dismissed CME's Notice of Motion dated 15 March 2019 to review the Federal Court's order dated 14 February 2019 which set aside the Federal Court's judgment delivered on 25 September 2018. CME's FC appeal is fixed for rehearing on 27 January 2021.

On 27 January 2021, CME announced that no decision date had been fixed by the Federal Court. The Fortuna Injunction granted to CME by the High Court on 17 July 2019 on the condition that the sum of RM10,969,933 to be kept in the joint solicitors account will subsist until Federal Court's disposal of CME's FC Appeal.

On 30 September 2021, the Federal Court allowed CME's appeal in part, that the tenancy agreement was illegal but declined to order restitution of the rental sum of RM8,401,757 already paid as at 27 December 2013, with no order as to cost.

### **Bellajade Sdn. Bhd. v CME Group Berhad (BA-28NCC-267-04/2022)**

On 27 April 2022, CME received a winding-up petition from solicitors acting on behalf of Bellajade pursuant to the Federal Court Judgement dated 30 September 2021.

The Petition is upon a debt arising pursuant to an agreement dated 21 February 2013 between CME and Bellajade. Bellajade is claiming for a sum of RM50,652,566.18 against CME.

On 20 September 2022, CME announced that Bellajade has served the Company's solicitors with a sealed application to intervene into the Creditors's Judicial Management proceedings as disclosed in Note 38(iii) and Bellajade's application to intervene into the Creditor's Judicial Management proceedings has been fixed for hearing on 30 November 2022.

# Notes to the Financial Statements

30 June 2022

## 38. Material litigation (continued)

### i) **Bellajade Sdn. Bhd. v CME Group Berhad (continued)**

#### **Bellajade Sdn. Bhd. v CME Group Berhad (BA-28NCC-267-04/2022) (continued)**

The Company's solicitor is of the view that the CME has a strong case to oppose the winding-up petition filed by Bellajade.

The next Court hearing was fixed on 30 November 2022.

### ii) **Gemgreen Resources Sdn. Bhd. v CME Group Berhad (BA-28NCC-252-04/2022)**

On 20 April 2022, a winding-up petition from Gemgreen Resources Sdn. Bhd. ("Gemgreen") was received to against CME arising from the outstanding sum of total RM1,582,357 due and owing to Gemgreen.

The next Court hearing was fixed on 30 November 2022.

### iii) **Desa Tiasa Sdn. Bhd. v CME Group Berhad (BA-28JM-6-08/2022)**

On 10 August 2022, CME served with the sealed cause papers from an application by a creditor to place the Company under judicial management ("Creditor's JM Application") from Desa Tiasa Sdn. Bhd. ("Desa Tiasa"). Under the Companies Act 2016, all legal proceedings against the Company including winding-up petitions are stayed until the disposal of the Creditor's JM Application.

The suite arises from the outstanding sum of total RM2,038,016 due and owing to Desa Tiasa.

The Company's solicitor is of the view that the judicial management application will highly likely be dropped as CME will be able to restructure its debts with its current creditors.

The next Court hearing was fixed on 30 November 2022.

## 39. Significant event

The COVID-19 pandemic has significantly disrupted many business operations around the world. The Group and the Company have performed an assessment of the overall impact of the situation on the Group's and the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities and concluded that there is no material adverse effects on the financial statements for the financial year ended 30 June 2022. The drastic drop in revenue was due to the completion of existing project and no new project has commenced during the financial year amid the COVID-19 pandemic.

The scale and duration of the economic uncertainty and its related impact on the outlook and prospects of the Group and the Company could not be reasonably estimated at this juncture. The Group and the Company are closely monitoring the evolving situation of the COVID-19 pandemic and the effects, if any will be reflected in the next annual financial statements.

# Notes to the Financial Statements

30 June 2022

## **40. Event after the reporting period**

On 16 August 2022, the Company announced to undertake a Proposed Private Placement. The Proposed Private Placement entails the issuance of up to 308,758,000 new CME Shares ("Placement Shares"). The additional listing application in relation to the Proposed Private Placement has been submitted to Bursa Securities on 25 August 2022.

On 6 October 2022, the Company further announced that after due deliberations and careful consideration of the Group's funding requirements in view of the latest business plans, the Company intends to explore other fund-raising avenues which potentially can raise higher quantum of proceeds to meet its business needs and thereby, decided to abort the abovementioned Proposed Private Placement. The Company will announce the details of the new fund-raising exercise in due course.

**CME Group Berhad**

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

## Statement by Directors

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

We, Azlan Omry Bin Omar and YM Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin, being two of the directors of CME Group Berhad, do hereby state on behalf of the directors that in our opinion, the financial statements set out on pages 49 to 148 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 state of affairs of the Group and of the Company at 30 June 2022 and of the results and the cash flows of the Group and of the Company for the financial year ended on that date.

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

**Azlan Omry Bin Omar**

**YM Tunku Nizamuddin Bin Tunku  
Dato' Seri Shahabuddin**

Kuala Lumpur,  
Date: 28 October 2022

## Statutory Declaration

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

I, Azlan Omry Bin Omar, IC No. 660911-08-5409, being the director primarily responsible for the financial management of CME Group Berhad, do solemnly and sincerely declare that the financial statements set out on pages 49 to 148, to the best of my knowledge and belief, 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  
at Kuala Lumpur  
this 28 October 2022

Before me

**Azlan Omry Bin Omar**

Commissioner for Oaths

**CME Group Berhad**

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

**LIST OF PROPERTIES****Owned by:****CME GROUP BERHAD**

<b>Location</b>	<b>Land Area</b>	<b>Date of Purchase/ Revaluation</b>	<b>Tenure/ (Approximate Age of Building) Years</b>	<b>Description of Property (Existing Use)</b>	<b>Net Book Value As At 30 June RM</b>
49 units of 3 storey Shoplot office :-  H.S. (M) 22733 No. PT 23011 to H.S. (M) 22739 No. PT 23017  H.S. (M) 22741 No. PT 23019 to H.S. (M) 22743 No. PT 23021  H.S. (M) 22745 No. PT 23023 to H.S. (M) 22747 No. PT 23025  H.S. (M) 22759 No. PT 23037  H.S. (M) 22762 No. PT 23040 to H.S. (M) 22773 No. PT 23051  H.S. (M) 22778 No. PT 23056 to H.S. (M) 22788 No. PT 23066  H.S. (M) 22790 No. PT 23068  H.S. (M) 22792 No. PT 23070 to H.S. (M) 22794 No. PT 23072  H.S. (M) 22796 No. PT 23074 to H.S. (M) 22797 No. PT 23075  H.S. (M) 22803 No. PT 23081  H.S. (M) 22805 No. PT 23083 to H.S. (M) 22809 No. PT 23087	20,535 sq.m	22 April 2021	Leasehold 99 years expiring 25 April 2090	3 Storey	35.030 million

**CME Group Berhad**

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

**Owned by:-****CME INDUSTRIES SDN BHD**

Location	Land Area	Date of Purchase/ Revaluation	Tenure/ (Approximate Age of Building) Years	Description of Property (Exisiting Use)	Net Book Value As At 30 June RM
GRN 84205, Lot 38559, Pekan Country Height, District of Petaling, State of Selangor	7,321 sq.m	08 August 2019	Freehold 28 years	3 Storey Office cum Factory Building	27.777 million

**Owned by:-****CME PROPERTIES (AUSTRALIA) PTY LTD**

Location	Land Area	Date of Purchase/ Revaluation	Tenure/ (Approximate Age of Building) Years	Description of Property (Exisiting Use)	Net Book Value As At 30 June RM
20 Henson Street, Local Government Area of City of Mandurah, Australia	11,786 sq.m	28 July 2019	Freehold	Property Development	9.180 million
170 Mandurah Terrace, Local Government Area of City of Mandurah, Australia	3,998 sq.m	28 July 2019	Freehold	Property Development	3.114 million



## CME Group Berhad

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

### Analysis of Shareholdings as at 17 October 2022

Authorised Share Capital :	RM1,000,000,000
Issued and Fully Paid Up :	RM81,684,374
Class of Shares :	Ordinary Shares

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares Held	% of Issued Share Capital
Less than 100	240	6.09	18,324	0.00
100 - 1,000	356	9.03	240,035	0.02
1,001 - 10,000	693	17.58	4,468,984	0.45
10,001 - 100,000	1,918	48.67	86,400,468	8.70
100,001 to less than 5% of issued shares	733	18.60	727,986,424	73.27
5% and above of issued shares	1	0.03	174,449,400	17.56
<b>Total</b>	<b>3,941</b>	<b>100.00</b>	<b>993,563,635</b>	<b>100.00</b>

### DIRECTORS' SHAREHOLDINGS

No.	Name of Directors	No. of Shares		No. of Shares	
		Direct Interest	%	Deemed Interest	%
1	Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	0	0.00	174,449,400	17.56
2	Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	0	0.00	0	0.00
3	YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	0	0.00	0	0.00
4	En. Azlan Omry Bin Omar	50,000	0.01	0	0.00
5	Miss Ong Suan Pin	7,666,000	0.77	0	0.00

### SUBSTANTIAL SHAREHOLDERS

No.	Name of Substantial Shareholders	No. of Shares	%
1	Best Birdnest Sdn Bhd	174,449,400	17.56

# CME Group Berhad

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

## THIRTY (30) LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1	BEST BIRDSNEST SDN BHD	174,449,400	17.56
2	NG YOKE HIN	48,574,500	4.89
3	JEWEL VIEW SDN BHD	48,041,300	4.84
4	RAMLI BIN ABDULLAH	43,802,833	4.41
5	CHUA KIM GUAN	27,370,000	2.75
6	CHUA KIM GUAN	20,700,000	2.08
7	CHAN HUAN LENG	14,000,000	1.41
8	CIMSEC NOMINEES (TEMPATAN) SDN BHD	12,000,000	1.21
	CIMB FOR KEE JU-HUN (PB)		
9	CGS-CIMB NOMINEES (ASING) SDN BHD	11,502,600	1.16
	PIONEER UNITED LIMITED (JS 803)		
10	TOH SAI ENG	10,000,000	1.01
11	WONG MON GIT	9,376,400	0.94
12	ANG TAI ENG	9,180,000	0.92
13	MAYBANK NOMINEES (TEMPATAN) SDN BHD	8,700,000	0.88
	LIM SING HUA		
14	TAN SOH WAI	8,045,000	0.81
15	TAN SOH WAI	8,000,400	0.81
16	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD	7,666,000	0.77
	PLEDGED SECURITIES ACCOUNT FOR ONG SUAN PIN		
17	VOON SZE LIN	7,470,200	0.75
18	WONG MON GIT	7,400,000	0.74
19	GOH LILY	6,848,400	0.69
20	NG WAI HONG	6,700,000	0.67
21	KENANGA NOMINEES (TEMPATAN) SDN BHD	6,500,000	0.65
	PLEDGED SECURITIES ACCOUNT FOR LEE SHUH BOON		
22	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD	6,391,600	0.64
	PLEDGED SECURITIES ACCOUNT FOR TAN SOH WAI		
23	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD	6,000,000	0.60
	PLEDGED SECURITIES ACCOUNT FOR ANG YOOK CHU @ ANG YOKE FONG		
24	CHEAH JUN KIT	5,725,000	0.58
25	PUBLIC NOMINEES (TEMPATAN) SDN BHD	5,500,000	0.55
	PLEDGED SECURITIES ACCOUNT FOR KEE AH MAT @ KEE YONG WEE		
26	KENANGA NOMINEES (TEMPATAN) SDN BHD	5,479,600	0.55
	RAKUTEN TRADE SDN BHD FOR TONG PAU CHONG		
27	LIM CHEEN MEI	5,000,000	0.50
28	VOON JYE WAH	4,908,400	0.49
29	LEE AH CHOY	4,500,000	0.45
30	AU YONG TSHUN KIT	4,434,700	0.45
		544,266,333	54.76

## CME Group Berhad

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

### Analysis of ICULS Holdings as at 17 October 2022

Number of Ten (10) - Years Zero Coupon Irredeemable Convertible Unsecured Loan Stock :

482,475,915 at 100% of its nominal value of RM0.04 each ("ICULS")

#### DISTRIBUTION OF ICULS HOLDINGS

Size of ICULS Holdings	No. of ICULS Holders	% of ICULS Holders	No. of ICULS Held	% of Issued ICULS
Less than 100	3	1.59	141	0.00
100 - 1,000	20	10.58	6,069	0.00
1,001 - 10,000	24	12.70	148,700	0.03
10,001 - 100,000	90	47.62	4,060,365	0.84
100,001 to less than 5% of issued shares	48	25.40	77,101,540	15.98
5% and above of issued shares	4	2.12	401,159,100	83.15
<b>Total</b>	<b>189</b>	<b>100.00</b>	<b>482,475,915</b>	<b>100.00</b>

#### DIRECTORS' ICULS HOLDINGS

No.	Name of Directors	No. of ICULS		No. of ICULS	
		Direct Interest	%	Deemed Interest	%
1	Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	0	0.00	0	0.00
2	Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	0	0.00	0	0.00
3	YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	0	0.00	0	0.00
4	En. Azlan Omry Bin Omar	0	0.00	0	0.00
5	Miss Ong Suan Pin	0	0.00	0	0.00

#### SUBSTANTIAL ICULS HOLDERS

No.	Name of Substantial ICULS Holders	No. of ICULS	%
1	Luteum Pty Ltd Registered with:- RHB Nominees (Asing) Sdn Bhd	199,655,000	41.38
2	Grand Holdings Pty Ltd Registered with:- RHB Nominees (Asing) Sdn Bhd	150,003,100	31.09
3	Chai Kim Fah	36,332,200	7.53
4	Lee Siah Sian @ Lee Hay Hian	25,000,000	5.18

**CME Group Berhad**

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

**THIRTY (30) LARGEST ICULS HOLDERS**

No.	Name of ICULS Holders	No. of ICULS	%
1	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LUTEUM PTY LTD	199,630,000	41.38
2	RHB NOMINEES (ASING) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GRAND HOLDINGS PTY LTD	150,000,000	31.09
3	CHAI KIM FAH	26,529,100	5.50
4	LEE SIAH SIAN @ LEE HAY HIAN	25,000,000	5.18
5	GOH LILY	23,914,200	4.96
6	TAN SOH WAI	16,332,200	3.39
7	RAMLI BIN ABDULLAH	10,000,200	2.07
8	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR TAN BOON POCK	5,659,500	1.17
9	REZA BIN SHARIFFUDIN	5,102,000	1.06
10	GV ASIA FUND LIMITED	2,534,800	0.53
11	TAN HOCK CHYE	1,010,000	0.21
12	LEE ZHI YI	1,000,000	0.21
13	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN LI PING	899,800	0.19
14	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR LAW YEEN NEE	881,900	0.18
15	LEE CHEE KEONG	800,000	0.17
16	VOON JYE WAH	610,000	0.13
17	EU MUI @ EE SOO MEI	500,000	0.10
18	TAN AH KOW @ TAN CHEE LIN	500,000	0.10
19	LAI HENG @ VOON KIT KIM	452,400	0.09
20	CIMSEC NOMINEES (TEMPATAN) SDN BHD CIMB FOR KOK POW PENG @ KOK POH PING (PB)	435,500	0.09
21	CHAN WAN TECK	400,000	0.08
22	TAN MING SHENG	400,000	0.08
23	YAP KA HAN	400,000	0.08
24	TAN SIEW ENG	350,000	0.07
25	TAN AH BHA @ TAN AH BAH	275,000	0.06
26	LAW HOON KEONG	266,000	0.06
27	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LIM SOO YEE	238,300	0.05
28	GAN TIAN SOO @ GAN AH KAN	220,000	0.05
29	CHEONG HUEY LING	200,000	0.04
30	LARRY DANIEL KUEH	200,000	0.04
		474,740,900	98.41

## CME Group Berhad

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

### Analysis of Warrant Holdings as at 17 October 2022

No. of Warrant Issued :	123,783,023
No. of Warrant Unexercised :	47,750,623
Exercise Price :	RM0.01
Issue Date :	14 May 2018
Expiry Date :	13 May 2028
No. of Warrant Holders :	271

### DISTRIBUTION OF WARRANT HOLDINGS

Size of Warrant Holdings	No. of Warrant Holders	% of Warrant Holders	No. of Warrant Held	% of Issued Warrant
Less than 100	9	3.32	386	0.00
100 - 1,000	35	12.92	14,990	0.03
1,001 - 10,000	62	22.88	266,774	0.56
10,001 - 100,000	111	40.96	4,339,743	9.09
100,001 to less than 5% of issued shares	52	19.19	20,323,764	42.56
5% and above of issued shares	2	0.74	22,804,966	47.76
<b>Total</b>	<b>271</b>	<b>100.00</b>	<b>47,750,623</b>	<b>100.00</b>

### DIRECTORS' WARRANT HOLDINGS

No.	Name of Directors	No. of Warrant Direct Interest	%	No. of Warrant Deemed Interest	%
1	Y.M. Tunku Nizamuddin Bin Tunku Dato' Seri Shahabuddin	0	0.00	17,144,700	35.90
2	Y.A.D. Dato' Setia Tengku Indera Pahlawan Tengku Putra Alhaj Bin Tengku Azman Shah Alhaj	0	0.00	0	0.00
3	YAM Tengku Besar Tengku Kamil Ismail Bin Tengku Idris Shah	0	0.00	0	0.00
4	En. Azlan Omry Bin Omar	0	0.00	0	0.00
5	Miss Ong Suan Pin	75,000	0.16	0	0.00

### SUBSTANTIAL WARRANT HOLDERS

No.	Name of Substantial Shareholders	No. of Warrant	%
1	Best Birdnest Sdn Bhd	17,144,700	35.90
2	Ramli bin Abdullah	5,660,266	11.85

**CME Group Berhad**

(Incorporated in Malaysia, Company No.197901007949 (52235-K))

**THIRTY (30) LARGEST WARRANT HOLDERS**

No.	Name of Warrant Holders	No. of Warrant	%
1	BEST BIRDSNEST SDN BHD	17,144,700	35.90
2	RAMLI BIN ABDULLAH	5,660,266	11.85
3	CHAI KIM FAH	1,969,650	4.12
4	CHAN BOON YOK	1,621,400	3.40
5	LEE CHEE KEONG	898,032	1.88
6	CHAN HUAN CHAI	880,000	1.84
7	TAN SOH WAI	831,800	1.74
8	TEE WEI KEAT	827,000	1.73
9	CHIN SWEE YOONG	675,000	1.41
10	GOH LILY	600,000	1.26
11	WONG KEN HEUNG	600,000	1.26
12	YAW SOOK KEAN	570,000	1.19
13	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR YEO SEE HUEY	514,700	1.08
14	NG HIANG CHEK	500,000	1.05
15	LOONG FONG LIN	490,000	1.03
16	NG WAI HONG	460,000	0.96
17	SHAFUL SHAM BIN MD ELAH @ MAZALAH	423,900	0.89
18	REZA BIN SHARIFFUDIN	423,750	0.89
19	HLIB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LOH KIM LAN (CCTS)	400,000	0.84
20	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ISMAIL BIN MAMAT	400,000	0.84
21	CHONG YONG LIN	375,000	0.79
22	TAN SOOK HONG	360,000	0.75
23	KOK FUI HUN	356,600	0.75
24	LEE CHOONG YAN	350,000	0.73
25	LEE CHEE KEONG	333,332	0.70
26	LOH WAH SOON @ BON TEN TEN	300,000	0.63
27	PUBLIC NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR FONG KONG SHING (E-TWU)	297,300	0.62
28	TAN CHEE PENG	292,900	0.61
29	MAYBANK NOMINEES (TEMPATAN) SDN BHD NG CHONG ANN	262,800	0.55
30	CHAN KUAN SIU	250,000	0.52
		<b>39,068,130</b>	<b>81.81</b>