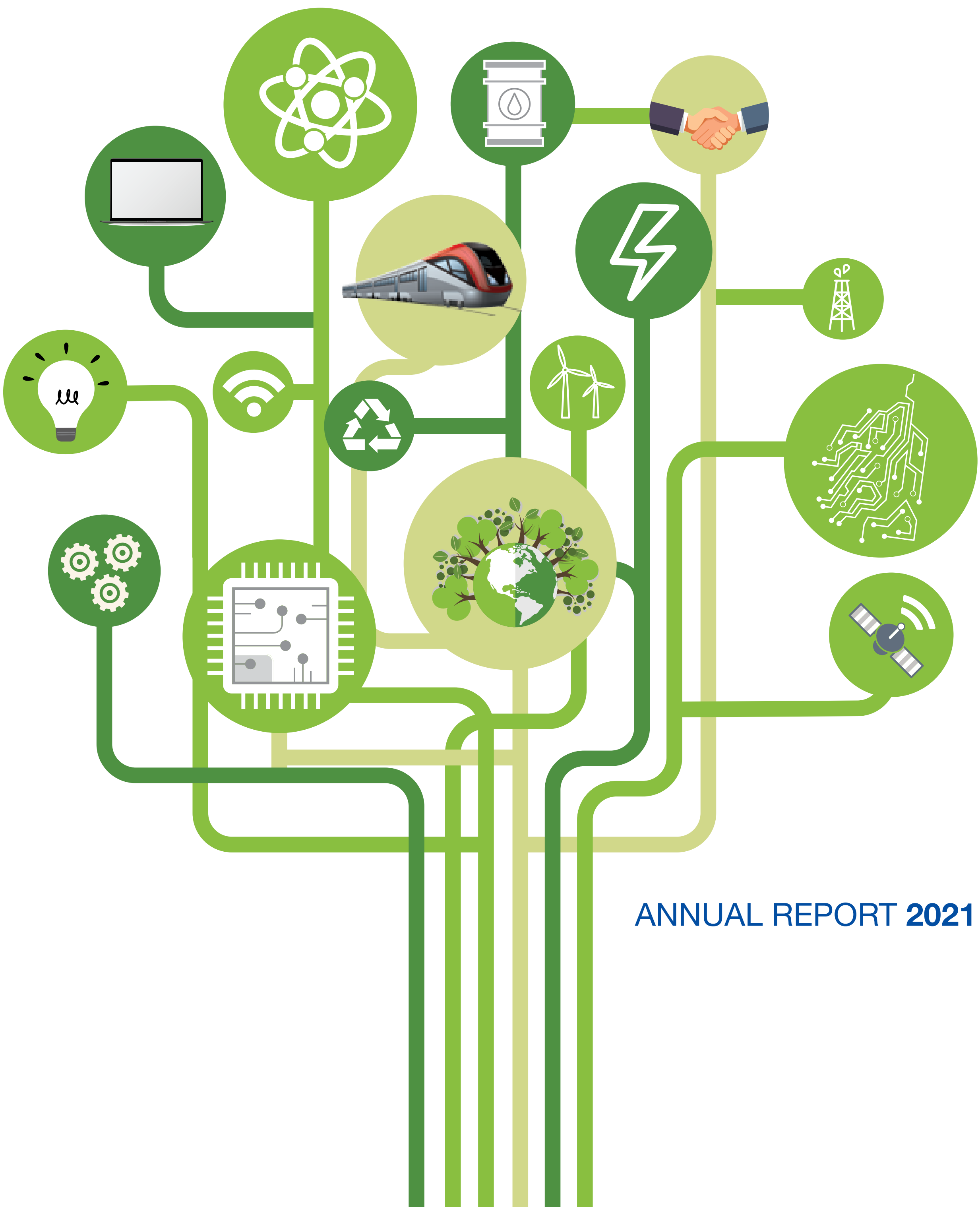
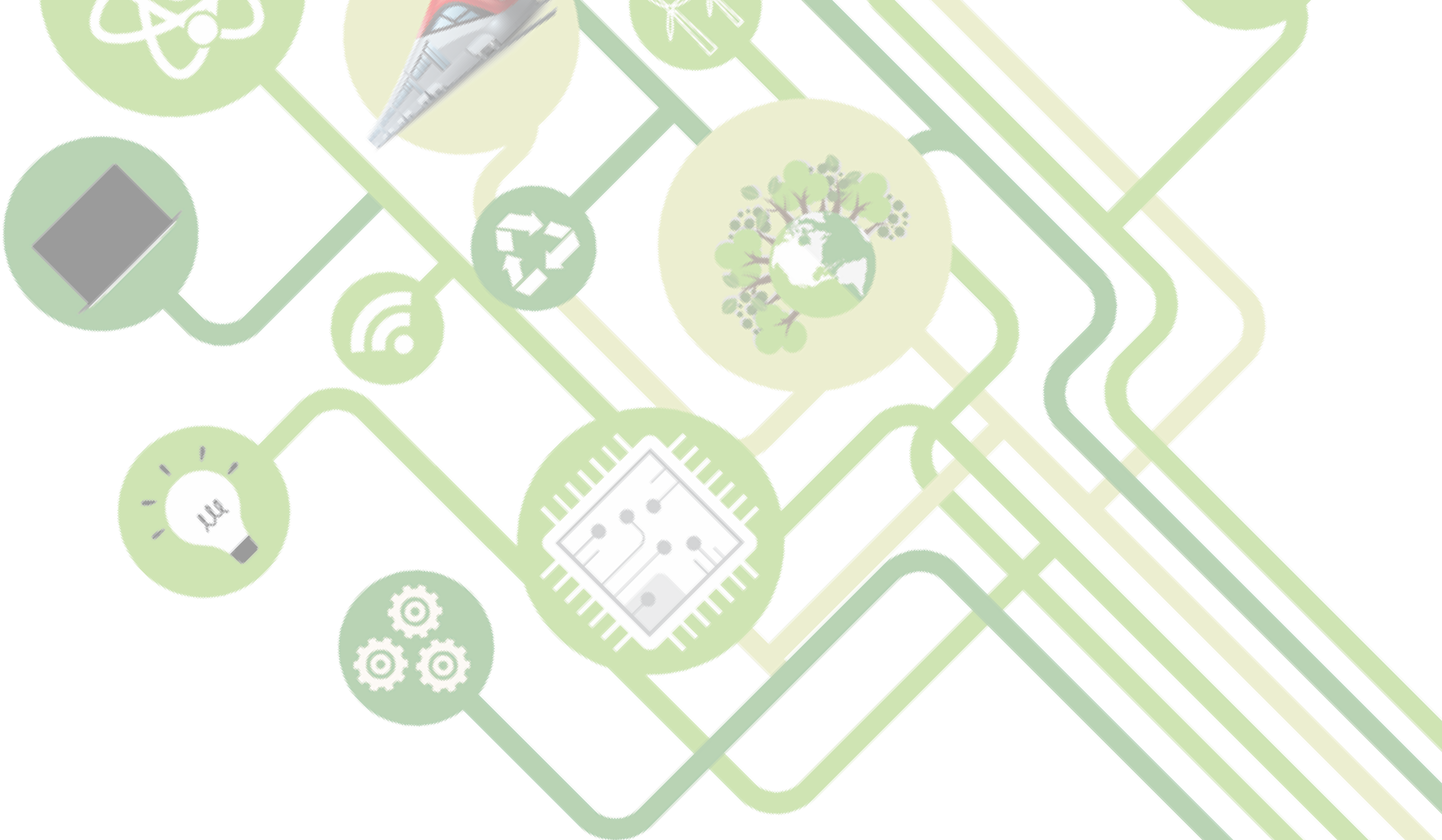
COMINTEL CORPORATION BHD
Registration No. 200301027648 (630068-T)



ANNUAL REPORT **2021**



CONTENT

CORPORATE **INFORMATION**

BOARD OF DIRECTORS

TAN SRI DATO' SAMSHURI BIN ARSHAD
Independent Non-Executive Chairman

MR LENG KENG HOK @ LIM KENG HOCK
Managing Director
(On medical leave since 17 December 2020)

MR LIM CHEE HOCK
Managing Director

MR WONG MUN WAI
Independent Director

MS LEE CHAI BEE
Independent Director

MR CHONG CHUN CHIEH
Independent Director
Resigned on 3 May 2021

COMPANY SECRETARY

Ms Wong Soon Kiong (LS 0009395)

REGISTERED OFFICE/ BUSINESS ADDRESS

Wisma Comcorp
No. 37, Jalan Pelukis U1/46
Section U1, Temasya Industrial Park
40150 Glenmarie Shah Alam
Selangor Darul Ehsan
Malaysia
Tel : 603 5039 9898
Fax : 603 5039 9833

AUDITORS

Messrs RSM Malaysia
Chartered Accountants
5th Floor, Penthouse, Wisma RKT
Block A, Jalan Raja Abdullah
Off Jalan Sultan Ismail
50300 Kuala Lumpur
Tel : 603 2610 2888
Fax : 603 2698 6600

DATE OF INCORPORATION

2 October 2003

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel : 603 2783 9299
Fax : 603 2283 9222
Email: is.enquiry@my.tricorglobal.com

LISTING

Main Market of Bursa Malaysia Securities Berhad

STOCK NAME & CODE

COMCORP 7195

WEBSITE

www.comcorp.com.my

GROUP **STRUCTURE**

COMINTEL CORPORATION BHD
Company No. 200301027648 (630068-T)

100% **COMINTEL SDN BHD**
Company No. 198401016676 (129234-K)

100% **TOTAL PACKAGE WORK SDN BHD**
Company No. 198501009307 (141757-V)

100% **COMINTEL SYSTEM TECHNOLOGIES SDN BHD**
Company No. 201801021716 (1283735-P)

100% **COMINTEL (HK) LIMITED**
(Reg. No. 541518)

100% **GREEN WASTE MANAGEMENT SDN BHD**
Company No. 201701038195 (1252366-V)

100% **COMINTEL MOBILITY SDN BHD**
Company No. 200001016843 (519450-D)

80% **PT INTELCOM INDONESIA**
(Reg. No. AHU0089318.AH.01.03. TAHUN 2011)

50.60% **COMINTEL GREEN TECHNOLOGIES SDN BHD** 19.40%
Company No. 199301010124 (264861-K)

COMINTEL TECH SERVICES SDN BHD 100%
Company No. 199701034680 (450179-M)

GROUP PROFILE

COMINTEL CORPORATION BHD (Comcorp)

Comintel Corporation Bhd was incorporated on 2 October 2003 as a private limited company under the name of Comintel Corporation Sdn Bhd and was subsequently converted into a public limited company under its present name on 10 November 2003 and was listed on the second board of Bursa Malaysia Securities Berhad ("Bursa Securities") on 16 August 2004 (Stock Code: COMCORP 7195). Following the merger of the main and second boards into a unified board on 3 August 2009, Comcorp is subsequently listed on the Main Market of Bursa Securities. Comcorp is an Investment Holding Company with the synergistic group of Information Technology ("IT"), Telecommunication and Research and Development ("R&D") companies focusing in providing niche solutions under its subsidiaries. Each subsidiary has its unique strengths and complements each other to provide total integrated IT & Telecommunication solutions to its customers.

COMINTEL SDN BHD (Comintel)

Comintel was incorporated on 20 October 1984 and has established a strong proven record as a System Integrator providing total Information Technology ("IT") and Telecommunication solutions for all type of applications. The expertise, experience and knowledge of the people have contributed to the formulation of robust and effective IT and communication solutions.

Its strength and ability to differentiate itself in the competitive systems integration sector lies in its ability to combine radio frequency ("RF") components with IT systems. The dedicated team of experts and technical support staff are ably backed by ongoing research and development in IT and Telecommunication.

The company is also accredited with the certification of Management system as per ISO 9001: 2008 in accordance with TUV NORD CERT procedures for Design, Development and Provision of System Integration of Total Integrated ICT and Radio Frequency Communication Solution Systems.

PT. INTELCOM INDONESIA (PTI)

PT. Intelcom Indonesia was acquired by Comcorp on 8 October 2012. Its principal activities are in the renewable energy and telecommunication business segment.

GROUP PROFILE
(CONT'D)

COMINTEL TECH SERVICES SDN BHD
(Formerly known as COMLENIA SENDIRIAN BERHAD) **(CTS)**

CTS was incorporated on 15 October 1997. CTS operates in the field of Integrated Logistics Support, electronic system repairing and testing of Command and Control System, Fire Control System, Torpedo Launching System, Missile Launching System and Radars. CTS's activities are mainly related to Combat System maintenance, repair of LRUs at Depot Level and on-site repair.

CTS has invested substantially in both lab facilities and human resources to achieve total in-country support capability. Its well furnished workshop uses the latest state of art and fully computerised Automatic Test Equipment ("ATE") for repairs and covers differing technologies including Intermediate Frequency, Radio Frequency ("IF/RF") equipment up to the Ku band.

The company is also accredited with the certification of MS ISO 9001:2008 Quality Management System by Lloyd's Register Quality Assurance for Provision of spare part supply, repair and maintenance service of electronic equipments for defence and civil application.

TOTAL PACKAGE WORK SDN BHD (TPW)

TPW incorporated on 6 July 1985 and changed to its current principal activities in August 2020. To undertake turnkey engineering design and integration, programme management, installation, commissioning and comprehensive after sales service support and to carry on all or any of the business of the manufacturers, assemblers, installers, maintainers, repairers of and dealers in electrical and electronic appliances and apparatus of every description

COMINTEL GREEN TECHNOLOGIES SDN BHD (CGT)

CGT was incorporated on 24 May 1993 and changed to its current principal activities in September 2011. CGT markets a wide range of Green Technologies solution products ranging from Advanced Biomass Gasification System, LED Lightings, Induction Lightings, Lighting Management System, and other energy efficient solutions. CGT provide a holistic system in creating the best Green Energy Solutions to optimise customers' benefits.

GROUP **PROFILE**
(CONT'D)

COMINTEL MOBILITY SDN BHD (CMSB)

CMSB was acquired by Comintel on 7 December 2011. CMSB changed to its current principal activities in August 2020. To undertake turnkey engineering design and integration, programme management, installation, commissioning and comprehensive after sales service support and to carry on all or any of the business of the manufacturers, assemblers, installers, maintainers, repairers of and dealers in electrical and electronic appliances and apparatus of every description

COMINTEL (HK) LIMITED (CHK)

CHK was incorporated on 7 March 1996 and is involved in the trading of electronic, engineering and telecommunication equipment and provision of related services.

GREEN WASTE MANAGEMENT SDN BHD (GWM)

GWM was incorporated on 23 October 2017 and is involved in providing engineering, procurement, construction and programme management services for green waste management and waste-to-energy solutions

COMINTEL SYSTEM TECHNOLOGIES SDN BHD (CST)

CST was incorporated on 13 June 2018 and undertake turnkey engineering design and integration, programme management, installation, commissioning and comprehensive after sales service support and to carry on all or any of the business of the manufacturers, assemblers, installers, maintainers, repairers of and dealers in electrical and electronic appliances and apparatus of every description and of and in radio, television and telecommunications requisites and supplies and electrical and electronic apparatus, appliances, equipment and stores of all kinds.

NOTICE OF **EIGHTEENTH ("18TH") ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Eighteenth ("18th") Annual General Meeting ("AGM") of the Company is to be **conducted fully virtually** through the online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at https://tiih.online on Tuesday, 3 August 2021 at 11.00 a.m. and at any adjournment thereof. for the purpose of considering and if thought fit, to pass the following resolutions as set out in this notice:

Meeting Platform	:	TIIH Online website at https://tiih.online
Day and Date	:	Tuesday, 3 August 2021
Time	:	11.00 a.m.
Broadcast Venue	:	Online Meeting Platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia
Mode of Communication	:	Typed text and submit in the Meeting Platform

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 January 2021 together with the Reports of the Directors and Auditors thereon. **Please refer to Note A of the Explanatory Notes**

2. To approve the payment of Directors' Fees of RM120,000/- for the financial year ended 31 January 2021. **Resolution 1**

3. To re-elect the following Director retiring pursuant to Regulation 119 of the constitution of the Company:

   3.1 Mr Leng Keng Hok @ Lim Keng Hock **Resolution 2**

4. To re-elect the following Director retiring pursuant to Regulation 123 of the constitution of the Company:

   4.1 Mr Lim Chee Hock **Resolution 3**

5. To approve the Payment of Benefits Payable to the Directors under Section 230 (1) of the Companies Act 2016. **Resolution 4**

   "That approvals of benefits payable to the Directors for the period from 1 February 2021 to the conclusion of the next annual general meeting ("AGM") or the expiration of the period within which the next AGM is required by law to be held or revoked/varied by resolution passed by the shareholders in a general meeting, whichever is the earliest."

6. To re-appoint Messrs RSM Malaysia as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

To consider and if thought fit, pass the following Ordinary Resolutions:

7. **CONTINUING IN OFFICE OF MS LEE CHAI BEE AS AN INDEPENDENT DIRECTOR OF THE COMPANY** **Resolution 6**

   "**THAT** Ms Lee Chai Bee who has served as an Independent Director for more than twelve (12) years, shall continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2017."

NOTICE OF **EIGHTEENTH ("18TH") ANNUAL GENERAL MEETING**
(CONT'D)

8. **CONTINUING IN OFFICE OF MR WONG MUN WAI AS AN INDEPENDENT DIRECTOR OF THE COMPANY** — **Resolution 7**

"**THAT** Mr Wong Mun Wai who has served as an Independent Director for more than nine (9) years, shall continue to act as an Independent Director of the Company until the conclusion of the next Annual General Meeting in accordance with the Malaysian Code of Corporate Governance 2017."

9. **AUTHORITY TO DIRECTORS TO ISSUE SHARES PURSUANT TO SECTION 75 and 76 OF THE COMPANIES ACT, 2016** — **Resolution 8**

"**THAT** pursuant to Section 75 of the Companies Act, 2016, the Directors be and are hereby empowered to issue shares in the Company, at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit, provided that the aggregate number of shares issued pursuant to this resolution in any one financial year does not exceed ten per cent (10%) of the issued capital of the Company for the time being and the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad ("Bursa Securities") and that such authority shall continue in force until the conclusion of the next AGM of the Company."

10. **PROPOSED SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")** — **Resolution 9**

"**THAT** approval be and is hereby given to the Company and its subsidiaries to enter into and give effect to the recurrent related party transactions of a revenue or trading nature with the related parties as stated in Sections 2.3 and 2.4 of the Circular to Shareholders dated 29 June 2021, being necessary for the day-to-day operations of the Group, subject to the following:

(i) the transactions are in the ordinary course of business and are on terms not more favourable to the related parties than those generally available to the public and is not to the detriment of the minority shareholders and that such transactions are made on an arm's length basis and on normal commercial terms; and

(ii) disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to this shareholders' mandate during the financial year; and

(iii) the authority hereby given shall continue in force until:

    (a) the conclusion of the next AGM of the Company, at which time it will lapse unless, by a resolution passed at the meeting, the authority is renewed; or
    (b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(1) of the Companies Act, 1965 (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act, 2016); or
    (c) it is revoked or varied by resolution passed by the shareholders in general meeting,

    whichever is the earliest; and

(iv) the Board by any one or more of the directors be and are hereby authorised to complete and do all such acts, deeds and things necessary to give effect to the transactions contemplated or authorised by this resolution."

NOTICE OF EIGHTEENTH ("18TH") ANNUAL GENERAL MEETING
(CONT'D)

11. **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED SHARE BUY-BACK")** **Resolution 10**

"**THAT**, subject to the Companies Act, 2016 (the "Act"), rules, regulations and orders made pursuant to the Act, provisions of the Company's Constitution and the requirements of Bursa Securities and any other relevant authority, the Directors of the Company be and are hereby authorised to make purchases of ordinary shares in the Company's issued and paid-up share capital through Bursa Securities subject further to the following:

(i) the maximum number of shares which may be purchased and/or be held by the Company shall be equivalent to ten per cent (10%) of the issued and paid-up share capital of the Company ("Purchased Shares") for the time being;

(ii) the maximum funds to be allocated by the Company for the purpose of purchasing the Purchased Shares shall not exceed the aggregate of the retained profits of the Company as certified by the auditors of the Company;

(iii) the authority conferred by this resolution will commence immediately upon passing of this resolution and will continue to be in force until:

(a) the conclusion of the next AGM of the Company; or
(b) the expiration of the period within which the next AGM after that date is required by law to be held; or
(c) it is revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting;

whichever occurs first,

(iv) upon completion of the purchase of the Purchased Shares by the Company, the Directors of the Company be and are hereby authorised to deal with the Purchased Shares in the following manner:

(a) to cancel the Purchased Shares so purchased; or
(b) to retain the Purchased Shares so purchased as treasury shares; or
(c) to retain part of the Purchased Shares so purchased as treasury shares and cancel the remainder; or
(d) to distribute the treasury shares as dividends to shareholders and/or resell on Bursa Securities and/or cancel all or part of them; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of the Bursa Securities and any other relevant authority for the time being in force;

AND THAT, the Directors of the Company be and are hereby authorised to take all such steps as are necessary or expedient to implement or to effect the purchase(s) of the Purchased Shares with full power to assent to any condition, modification, variation and/or amendment as may be imposed by the relevant authorities and to take all such steps as they may deem necessary or expedient in order to implement, finalise and give full effect in relation thereto."

12. To transact any other business for which due notice shall have been given.

NOTICE OF **EIGHTEENTH ("18TH") ANNUAL GENERAL MEETING**
(CONT'D)

By Order of the Board

Wong Soon Kiong (LS 0009395)
SSM PC No.: 201908000100
Company Secretary

Shah Alam
29 June 2021

Notes:

1. **IMPORTANT NOTICE**

   The Broadcast Venue is **strictly for the purpose of complying with Section 327(2) of the Companies Act 2016** which requires the Chairperson of the meeting to be present at the main venue of the meeting.

   Shareholders **WILL NOT BE ALLOWED** to attend the 18th AGM in person at the Broadcast Venue on the day of the meeting.

   Shareholders are to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") remotely at the 18th AGM via the Remote Participation and Voting facilities ("RPV") provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at https://tiih.online. **Please follow the Procedures for RPV in the Administrative Guide on 18st AGM and take note of Notes (2) to (14) below in order to participate remotely via RPV.**

2. 2.For the purpose of determining who shall be entitled to participate in this AGM via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 28 July 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to participate in this AGM via RPV.

3. A member who is entitled to participate in this AGM via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to participate in his/her place. A proxy may but need not be a member of the Company.

4. A member of the Company who is entitled to attend and vote at a general meeting of the Company may appoint not more than two (2) proxies to participate instead of the member at the AGM via RPV.

5. If two (2) proxies are appointed, the entitlement of those proxies to vote on a show of hands shall be in accordance with the listing requirements of the stock exchange.

6. Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.

7. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.

NOTICE OF **EIGHTEENTH ("18TH") ANNUAL GENERAL MEETING**
(CONT'D)

Notes (Cont'd):

8. Where a member appoints more than one (1) proxy, the proportion of shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies.

9. A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this Annual General Meeting via RPV must request his/her proxy to register himself/herself for RPV at **TIIH Online** website at https://tiih.online. **Please follow the Procedures for RPV in the Administrative Guide on 18th AGM.**

10. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote:

    (i) In hard copy form

    In the case of an appointment made in hard copy form, the proxy form must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

    (ii) By electronic form

    The proxy form can be electronically lodged with the Share Registrar of the Company via TIIH Online at https://tiih.online (applicable to individual shareholders only). Kindly refer to the Information For Shareholders on the procedures for electronic lodgement of proxy form via TIIH Online.

11. Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.

12. Last date and time for lodging the proxy form is **Sunday, 1 August 2021 at 11.00 a.m.**

13. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified materially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

14. For a corporate member who has appointed a representative, please deposit the **ORIGINAL** certificate of appointment with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia. The certificate of appointment should be executed in the following manner:

    (i) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

    (ii) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

NOTICE OF EIGHTEENTH ("18TH") ANNUAL GENERAL MEETING
(CONT'D)

Notes (Cont'd):

(a) at least two (2) authorised officers, of whom one shall be a director; or

(b) any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Note A

This Agenda item is meant for discussion only as under the provision of Section 340 (1) (a) of the Companies Act, 2016, the audited financial statements do not require a formal approval of the shareholders. Hence, this Agenda item will not be put forward for voting.

Explanatory Notes to Resolution 2

The proposed Resolution 2 if passed, will allow the re-election of Mr Leng Keng Hok @ Lim Keng Hock who is retiring pursuant to Regulation 119 of the constitution of the Company, as the Director of the Company. However, Mr Leng Keng Hok @ Lim Keng Hock being eligible, SHALL NOT OFFER HIMSELF FOR RE-ELECTION.

Explanatory Notes to Resolution 4

The proposed Resolution 4 as Ordinary Resolution, if passed, will allow the benefits be payable to the Directors which has been reviewed by the Remuneration Committee and the Board of Directors of the Company, recognises that the benefits payable is in the best interest of the Company and in accordance with the remuneration framework of the Group. The benefits comprised of meeting allowance, travelling allowance and Board Committee allowances.

This approval shall continue to be in force until the conclusion of the next AGM of the Company at which time it will lapse unless the authority is renewed by a resolution passed at the meeting or the expiration of the period within which the next AGM after the date it is required to be held pursuant to the Act; or revoked/varied by resolutions passed by the shareholders of the Company in general meeting; which is the earliest.

Explanatory Notes to Resolution 6

The Proposed Resolution 6 is proposed to enable Ms Lee Chai Bee to continue serving as an Independent Director of the Company to fulfil the requirements of paragraph 3.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2017.

The Nomination Committee and the Board have assessed the independence of its Independent Director who have served as an Independent Director for more than twelve (12) years and recommended Ms Lee Chai Bee to continue to act as an Independent Director of the Company. The justifications of the Board of Directors for recommending and supporting resolution for her continuing in office as an Independent Director is set out under the Statement of Corporate Governance in the Company's Annual Report.

Explanatory Notes to Resolution 7

The Proposed Resolution 7 is proposed to enable Mr Wong Mun Wai to continue serving as an Independent Director of the Company to fulfil the requirements of paragraph 3.04 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and in line with Recommendation 3.3 of the Malaysian Code on Corporate Governance 2017.

The Nomination Committee and the Board have assessed the independence of its Independent Director who have served as an Independent Director for more than nine (9) years and recommended Mr Wong Mun Wai to continue to act as an Independent Director of the Company. The justifications of the Board of Directors for recommending and supporting resolution for his continuing in office as an Independent Director is set out under the Statement of Corporate Governance in the Company's Annual Report.

NOTICE OF EIGHTEENTH ("18TH") ANNUAL GENERAL MEETING
(CONT'D)

Note A (Cont'd)

Explanatory Notes to Resolution 8

The proposed Resolution 8 as Ordinary Resolution, if passed will empower the Directors of the Company, the authority to issue and allot shares up to an aggregate amount of not exceeding ten per cent (10%) of the issued share capital of the Company without convening a general meeting. This authority, unless revoked or varied at a General Meeting will expire at the next AGM.

The general mandate sought for issue of shares is a renewal of the mandate that was approved by the shareholders on 21 July 2020. As at the date of this Notice, no shares were issued pursuant to this general mandate which will lapse at the conclusion of the next AGM of the Company.

The renewal of the general mandate is to provide flexibility to the Company for any possible fund raising exercise including but not limited to issuance of new shares for funding investment project(s), working capital and/or acquisitions.

Explanatory Notes to Resolution 9

The proposed Resolution 9 as Ordinary Resolution, if passed, will empower the Company to conduct recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day to day operations, and will eliminate the need to convene separate general meetings from time to time to seek shareholders' approval. This will substantially reduce administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group.

The detailed information on Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 29 June 2021 which is despatched together with the 2021 Annual Report.

Notes to Resolution 10

The proposed Resolution 10 as Ordinary Resolution, if passed, will give authority to the Directors of the Company to make purchases of shares in the Company through Bursa Securities up to ten per cent (10%) of the issued and paid-up share capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next AGM of the Company.

The detailed information on Proposed Share Buy-Back is set out in the Circular to Shareholders dated 29 June 2021which is despatched together with the 2021 Annual Report.

STATEMENT ACCOMPANYING NOTICE OF
EIGHTEENTH ("18TH") ANNUAL GENERAL MEETING

1. The Directors who are standing for re-election at the Eighteenth ("18th") Annual General Meeting of the Company are as follows:

   (a) pursuant to Article 119 of the Company's Constitution on retirement by rotation:

      (i) Mr Leng Keng Hok @ Lim Keng Hock

   (b) pursuant to Article 123 of the Company's Constitution on retirement by rotation:

      (ii) Mr Lim Chee Hock

2. Further details of individuals who are standing for re-election as Directors

   (i) Directors' profile on pages 15 to 19

   (ii) Details of interest in the securities of the Company, if any, are disclosed in the Directors' shareholding on page 128

PROFILE OF **DIRECTORS**

Tan Sri Dato' Samshuri bin Arshad

(Independent Non-Executive Chairman)

Nationality	Gender	Age
Malaysia	Male	79

Tan Sri Dato' Samshuri bin Arshad, a Malaysian, aged 79 was appointed Chairman of the Company on 28 June 2004 and re-designated as Independent Non-Executive Chairman on 28 February 2013. He is also the Chairman of the Nomination Committee. He was a police officer with the Royal Malaysian Police force, which he served for 34 years. He retired from the police force upon reaching the compulsory retirement age of 55 years on 5 May 1997. His last appointment was as Deputy Inspector General of Police, a post he held for 3½ years. He has considerable experience in police operations, management, command and control, criminal investigations and also served as the Chief Police Officer in Selangor, Sabah and Perak.

He has benefited from wide regional and international exposures and networking when he served as the head of missions for Interpol, the Association of Asean Police Forces and the United Nations Crime Prevention Commission (Vienna). He had undergone international police training in Japan, Australia and UK. He also attended the leadership and management programmes conducted by Harvard Business School in USA, National Training Institute in South Korea and the Imperial Defence College in UK.

He attended six (6) out of the seven (7) Board Meetings of Comcorp held during the financial year ended 31 January 2021. He has no family relationship with the other directors or major shareholders of Comcorp, no conflict of interest with Comcorp and has no conviction for offences other than traffic offences within the past five (5) years and any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF **DIRECTORS**
(CONT'D)

Mr Leng Keng Hok @ Lim Keng Hock
(Managing Director)

Nationality	Gender	Age
Malaysia	Male	75

Mr Leng Keng Hok @ Lim Keng Hock, a Malaysian, aged 75, is a founder of the Comcorp Group of companies. On June 28, 2004, he was appointed Managing Director of the Company. His educational credentials include an Associate Diploma in Electrical Engineering from the Royal Melbourne Institute of Technology, Australia. Upon graduation, he was part of the design team at PMG Research Laboratory in Melbourne from 1968 to 1969. At the end of his tenure at PMG, he relocated to Singapore where he held the position of Calibration Manager at Singapore Electronics and Engineering Pte Ltd. Returning to the country of his birth, he joined Melen Engineering Sdn Bhd in 1973 as Technical Manager where he was promptly promoted to the position of General Manager in 1976. In 1984, he recognised a strategic opportunity and founded Comintel Sdn Bhd, holding the positions of both Executive Director and General Manager.

With his extensive experience in telecommunications system engineering, he has been instrumental in various projects including the testing and designing of cable pair identification test sets using pseudorandom noise generators, as well as designing a go-no-go high voltage impulse test set for insulation testing. Through his leadership, Comcorp has emerged as a cutting-edge leader in systems design and engineering, consistently pushing the boundaries of telecommunication systems infrastructure development in each of its various government and private offshore and onshore enterprises.

He attended four (4) out of the seven (7) Board Meetings of Comcorp held during the financial year ended 31 January 2021. He is a major shareholder of Comcorp. He has no conflict of interest with Comcorp and has no prior conviction for offences other than traffic offences within the past five (5) years and any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS
(CONT'D)

Mr Lim Chee Hock
(Managing Director)

Nationality	Gender	Age
Malaysia	Male	61

Mr Lim Chee Hock, a Malaysian, aged 61, is a self-made entrepreneur whose business ranges from provision of hire-purchase financial services to that of ferry transportation to Dumai, Indonesia. He was the Managing Director and the major shareholders of Tunas Rupat Follow Me Express Sdn Bhd, the company that operate ferry services from Melaka and Port Dickson to Dumai, Indonesia from Year 1998. He resigned and stepped down from Tunas Rupat Follow Me Express Sdn Bhd in Year 2019. He received his early education at Pay Fong High School in Melaka.

Mr Lim is a Director and shareholder of AMG Resources Sdn Bhd from the date of incorporation, 17 July 2000 till present and is an investment holding company.

Currently, he oversees the family business in oil palm plantations since 1990 and tourism industry since 2002 respectively.

He did not attend any Board Meetings of Comcorp held during the financial year ended 31 January 2021 as he was appointed on 11 January 2021. He is a major shareholder of Comcorp and a younger brother to Mr Leng Keng Hok @ Lim Keng Hock. He has no conflict of interest with Comcorp and has no prior conviction for offences other than traffic offences within the past five (5) years and any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF **DIRECTORS**
(CONT'D)

Mr Wong Mun Wai
(Independent Director)

Nationality	Gender	Age
Malaysia	Male	64

Mr Wong Mun Wai, a Malaysian, aged 64, was appointed to the Board and as Chairman of the Audit Committee on 1 October 2010. He is a Fellow Member of The Chartered Association of Certified Accountants, Associate Member of The Malaysian Institute of Chartered Secretaries and Administrators and also a member of the Malaysian Institute of Accountants. He started his professional career in 1981 as auditor before joining a Main Board company as a Finance Manager in 1993 and was promoted as Senior Finance Manager cum Company Secretary before leaving in 1996. From 1997 to 2003, he was the Chief Operating Officer and Executive Director of Second Board company. He was an Independent Director of a Mesdaq listed company from 2006 to 2008. Currently, he is with a consultancy firm with affiliation to Nexia International.

He attended all the seven (7) Board Meetings of Comcorp held during the financial year ended 31 January 2021. He has no family relationship with the other directors or major shareholders of Comcorp, no conflict of interest with Comcorp and has no conviction for offences other than traffic offences within the past five (5) years and any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF DIRECTORS
(CONT'D)

Ms Lee Chai Bee
(Independent Director)

Nationality	Gender	Age
Malaysia	Female	71

Ms Lee Chai Bee, a Malaysian, aged 71 was appointed to the Board on 28 June 2004. She was also appointed as a member of the Audit Committee on 26 December 2007 and as a member of Remuneration Committee on 27 March 2014. She was admitted as a member of the Institute of Chartered Secretaries and Administrators in 1972 upon completing the professional examinations conducted by the said Institute. She subsequently started her career in the same year as an accounts assistant with Kidson Chartered Accountants in Birmingham, UK. In 1978, she joined Tan Chong Motor Holdings Bhd as their internal auditor. In 1985, she joined Auto Parts Manufacturers Bhd as Manager. In 1989, she was a Senior Manager of Operations for Kilang Alat-Ganti Letrik Kereta Sdn Bhd.

In 1993, she joined Seldredge Industries Sdn Bhd as General Manager-Projects and was overseeing Oriental Metal Industries Sdn Bhd. In addition, she was also a Director of a subsidiary of Seldredge Industries Sdn Bhd, namely Parajaya Sdn Bhd where she served for 7 years. .

She attended all the seven (7) Board Meetings of Comcorp held during the financial year ended 31 January 2021. She has no family relationship with the other directors or major shareholders of Comcorp, no conflict of interest with Comcorp and has no conviction for offences other than traffic offences within the past five (5) years and any public sanctions or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF **KEY MANAGEMENT TEAM**

MR LIM CHEE HOCK
Managing Director

Nationality	Gender	Age
Malaysia	Male	61

Mr Lim Chee Hock, a Malaysian, aged 61, is a self-made entrepreneur whose business ranges from provision of hire-purchase financial services to that of ferry transportation to Dumai, Indonesia. He was the Managing Director and the major shareholders of Tunas Rupat Follow Me Express Sdn Bhd, the company that operate ferry services from Melaka and Port Dickson to Dumai, Indonesia from Year 1998. He resigned and stepped down from Tunas Rupat Follow Me Express Sdn Bhd in Year 2019. He received his early education at Pay Fong High School in Melaka.

Mr Lim is a Director and shareholder of AMG Resources Sdn Bhd from the date of incorporation, 17 July 2000 till present and is an investment holding company.

Currently, he oversees the family business in oil palm plantations since 1990 and tourism industry since 2002 respectively.

He did not attend any Board Meetings of Comcorp held during the financial year ended 31 January 2021 as he was appointed on 11 January 2021. He is a major shareholder of Comcorp and a younger brother to Mr Leng Keng Hok @ Lim Keng Hock.

KHOR BEN JIN
Financial Controller

Nationality	Gender	Age
Malaysia	Male	45

Mr Khor Ben Jin, a Malaysian (male), aged 45 assumes the post of Financial Controller of the Company on 17 May 2021. He is a Fellow Member of the Association of the Chartered Certified Accountants, United Kingdom and a Chartered Accountant of Malaysia Institute of Accountants. Further, he is a Certified Internal Auditor of United States of America and a Chartered Member of Institute of Internal Auditors, Malaysia.

He started his professional career mainly in internal audit consulting services, risk management exercises and corporate governance review with public listed companies involved in both industrial and consumer products manufacturing, integrated livestock farming activities, property development and construction and trading activities. He was a Manager of one of the big four (4) accounting firms and also had three (3) years' experience in external audit at another international accounting firm.

He has been trained in Internal Audit methodologies which enabled him to identify risks and established an internal control structure which covers the roles and functions and scope of works to assist the audit committees and board of directors of numerous public listed companies to discharge their responsibilities in relation to ensuring good systems of internal controls. Some of his project experiences include Quality Assurance Review for an in-house internal audit function of a major public listed telecommunication company, secondment to one of the largest Malaysian general insurers, a public listed company to perform internal audit/lookback review on "Know Your Customer ("KYC") procedures, that is Customer due diligence and transaction monitoring system, underwriting and general insurance clams procedures, Financial Reporting System ("FRS") accounting standard review for a public listed company and financial due diligence review in the acquisition exercise of business entitles.

MANAGEMENT DISCUSSION **AND ANALYSIS**

BUSINESS AND OPERATIONS OVERVIEW

Comintel Corporation Bhd ("Comcorp" or "the Company") is an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad in 2004. Comcorp's subsidiaries are involved in turnkey engineering design and integration, programme management, installation and commissioning, comprehensive after sales service support, electronic systems testing and repair, development of test programs and provision of integrated logistic support (collectively known as "System Integration and Maintenance Services" or "SIMS") and provide engineering, procurement, construction and program management services for green waste management and waste-to-energy solution as well as in other renewable and green technology products and other energy efficient solutions (collectively known as "Green Waste Management and conversion of Waste-to-Energy" or "GWM and WtE") (hereinafter Comcorp and its subsidiaries is known as "Comcorp Group" or "the Group").

Comcorp is currently classified as a Practise Note 17 ("PN17") company after the Company triggered the Prescribed Criteria under Paragraph 2.1(a) and 2.1(e) of PN17 of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and was required to regularise its condition within the stipulated timeframe. During the financial year ended 31 January 2021 ("FYE 2021"), the Company submitted written applications to Bursa Securities on 24 July 2020 and 22 October 2020 to seek for an extension of time to submit a regularisation plan and on 17 August 2020 and 20 November 2020 respectively, Bursa Malaysia Berhad ("Bursa Malaysia") granted the Company further extensions of time of three (3) and six (6) months respectively, up to 24 October 2020 and 24 April 2021 respectively to submit a regularisation plan pursuant to paragraph 8.04(3) together with paragraph 5.0 of PN17 of MMLR.

Subsequent to FYE 2021, the Company submitted a written application to Bursa Securities on 21 April 2021 to seek for a further extension of time to submit a regularisation plan. However, Bursa Malaysia had vide its letter on 20 May 2021 informed that:

(a) The Company had failed to submit its Regularisation Plan to Securities Commission Malaysia or Bursa Securities for approval within the stipulated timeframe; and

(b) The Company's application for a further extension of time to submit the Regularisation Plan had been rejected on the basis that the Company has not demonstrated to the satisfaction of Bursa Securities any material development towards the finalisation and submission of the Regularisation Plan to the regulatory authorities.

In the circumstances and pursuant to paragraph 8.04(5) of the MMLR,

(a) the trading in the securities of the Company will be suspended with effect from 31 May 2021; and

(b) the securities of the Company will be de-listed on 2 June 2021 unless an appeal against the de-listing is submitted to Bursa Securities on or before 28 May 2021 ("the Appeal Timeframe"). Any appeal submitted after the Appeal Timeframe will not be considered by Bursa Securities.

Further thereto, on 28 May 2021, the Company submitted a written appeal on the decision by Bursa Securities to de-list the securities of Comcorp and to reconsider its decision to grant a further extension of time for the Company to submit the regularisation plan. The trading in the securities of the Company has been suspended with effect from 31 May 2021. The Company is currently waiting for the decision of the application.

FYE 2021 has been another turbulent year for the Group as SIMS segment has not been able to secure sufficient projects to generate sufficient profitability coupled with the projects which are secured are still ongoing and has yet to bill while in GWM and WtE segment, there were no major production activities from the existing operation nor progress / feedback from the proposals we previously presented in South East Asia region.

Comintel Sdn. Bhd. ("Comintel") was previously wound up by the order of the Shah Alam High Court ("High Court") on 17 April 2019 ("Winding Up Order"). The High Court granted the termination on the winding up of Comintel on 17 June 2020 ("Termination of winding up"). Thereby, the directors resumed their full authorities and rights as directors prior to the Winding Up Order. As a result of the termination of winding up, Comintel and its subsidiaries were reconsolidated in Comcorp Group in FYE 2021.

On 22 July 2020, the Company announced a Proposed Regularisation Plan which comprised of Proposed Disposal, Share Capital Reduction, Private Placement and Acceptance of Contract ("Proposed Regularisation Plan"). For the purpose of undertaking the Proposed Regularisation Plan, the Company had on the same date entered into conditional share sale agreement with Allied Technologies Group Sdn. Bhd. for the proposed disposal of certain subsidiaries for an aggregate cash consideration of RM1.0 million ("SSA"), a subscription agreement with the potential investor and agreement to award with Dhaya Maju Infrastructure (Asia) Sdn Berhad.

MANAGEMENT DISCUSSION **AND ANALYSIS**
(CONT'D)

BUSINESS AND OPERATIONS OVERVIEW (CONT'D)

Concurrently on the same date, the Company entered into a reorganisation agreement amongst its subsidiaries, where Comintel had agreed to transfer its entire shares in Total Package Work Sdn. Bhd. ("TPW"), Comintel (HK) Limited ("CHK") and Comintel Mobility Sdn. Bhd. ("CMSB") to the Company resulting TPW, CHK and CMSB become the wholly owned subsidiaries of the Company.

Subsequent to the financial year end, the Company announced on 26 April 2021 that the conditions precedent of the share sale agreement, subscription agreement and agreement to award dated 22 July 2020 have not been fulfilled on or before the cut-off date of 22 April 2021. Accordingly, the proposed disposal, share capital reduction, private placement and acceptance of contract which are inter-conditional upon each other were aborted.

The Company had identified its new business partner namely, Binastra Construction (M) Sdn. Bhd. ("Binastra Construction") and had on 27 May 2021 entered into an agreement to award with Binastra Construction for the acceptance of a total of three (3) letters of award by TPW for certain construction works totalling to RM117.7 million as part of the plans to address its PN17 status.

Our business focus on our core business remained, despite the operations challenges we faced in the current economic environment. The Group strives to maintain its core competencies in SIMS whilst remain adaptive to the changing environment at all times. The Group remain dedicated in providing quality services to our clients as we continue to ensure that our operational quality of service and efficiencies are not compromised and to deliver the projects on-time (or ahead of time) to the satisfaction of our clients.

REVIEW OF FINANCIAL PERFORMANCE AND OPERATIONS

During the financial year, subsequent to the High Court granting the termination on the winding up of Comintel on 17 June 2020, the Company effectively resume its management power and control over Comintel on the same date. Accordingly, Comcorp Group reconsolidated Comintel and its subsidiaries in FYE 2021 by recognising their related assets, liabilities and non-controlling interests resulting a reserve on reconsolidation of RM1.3 million.

In regards to the SSA which remained subsisting as of FYE 2021, in compliance to the Malaysian Financial Reporting Standards ("MFRS") 5 – *Non-current Assets Held for Sale and Discontinued Operations*, the financial position as at 31 January 2021 and the financial results for FYE 2021 of the identified proposed disposed companies had been disclosed separately as assets/ liabilities held for sale and discontinued operations respectively.

Revenue from the continuing operations of the Group for FYE 2021 was RM0.4 million, the revenue has decreased approximately 79.3% or RM1.5 million as compared to revenue of RM1.9 million in the financial year ended 31 January 2020 ("FYE 2020"). The decrease in the Group's revenue was mainly due to the separation of revenue from continuing operations and discontinued operations where revenue generated from the discontinued operations for FYE 2021 was RM1.6 million.

Loss after taxation of Comcorp Group's continuing operations for FYE 2021 was RM2.5 million as compared to the gain after tax from continuing operations of RM14.5 million recorded in FYE 2020. The loss recorded for FYE 2021 after combining both continuing and discontinuing operations was RM9.5 million as compared to a gain of RM12.5 million recorded in FYE 2020. Previous year's gain was mainly attributable to the recognition of gain on deconsolidation of Comintel and its subsidiaries of RM23.5 million when Comcorp lost its management power and control on 17 April 2019.

For better comparison of the financial result for Comcorp Group, the Group's loss after taxation for FYE 2020 excluding the gain on deconsolidation of RM23.5 million recognised in FYE 2020 was RM11.0 million. The lower loss recorded in FYE 2021 was due to the reduced operating expenses incurred by the Group.

Net loss attributable to the equity holders of the Company for FYE 2021 stood at RM8.1 million, as compared to the net gain attributable to the equity holders of the Company at RM14.3 million in FYE 2020. Loss per ordinary shares for the financial year under review stood at 5.8 sen.

Shareholder's funds as at 31 January 2021 excluding non-controlling interest stood at RM8.7 million, a decrease of RM15.5 million from its financial position of RM24.2 million as at 31 January 2020. The total equity of the Group has fallen into the red for the first time recording a negative RM1.8 million.

Other than the assets and liabilities of Comintel Green Technologies Sdn Bhd that are stated on break up basis in the consolidated financial statements of the Group, the financial statements of the Group and of the Company was prepared using the going concern basis. Our major shareholder has agreed to provide adequate funds for the Group and for the Company to meet its liabilities as they fall due and to finance the working capital requirement of the Group and of the Company.

SIMS OPERATIONS

On 22 July 2020, the Company entered into a conditional share sale agreement with Allied Technologies Group Sdn. Bhd. for the proposed disposal of the Proposed Disposed Companies following the Company's strategic decision to focus on the SIMS segment as its core business, to monetise its loss-making subsidiaries and to enhance its operational efficiency. Part of the SIMS segment were included in the proposed disposal thus its financial results are classified as discontinued operations for FYE 2021.

The continuing operations of the SIMS segment contributed approximately 69.8% of the Group's total revenue for FYE 2021, equivalent to RM0.3 million, representing a decrease of 80.4% or RM1.1 million in value as compared to revenue of RM1.4 million reported in FYE 2020. The main factor contributed to the decrease in revenue was due to the segregation of the revenue contributed by the discontinued operations amounting to RM1.6 million. The revenue contributed by Comintel and its subsidiaries upon the reconsolidation (disclosed as part of discontinued operations) was approximately RM0.2 million. SIMS segment was unable to increase its revenue during the financial year as SIMS segment has not been able to secure sufficient projects to generate profitability while the projects secured are still ongoing and have yet to reach its billing milestone due to the imposition of various Movement Control Orders since March 2020.

SIMS segment for the continuing operations incurred an insignificant loss before taxation of RM16,000 in FYE 2021 which was RM2.4 million lower compared to the loss before taxation of RM2.4 million recorded in FYE 2020.

The loss from discontinued operations from the Proposed Disposed Companies for FYE 2021 was RM3.1 million. Whereas in FYE 2020, by the virtue of loss in control of Comintel, the performance of Comintel and its subsidiaries of up to 17 April 2019 has been excluded from the financial performance of continuing operations and was disclosed as loss from discontinued operations of RM2.0 million in statement of profit or loss.

GWM AND WtE OPERATIONS

Following the Company's strategic decision to focus on the SIMS segment as its core business, the entire GWM and WtE segment were included in the proposed disposal thus the entire segment is classified as discontinued operations for FYE 2021.

The revenue recorded by GWM and WtE segment in FYE 2021 under discontinued operations was RM16,000 representing an increase of RM7,000 as compared to the revenue from continuing operations of RM9,000 in FYE 2020.

In the previous financial year, we had temporarily halted the production activities of its conversion of waste-to-energy division due to disruption of waste supply. We are of the view that in the event we have to sell the plant, we will require 3 years to find a buyer for the plant. Accordingly, based on our estimates, the property, plant and equipment of the said plant were impaired by one third of its carrying amount of RM4.8 million as at 31 January 2020.

Following a review of the current operation of the subsidiary in conversion of waste-to-energy division, there was no major production activities noted. Therefore, the identified property, plant and equipment was further impaired by half of its carrying amount of RM2,985,000 as at 31 January 2021.

GWM and WtE segment has incurred a loss before tax of RM3.8 million in FYE 2021 under discontinued operations as compared to RM3.8 million recorded in FYE 2020.

ANTICIPATED RISK EXPOSURE AND RISK MITIGATION

Comcorp Group is exposed to uncertainties, for example changes in the country's administration, political instabilities, weakening domestic demand, and economy uncertainties which resulted in cautious spending patterns among consumers. As SIMS segment focused mainly on commercial contracts and Malaysian Government projects, the following factors may inadvertently affect the performances, operations, financial condition and the liquidity of the Group as a whole such as:

- General economic condition – economic downturns
- Changes in by-laws and/or government policies, rules and regulations
- Credit policy and fluctuation on financial institutions' interest rates
- Global price fluctuation of goods / parts / raw materials
- Shortage of skilled workforce

Comcorp Group has been increasing its efforts to gain access to credible sources of funding with financial institutions however due to Comcorp's PN17 status, this continues to deter the Group's opportunities to raise fund to properly fund the business and/or potential project(s) and limiting the ability to fulfil the Group obligations in execution or project delivery solutions.

MANAGEMENT DISCUSSION **AND ANALYSIS**
(CONT'D)

ANTICIPATED RISK EXPOSURE AND RISK MITIGATION (CONT'D)

The Group needs to foster comprehensive sector knowledge with its clients and the sectors in which they operate to enable the Group to anticipate changes in market conditions at an early stage. From the corporate level, the management need to increase their efforts to monitor new developments and changes in market trends to adjust the business strategies in a timely manner to achieve both medium-term and long-term growth.

Comcorp Group has diversified its efforts in the marketing its SIMS capabilities in the private sector and continued its cost cutting measures to improve the overall order book, revenue and business profitability. In GWM and WtE segment, as the Group continuous face challenges of reliance on sole supplier to supply raw materials to our Kuang plant, we have not given up our efforts to source for alternative raw materials and / or supplier to improve our raw materials input while at the same exploring for potential buyer to acquire the plant.

The Company has submitted a written appeal to Bursa Securities within the stipulated timeframe and Bursa Securities had proceeded to suspend the trading of Comcorp's securities on 31 May 2021 even though the decision of the Company's appeal is still pending. In the event that Bursa Securities rejects the appeal, the securities of the Company will be de-listed from the Official List of Bursa Securities and the Company will continue to exist but as an unlisted entity. The Company will be still able to continue its operations and business. The shareholders of the Company can still be rewarded by the Company's performance; however, the shareholders will no longer quote and trade the Company's securities on Bursa Securities. We have relentlessly work and continued our efforts in formulating a regularisation plan to regularise our financial condition.

With the unprecedented COVID-19 pandemic that spreads throughout the world since the beginning of last year which continues until present and the various movement restriction imposed to curb the pandemic caused delays in our planning, we are anticipating that the global economy to continue to be bearish.

OUTLOOK AND KEY FOCUS

The Group continues to seek new opportunities that potentially enhance the net assets of the Group and at the same time contribute positively to the Group's financial performance. Subsequent to the financial year ended 31 January 2021, the Company entered into an agreement to award with Binastra Construction for the acceptance of a total of 3 letters of award by TPW for certain construction works totalling to RM117.7 million. With the agreement to award and the Group venturing into construction works, we envisage further projects of the same nature. We cautiously anticipate a brighter future ahead for the Group.

We foresee that after proposed disposal, the remaining SIMS segment will continue to contribute to the Group in the future. The management had continued to build capabilities whilst delivering our commitment in carrying out the project.

The pathway is challenging but Comcorp management has never wavered and will continue their efforts and commitment to steer the Group out of the headwinds targeting the path of growth and profitability and we foresee the rebound of global economy will happen once the worst of the Covid-19 pandemic effects are over.

CORPORATE GOVERNANCE **STATEMENT**

The Board of Directors ("Board") of Comintel Corporation Bhd ("Comcorp" or "the Company") is committed to manage the Comcorp Group in line with corporate governance practices as proposed in the Malaysian Code on Corporate Governance 2017 (the "Code") and the Main Market Listing Requirements ("LR") of the Bursa Securities Malaysia Berhad ("Bursa Securities"). The Board firmly believes that corporate accountability complements business practices that will facilitate the achievement of the Company's goals and objectives.

To this end, the Board continues to implement the recommendations of the Code, which sets out the principles and best practices on structures and processes that companies may use in their operations towards achieving the optimal governance framework.

The Board is pleased to disclose to the shareholders on the manner in which the Group has applied the principles of the Code and the extent to which the Company has complied with the best practices of the Code throughout the financial year ended 31 January 2021.

A. BOARD OF DIRECTORS

1. Responsibilities

The Board is made up of Directors who have an extensive range of skills, experience and knowledge and who are overall accountable for the corporate governance and strategic direction of the Group and are entrusted to exercise reasonable and due care in employing the Company's resources in the best interests of its shareholders and to safeguard the Company's assets.

Three (3) Committees, namely the Audit and Risk Management Committee ("ARMC"), the Nomination Committee ("NC") and Remuneration Committee ("RC") together with the Risk Management Units ("RMUs") have been assisting the Board in the deliberation of issue within their respective functions and terms of reference. These Committees, as entrusted by the Board, will discuss relevant issues and report to the Board with their recommendations. However, this does not absolve the Board's ultimate responsibility of decision-making. RMUs were formed at the beginning of the calendar year, Year 2016, headed by the respective Heads of Departments/Divisions to assist the Board in the area of risk management. Risks identified were constantly reviewed by the Board at their quarterly meetings and actions plans to deal with the identified risks were also deliberated during these meetings and feedbacks were communicated to the RMUs for implementation until these risks are being mitigated.

As certain Board functions are delegated to Management, the Board ensures Management is of the highest calibre and has in place programmes to train and develop the skills of key personnel for succession of Management.

Our focus is mainly on our System Integration and Maintenance Services and the green energy segment namely waste-to-energy business and green waste management locally and abroad.

On the local front, our System Integration and Maintenance Services Division had been providing and installing system integration and support to the rail industry and the maintenance services to the wireless communication in the aviation industry.

The Directors observe a code of ethics in accordance with the Company Directors' Code of Ethics established by the Companies Commission of Malaysia. The following had been established and approved by the Board at its meeting held on 23 May 2013:-

- Board Charter
- Corporate Disclosure Policy
- Whistle Blowing Policy
- Risk Management Policy

CORPORATE GOVERNANCE **STATEMENT**
(CONT'D)

A. BOARD OF DIRECTORS (CONT'D)

2. Board Balance and Diversity

For the financial year ended 31 January 2021, the Board comprised of five (5) Directors, with one (1) Executive Director, one (1) Independent Non-Executive Director and three (3) Independent Directors. There is a clear division of responsibilities at the head of the Company to ensure a balance of authority and power. The wide spectrum of knowledge, skills and experience of the Board members gave added strength to the leadership which is necessary for the effective stewardship of the Group.

The Board acknowledges the Code's recommendation of at least 30% women representative in boardroom and will take the necessary measures to comply with the recommendation. At present, there is one woman member on the Board.

The Board recognises the importance and contribution of its Independent Directors. They represent the element of objectivity, impartiality and independent judgement of the Board. This ensures that there is adequate check and balance at the Board level. The three (3) Independent Directors of the Company provide the Board with vast and varied exposure, expertise and broad business and commercial experience.

Tan Sri Dato' Samshuri bin Arshad, the Independent Non-Executive Chairman leads the Board while the executive management of the Company is led by Mr Lim Chee Hock who replaced Mr Leng Keng Hok @ Lim Keng Hock as the Managing Director who took an indefinite leave of medical leave. The Independent Directors provide a check and balance to the Board's decision making process.

A brief profile of the Directors is set out on pages 15 to 19 of this Annual Report.

3. Appointment to the Board

The Nomination Committee makes independent recommendations for appointments to the Board. In making these recommendations, the Nomination Committee assesses the suitability of candidates taking into account the required mix of skills, knowledge, expertise and experience, professionalism, integrity, competencies, time commitment and other qualities of the candidates before recommending their appointments to the Board for approval.

4. Board Meetings

In order to ensure that the Comcorp Group is efficiently managed, the Board meets at least once on a quarterly basis and additionally as and when required, with a formal schedule of matters specifically reserved for its deliberation and decision.

During the financial year under review, seven (7) Board meetings were held and where it deliberated and considered a variety of matters affecting the Company's operations including the Group's financial results, business plan and the direction of the Group.

The Boards' attendance record is as follows:

Directors	Total Meetings Attended
Tan Sri Dato' Samshuri bin Arshad	6/7
Mr Leng Keng Hok @ Lim Keng Hock	4/7
Mr Wong Mun Wai	7/7
Ms Lee Chai Bee	7/7
Mr Chong Chun Chieh (Resigned on 3 May 2021)	7/7

A. BOARD OF DIRECTORS (CONT'D)

4. Board Meetings (Cont'd)

The Board is updated on Comcorp Group's affairs at these Board meetings. The Directors are encouraged to obtain information on the Group's activities by consultation with senior management at anytime. This is to ensure and enable the Board members to discharge their duties and responsibilities competently and in an informed manner.

5. Supply of information

Board members are provided with the notice, setting out the agenda and subsequently the comprehensive Board papers in a timely manner prior to Board meetings. This is to ensure and enable the members of the Board to discharge their duties and responsibilities competently and in a well-informed manner. All members of the Board have access to the advice and services of the Company Secretary, and where necessary, independent professional advisers. They also have unlimited access to all information with regard to the activities of the Comcorp Group.

6. Board Committees

The Board is assisted by the following Board Committees:

(a) Audit and Risk Management Committee

The Audit and Risk Management Committee comprises of three (3) Independent Directors. The details are set out on pages 18 to 19 of this Annual Report.

The members of the Audit and Risk Management Committee are as follows -

- Mr Wong Mun Wai (Chairman)
- Ms Lee Chai Bee
- Mr Chong Chun Chieh (Resigned on 3 May 2021)

(b) Nomination Committee

The Nomination Committee comprises of one (1) Independent Non-Executive Director and one (1) Independent Director. The Committee is responsible for proposing and recommending new nominees to the Board as well as directors to fill seats on Board committees; assessing the effectiveness of the Board and the contribution of each individual director on an on-going basis.

The members of the Nomination Committee are as follows -

- Tan Sri Dato' Samshuri bin Arshad (Chairman)
- Mr Wong Mun Wai

CORPORATE GOVERNANCE **STATEMENT**
(CONT'D)

A. BOARD OF DIRECTORS (CONT'D)

6. Board Committees (Cont'd)

(b) Nomination Committee (Cont'd)

Summary of Activities

The NC convened three (3) meeting during the financial year ended 31 January 2021 which was attended by all the members and the key activities carried out are as follows –

(i) Reviewed and assessed the performance and effectiveness of the Board of Directors, the Committees of the Board and the performance of each Director for financial year ended 31 January 2021.

(ii) Recommended the re-election of directors at the Eighteenth Annual General Meeting ("18th AGM").

(iii) Recommended the appointment of the Executive Director cum Managing Director.

(iv) Recommended the continuing in office of Ms Lee Chai Bee and Mr Wong Mun Wai as the Independent Directors of the Company as she has served as an Independent Director for more than nine (9) years.

(c) Remuneration Committee

The Remuneration Committee, comprising of two (2) Independent Directors and one (1) Executive Director, is responsible for the implementation of remuneration policy and to make recommendation to the Board on the remuneration packages of the Executive Directors. The ultimate responsibility for determining remuneration of the Executive Directors lies with the Board. The Board also determines the remuneration of the Non-Executive Directors.

The members of the Remuneration Committee comprised:

- Mr Chong Chun Chieh (Chairman) (Resigned on 3 May 2021)
- Ms Lee Chai Bee
- Mr Lim Chee Hock (Appointed on 24 June 2021)

Summary of Activities

The RC convened one (1) meeting during the financial year ended 31 January 2021 which was attended by all the members and the key activities carried out are as follows –

(a) To review and recommend the payment of Directors' Fees to the Board for every financial year of the Group

(b) To review the performance of Board members and recommend to the Board for approving the annual total remuneration packages (short and long-term incentives and any compensation payable).

(c) To determine and set performances measures for incentive plans for individual executive directors and senior management.

A. BOARD OF DIRECTORS (CONT'D)

6. Board Committees (Cont'd)

(d) Risk Management Units

The Risk Management Units (RMUs) comprises of two (2) units, namely System Integration and Maintenance Services Unit and the green energy namely waste-to-energy business and green waste management. Each unit is headed by the Head of the Department/Division. Their main function is to assist in identification and quantification of risks and providing suggestions and recommended action plans required to protect the company's interests and increase the probability of achieving its stated goals and objectives.

Both RMUs convened two (2) meetings for the financial year ended 31 January 2021 which was attended by all the members. Inherent risks were identified and deliberated and action plans devised to deal with the risks while the existing risks are being reviewed in their respective units.

7. Re-election

The Constitution of the Company provide that at least one-third of the Directors are subject to retirement by rotation at each Annual General Meeting and that all Directors shall retire at least once in every three years. The Constitution of Association also provide that a Director who is appointed by the Board in the course of the year is subject to re-election at the next Annual General Meeting to be held following his/her appointment.

8. Directors' Training

All Directors of the Company have completed the Mandatory Accreditation Programme. The Directors of the Company attended various conferences and seminars organised by external organisers to keep abreast of industry developments and trends and to assist the Directors in the discharge of their duties.

Name of Directors	Title of Conferences, Seminars and Training Programmes	Date of Conferences, seminars and training programmes	Conducted by
Mr Lim Chee Hock	• Mandatory Accreditation Programme	31 March – 2 April 2021	Asia School of Business
Ms Lee Chai Bee	• Seminar on "Corporate Liability and Establishing Adequate Procedures for Small Medium Enterprises"	05 May – 06 May 2021	Suruhanjaya Syarikat Malaysia

CORPORATE GOVERNANCE **STATEMENT**
(CONT'D)

B. DIRECTORS' REMUNERATION

The Code states that the remuneration of Directors should be determined so as to ensure that the Company attracts and retains the Directors needed to manage the Company successfully. In Comcorp, remuneration for Executive Directors is structured so as to link reward to corporate and individual performance. In the case of Non-Executive Directors, the quantum of remuneration reflects the level of experience and responsibility undertaken by them during the period under review.

The details of directors' remuneration for the financial year ended 31 January 2021, distinguishing between Executive and Non-Executive Directors, are as follows:

Categories	Executive Director (RM)	Non-Executive Directors (RM)
Salary & Other Emoluments	583,657	41,000
Fees	–	120,000
Total	583,657	161,000

The number of Directors whose total remuneration for the financial year ended 31 January 2021 falls within the required disclosure bands are set out below:

Remuneration Band	Executive	Non-Executive
RM50,000 and below	–	4
RM50,001 to RM100,000	–	–
RM100,001 to RM500,000	–	–
RM500,001 to RM1,000,000	1	–

C. SHAREHOLDERS' COMMUNICATION

The Board places emphasis on timely and equitable dissemination of information to shareholders on Comcorp Group's performance. Puhe Listing Requirements of Bursa Securities, timely announcements are made to the public in regard to the Group's corporate proposals, financial results and other requisite matters. The Company's Annual General Meeting serves as a forum for dialogue with shareholders. At the Annual General Meeting, shareholders are encouraged to participate in the question and answer session. The status of all resolutions proposed at the Annual General Meeting is submitted to Bursa Securities at the end of the meeting day.

Apart from contacts at general meetings, there is no formal programme or schedule of meetings with investors, shareholders, stakeholders and the public generally. Howrsuant to tever, the management has the option of calling for meetings with investors/analysts if it is deemed necessary.

D. ACCOUNTABILITY AND AUDIT

1 Financial Reporting

The Board is responsible to present a balanced and comprehensive assessment of the Comcorp Group's financial position to shareholders by means of the annual and quarterly reports and other published information. In this regard, the Board is responsible for the preparation of financial statements that present a true and fair view of the financial state of affairs of the Comcorp Group.

2 Internal Control

The Statement on Risk Management and Internal Control as set out on pages 32 to 33 of this Annual Report provides an overview of the state of internal controls within the Group.

3 Relationship with Auditors

The Company, through the Audit and Risk Management Committee ("ARMC") has an appropriate and transparent relationship with the external auditors. Key features underlying the relationship of the ARMC with the external auditors are included in the ARMC Report as set out on pages 35 to 38 of this Annual Report.

E. INVESTOR RELATIONS

The Company have established an Investor Relations in our website to engage with our investors. Various information of the company were found in the said website which include our latest products and offerings. We have also engaged with the media in enhancing value to the business of the Company. Further, we have obliged financial institutions with interviews of the prospects of the Company.

Moving forward, we will have more plans to engage with our shareholders/members, investors and the public at large in bringing value with them.

F. DIRECTORS' RESPONSIBILITY STATEMENT

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

In preparing those financial statements the Directors have:

- ensured compliance with applicable approved accounting standards;
- adopted suitable accounting policies and apply them consistently; and
- made judgements and estimates that are reasonable and prudent.

The Directors are responsible for ensuring that proper accounting and other records are kept which disclose with reasonable accuracy at any time the financial position of the Group and the Company and that the underlying financial statements are prepared in compliance with the provisions of the Companies Act, 2016.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

The Board's Responsibilities

The Board of Directors ("the Board") is fully committed in discharging its responsibilities by establishing a sound system of risk management and internal controls to safeguard the Group's assets and to enhance shareholders' investment, as well as reviewing its adequacy and effectiveness of the said system.

The Board reviews the risk management process on a regular basis in identifying, evaluating and managing significant risks with the intention to effectively mitigating the risks that may impede the achievement of the Group of companies' business and corporate objectives.

The duty of reviewing the adequacy and effectiveness of the internal control system has been assigned to the Audit and Risk Management Committee ("ARMC"), to seek assurance on the adequacy and effectiveness of the internal control system through reports it received from independent reviews conducted by the Internal Audit function.

The risk management and internal control system is designed to manage rather than eliminate the significant business risks, hence it can only provide reasonable but not absolute assurance against material misstatement, fraud or loss.

The Risk Management Process

The Group recognises that risk represents an integral part of its business activities. Key Management staff and Heads of Department are delegated with the responsibility to manage identified principle risks within defined parameters and standards. Regular Management and operational meetings are held to deliberate key risks and the appropriate mitigating controls. Significant risks affecting the Group's strategic and business plans are tabled to the Board at their scheduled meetings. This ongoing process is undertaken at all the major subsidiaries of the Group, as well as collectively at the Group level.

The Board is responsible for overseeing the on-going process to identify, evaluate and manage significant risks for the year under review. In compliance with the Guidelines for Directors of Listed Issuers which was issued by the Bursa Securities Malaysia Berhad ("Bursa Securities"). The Board shall re-evaluate the Group's existing risk management process to ensure it is appropriate for the Group's requirements.

The Internal Control Process

The key aspects of the internal control process are:

- The Board and the ARMC meet at least every quarter to discuss matters raised by Management, Internal Audit and the external auditors on business and operational matters including potential risks and control issues.
- The Board has delegated the responsibilities to relevant committees established by the Board to implement and monitor the Board's policies on control.
- Internal procedures and policies are documented in manuals, which are regularly reviewed and updated to meet changing business, operational requirements and statutory reporting needs.
- Performance and cash flow meetings are conducted on a monthly basis to facilitate review and monitoring of the financial performance and cash flow position.
- Regular visits are made to operating units by members of the Board and senior management.

For the year under review, some weaknesses and deficiencies in the internal controls were identified but were deemed not significant to be mentioned in this Statement as none of them have material impact on the business or operations of the Group. Nevertheless, measures had been taken to address those weaknesses.

STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**
(CONT'D)

The Internal Audit Function

The internal audit team, outsourced to an independent professional services firm, assists the ARMC to review the control processes implemented by the management from time to time and reports quarterly on its findings and recommendations to the Audit and Risk Management Committee. The duties and responsibilities of the Audit and Risk Management Committee are detailed in the Terms of Reference of the Audit and Risk Management Committee. The Audit and Risk Management Committee, by consideration of both internal and external audit reports, is able to gauge the effectiveness and adequacy of the internal control system, for presentation of its findings to the Board.

There was no material or significant losses incurred during the financial year as a result of weakness in internal control. The Board and management continue to take appropriate measures to improve and strengthen the control environment.

Review of Statement by External Auditors

Pursuant to Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the external auditors have reviewed this Statement for inclusion in the Annual Report of the Group for the financial year ended 31/01/2021 and reported to the Board that nothing has come to their attention that caused them to believe that the Statement is inconsistent with their understanding of the processes adopted by the Board in reviewing the adequacy and integrity of the system of risk management and internal control.

Conclusion

In line with the Guidelines, the Group Managing Director has provided assurance that the Group's risk management and internal control systems have operated adequately and effectively, in all material aspects, in line with the Group's objectives during the financial year under review,

SUSTAINABILITY IN **MARKET PLACE**

The Company and its Group of Companies is principally involved in the system integration maintenance services and green energy management and waste-to-energy activities. Thus, the Company is mindful of its obligations in economic, environment and social areas while continuously and constantly interacting and engaging with our stakeholders in these areas. We gain meaningful information about the expectations of the stakeholder groups within and outside of our Company through these interactions as illustrated below -

Economic Area		
Stakeholder	**Objectives**	**How Comcorp engages**
Customers	Provide value in line with our customers' expectations	➢ Conduct ongoing customer support correction action; ➢ Conduct sales and technical training; ➢ Conduct on-going business review; ➢ Conduct ongoing customer loyalty survey.
Employees	Built an environment where all employees can fulfill their maximum potentials	➢ Provide ongoing training; ➢ Conduct ongoing employees engagement activities; ➢ Conduct annual employees motivation and satisfaction survey.
Suppliers	Strengthen our engagement with suppliers	➢ Conduct annual review of suppliers; ➢ Conduct annual assessment of logistic service providers' performance.
Shareholders/Investors	Carry out sound and highly transparent management	➢ Annual General Meetings and General Meetings ➢ Quarterly Board of Directors' Meeting; ➢ Adherence to best practices in corporate governance ➢ Investor Relations (in our Website)
Environment Area		
Global Environment	Strengthen efforts toward environment management that is integrated across entire company	➢ Comply with all laws and regulatory compliances; ➢ Set social and environment targets; ➢ Increase recycling and driving carbon neutral on what we do.
Social Area		
Local communities	Contribute to positive social change through our business activities and societal participation by our employees	➢ Engage our employees; ➢ Engage with local authorities; ➢ Engage with local orphanages, old folks' homes and so on; ➢ Employee volunteering.

AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**

In line with the Malaysian Code of Corporate Governance ("Code") and in compliance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("MMLR"), all three (3) members of the Audit and Risk Management Committee ("ARMC") are Independent Directors.

Mr Wong Mun Wai, the ARMC Chairman is a Fellow Member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants. In this respect, the Company is in compliance with paragraph 15.09(1)(c)(i) of the MMLR.

MEMBERS

1. Mr Wong Mun Wai (Chairman) – *Independent Director*
2. Ms Lee Chai Bee – *Independent Director*
3. Mr Chong Chun Chieh (Resigned on 3 May 2021) – *Independent Director*

MEETINGS

The ARMC convened five (5) meetings for the financial year ended 31 January 2021. The details of their attendance are as follows:

ARMC Members	No. of Meetings attended
Mr Wong Mun Wai (Chairman)	5/5
Ms Lee Chai Bee	5/5
Mr Chong Chun Chien	5/5

The ARMC has met twice with the external auditor without presence of the Executive Board members.

Composition

The ARMC members were appointed by the Board of Directors ("Board") from among its members and fulfils the following requirements:

(a) the ARMC must be composed of no fewer than 3 members;
(b) all the ARMC members must be non-executive directors, with a majority of them being independent directors; and at least one member of the ARMC:

   (i) must be a member of the Malaysian Institute of Accountants; or
   (ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:
   - he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or
   - he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967.

   (iii) Fulfils such other requirements as prescribed or approved by the Bursa Malaysia Securities Berhad.

In the event of any vacancy in the ARMC resulting in the non-compliance of the abovementioned composition, the Board of Directors shall fill the vacancy within three (3) months of that event.

The members of the ARMC shall elect a chairperson from among their numbers who shall be an independent director.

AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**
(CONT'D)

MEETINGS (CONT'D)

Meetings

The Committee shall meet at least five (5) times a year. At least twice a year, the ARMC shall meet the external auditors without executive Board members present.

In addition, the chairperson may call a meeting of the Committee if requested to do so by any committee member, internal auditors or external auditors.

Two (2) members, who shall be independent and non-executive directors, shall constitute a quorum for meetings.

The Chief Financial Officer and the Head of Internal Audit shall normally attend meetings. The presence of external auditor or his representative may be requested, if required. Other Board members, employees and external independent professional advisers may attend meetings upon the invitation of the ARMC.

The Company Secretary shall act as secretary of the ARMC and shall be responsible for drawing up the agenda with the concurrence of the chairperson and circulating it, supported by relevant documentation to Committee members prior to each meeting.

The Secretary shall also be responsible for keeping the minutes of meetings of the ARMC and circulating them to the ARMC members and the Board.

Authority

The ARMC, wherever necessary and reasonable for the performance of its duties, has the following authority as empowered by the Board:

(a) have authority to investigate any matter within its terms of reference;
(b) have the resources which are required to perform its duties;
(c) have full and unrestricted access to any information pertaining to the Company or group;
(d) have direct communication channels with the external auditors and persons carrying out the internal audit function or activity;
(e) be able to obtain independent professional or other advice; and
(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the Company, whenever deemed necessary.

Functions of the Audit and Risk Management Committee

The ARMC shall, amongst others, discharge the following functions:

1. Review the following and report the same to the Board:

    (a) with the external auditor, the audit plan;
    (b) with the external auditor, his evaluation of the system of internal controls;
    (c) with the external auditor, his audit report;
    (d) the assistance given by the employees to the external auditor;
    (e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;
    (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

MEETINGS (CONT'D)

Functions of the Audit and Risk Management Committee (Cont'd)

The ARMC shall, amongst others, discharge the following functions: (Cont'd)

1. Review the following and report the same to the Board: (Cont'd)

   (g) the quarterly results and year end financial statements, prior to the approval by the Board, focusing particularly on:
   - changes in accounting policies and practices;
   - significant adjustments arising from the audit;
   - significant and unusual events or transactions;
   - significant judgement made by the management,
   - the going concern assumption; and
   - compliance with accounting standards and other legal requirements;

   (h) any related party transaction and conflict of interest situation that may arise within the Company or group including any transaction, procedure or course of conduct that raises questions of management integrity;

   (i) any letter of resignation from the external auditors; and

   (j) whether there is reason (supported by grounds) to believe that the company's external auditor is not suitable for re-appointment; and

2. recommend the nomination of a person or persons as external auditors, and review the audit fees.

SUMMARY OF ACTIVITIES OF THE AUDIT AND RISK MANAGEMENT COMMITTEE

The Audit Committee has discharged the following functions and duties during the financial year ended 31 January 2021:

- Reviewed the quarterly financial result announcements, highlighted issues where appropriate and recommended to the Board for approval;
- Reviewed the Group's annual audited financial statements and recommended to the Board for approval;
- Reviewed the external auditors' scope of work, proposed audit fees and audit plan for the year;
- Reviewed the external auditors' report and their audit findings;
- Assessed the Group's financial performance;
- Reviewed related party transactions within the Group;
- Reviewed and deliberated on issues raised in the audit reports by internal auditors in relation to weaknesses and recommendations in internal controls and management responses thereto; and
- Reviewed its roles, functions and responsibilities to conform amendments to the MMLR of Bursa Malaysia Securities Berhad and the Code.
- Reviewed the Risk Management Units' Reports.
- Reviewed and monitored the progress of the preparatory work of the implementation of Malaysian Financial Reporting Standard 9 ("MFRS 9") and Malaysian Financial Reporting Standard 15 ("MFRS 15") both of which come into effect from 1 January 2018 and Malaysian Financial Reporting Standard 16 ("MFRS 16") which come into effect from 1 January 2019.

AUDIT AND RISK MANAGEMENT **COMMITTEE REPORT**
(CONT'D)

SUMMARY OF ACTIVITIES OF INTERNAL AUDIT

The Board recognised the importance of the internal audit function and the independent status required for it to carry out its functions effectively. The internal audit functions has been outsourced to a professional services firm, Kloo Point Risk Management Services Sdn Bhd, which is tasked with the aim of assisting the ARMC in assessing risks, recommend measures to mitigate risks, establish cost effective controls and assess proper governance process.

- The firm has conducted ongoing review of the adequacy and effectiveness of the system of internal control based on the annual audit plan. The audit conducted including reviewing the extent of compliance with the established internal policies and procedures governing the operations of the Group. In undertaking each of the audit assignment, the internal auditor reviewed the risk management procedures with emphasis on major risk areas, performed relevant compliance and substantive audit procedures and reported his findings, recommendations and the response from the management to the Audit and Risk Management Committee in their quarterly reports.
- The internal auditor has, where necessary follow up on the implementation and satisfactory dispositions of all audit findings and recommendations on all previous audits. Some internal weaknesses were identified during the financial year under review, all of which has been or are being addressed by the management.
- The internal auditor constantly demonstrated the value of internal audit and the Audit and Risk Management Committee is aware of the skills and experience the internal audit function has and has suggested ways that is could add value to the Management as well as providing assurance to the audit committee.

The total costs incurred for the internal audit function for the Group for the financial year ended 31 January 2021 amounted to RM53,500.00

ADDITIONAL COMPLIANCE **INFORMATION**

The following information is provided in compliance with the Main Market Listing Requirements of the Bursa Malaysia Securities Berhad.

1. Audit and Non-Audit Fees

The details of the Group's audit and non-audit fees are as follows:-

No.	Particulars	Audit Fees (RM)	Non-Audit Fees (RM)
1.	Comintel Corporation Bhd	30,000.00	28,500.00
2.	Comintel Corporation Bhd Group	53,000.00	25,000.00
	Total	**83,000.00**	**53,500.00**

2. Variation in Results

There were no material variations between the audited results for the financial year ended 31 January 2021 and the unaudited results for the quarter ended 31 January 2021 of the Group.

3. Material Contracts

There were no material contracts entered into by the Company or any of its subsidiaries involving Directors' and major shareholders' interests, or relate to loan subsisting as at 31 January 2021 or entered into during the financial year ended 31 January 2021 except as disclosed in the Financial Statements as set out in this Annual Report.

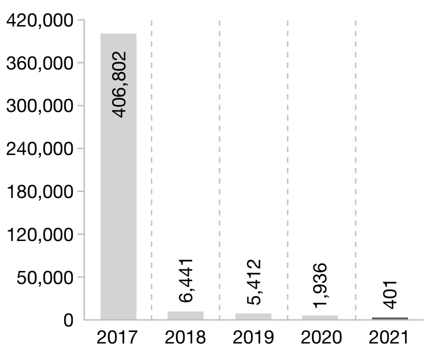
4. Recurrent Related Party Transactions of a Revenue or Trading Nature

The Recurrent Related Party Transactions of a Revenue or Trading Nature are disclosed in Note 29 to the Financial Statements of this Annual Report.

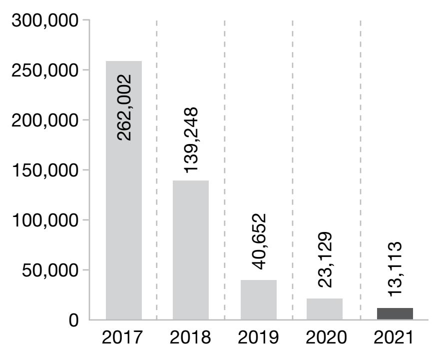
FINANCIAL **HIGHLIGHTS**

FINANCIAL YEAR	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Turnover	401	1,936	5,412	6,441	406,802
(Loss)/ Profit Before Taxation	(2,549)	14,532	(32,624)	49,035	18,464
(Loss)/ Profit For The Financial Year	(9,468)	12,502	(32,679)	(34,954)	17,077
(Loss)/ Profit Attributable To Owners Of The Company	(8,080)	14,266	(25,504)	(33,924)	17,691
Total Assets	13,113	23,129	40,652	139,248	262,002
Shareholders' Funds	8,657	24,229	9,287	97,718	132,243
(Loss)/ Earning Per Share (in sen)	(5.77)	10.19	(18.22)	(24.23)	12.64
Net Tangible Assets Per Share (in RM)	0.06	0.17	0.07	0.70	0.94

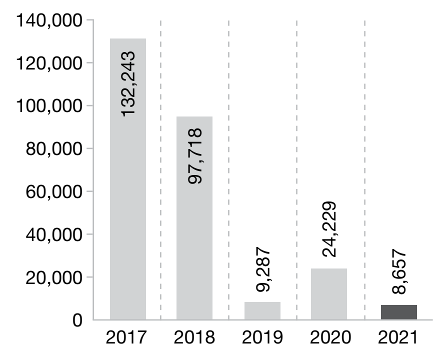
TURNOVER (RM'000)



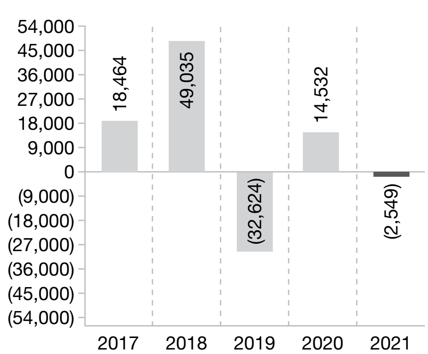
TOTAL ASSETS (RM'000)



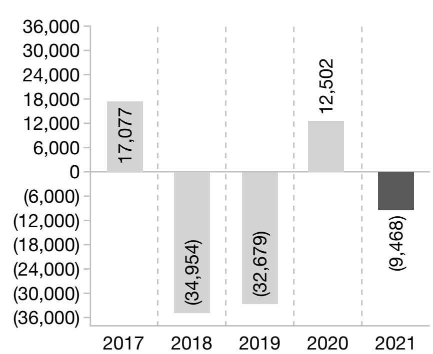
SHAREHOLDINGS' FUND (RM'000)



(LOSS)/ PROFIT BEFORE TAXATION (RM'000)



(LOSS)/ PROFIT FOR THE FINANCIAL YEAR (RM'000)



FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 January 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding. The principal activities of the subsidiaries are described in Note 8 to the financial statements.

FINANCIAL RESULTS

	GROUP RM'000	COMPANY RM'000
Loss for the financial year	(9,468)	(11,422)
Attributable to:		
Owners of the Company	(8,080)	(11,422)
Non-controlling interests	(1,388)	–
	(9,468)	(11,422)

In the opinion of the directors, the financial results of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature, other than those disclosed in the notes to the financial statements.

DIVIDENDS

The directors do not recommend any final dividend to be paid for the financial year ended 31 January 2021.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the financial year.

ISSUE OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

SHARE BUY-BACK

At the Annual General Meeting (AGM) of the Company held on 21 July 2020, the shareholders granted an authority for the share buy-back of up to 10% of the issued and paid-up share capital of the Company. This authority will expire and be renewed at the forthcoming AGM of the Company.

During the financial year, the Company has not purchased any of its own shares, retained its shares as treasury shares or cancelled its shares.

DIRECTORS

The directors of the Company who held office during the financial year until the date of this report are: -

Tan Sri Dato' Samshuri Bin Arshad	
Leng Keng Hok @ Lim Keng Hock	
Lee Chai Bee (f)	
Wong Mun Wai	
Lim Chee Hock	(Appointed on 11.01.2021)
Chong Chun Chieh	(Resigned on 03.05.2021)

In accordance with the Article 119 of the Constitution, Mr. Lim Chee Hock and Mr. Leng Keng Hok @ Lim Keng Hock retire by rotation from the Board of Directors at the forthcoming Annual General Meeting, and being eligible for re-election. Mr. Lim Chee Hock offer himself for re-election whereas Mr. Leng Keng Hok @ Lim Keng Hock did not offer himself for re-election.

DIRECTORS OF THE SUBSIDIARIES

The directors of the Company's subsidiaries who held office during the financial year until the date of this report, excluding those who are already listed above are:-

Barry Lim Seng Wang	
Djoko Winarno	
Kuan Yew Teck	
Yong Ket Chong	
Mohammad bin Abdul	
Lee Cheng Yong	
Teoh Kok Cheng	(Resigned on 01.12.2020)

DIRECTORS' **REPORT**
(CONT'D)

DIRECTORS' INTERESTS AND BENEFITS

During and at the end of the financial year, the Company was not a party to any arrangement whose object is to enable the directors to acquire benefits through the acquisition of shares in, or debentures of, the Company or any other body corporate.

The directors holding office at the end of the financial year and their beneficial interests in the ordinary shares of the Company and of its related corporations during the financial year ended 31 January 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 were as follow:

		Number of shares	
	At 1.2.2020	Acquired/ (Disposed)	At 31.1.2021
THE COMPANY			
Direct interest			
Tan Sri Dato' Samshuri Bin Arshad	500,000	–	500,000
Leng Keng Hok @ Lim Keng Hock	626,900	–	626,900
Lim Chee Hock	1,455,000	–	1,455,000
Lee Chai Bee (f)	30,000	–	30,000
Indirect interest			
Leng Keng Hok @ Lim Keng Hock	42,200,190	–	42,200,190
Lim Chee Hock	39,181,108	–	39,181,108

By virtue of their interests in the shares of the Company, the directors are also deemed to be interested in the shares of all the subsidiaries to the extent the Company has an 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.

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 remuneration received or due and receivable by directors shown in the notes to the financial statements or the fixed salary of a full time employee of the Company or of its related corporations) 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.

DIRECTORS' REMUNERATION

The directors' remuneration is disclosed in Note 29(e) to the financial statements.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given or insurance premiums 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 Group and of the Company.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 8 to the financial statements.

AUDITORS' REMUNERATION

The auditors' remuneration is disclosed in Note 24 and Note 27 to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:

- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts, and had satisfied themselves that there were no known bad debts to be written off and that adequate provision had been made for doubtful debts; and
- (ii) to ensure that the current assets which were unlikely to realise their value as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

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

- (i) which would require the write off of bad debts or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (iv) not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the Group's and the Company's financial statements misleading.

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

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

(d) In the opinion of the directors:

- (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due; and
- (ii) other than those disclosed in the notes to the financial statements, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to substantially affect the results of the operations of the Group and of the Company for the current financial year.

DIRECTORS' **REPORT**
(CONT'D)

AUDITORS

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

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

TAN SRI DATO' SAMSHURI BIN ARSHAD

LIM CHEE HOCK

Shah Alam
25 June 2021

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 JANUARY 2021

		GROUP		COMPANY	
	Note	2021 RM'000	2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
NON-CURRENT ASSETS					
Property, plant and equipment	6	7	24	7	9
Right-of-use assets	7	–	73	–	–
Investment in subsidiaries	8	–	–	8,570	6,070
Total non-current assets		7	97	8,577	6,079
CURRENT ASSETS					
Property, plant and equipment	6	–	3,255	–	–
Right-of-use assets	7	–	651	–	–
Other investments	9	36	11,160	36	8,424
Inventories	10	–	34	–	–
Trade receivables	11	47	649	–	–
Other receivables, deposits and prepayments	12	35	5,411	3,292	6,201
Contract costs	13	–	16	–	–
Short term deposits with financial institutions	14	–	426	–	–
Cash and bank balances	14	105	1,430	63	53
		223	23,032	3,391	14,678
Assets classified as held for sale	15	12,883	–	–	–
Total current assets		13,106	23,032	3,391	14,678
TOTAL ASSETS		13,113	23,129	11,968	20,757

STATEMENTS OF **FINANCIAL POSITION**
AS AT 31 JANUARY 2021
(CONT'D)

	Note	GROUP 2021 RM'000	GROUP 2020 RM'000 (Restated)	COMPANY 2021 RM'000	COMPANY 2020 RM'000
EQUITY					
Share capital	16	95,745	95,745	95,745	95,745
Reserves	17	(1,347)	(71)	–	–
Accumulated losses		(85,741)	(71,445)	(88,697)	(77,275)
		8,657	24,229	7,048	18,470
Non-controlling interests		(10,505)	(15,335)	–	–
TOTAL EQUITY		(1,848)	8,894	7,048	18,470
NON-CURRENT LIABILITY					
Lease liabilities	18	–	42	–	–
Total non-current liability		–	42	–	–
CURRENT LIABILITIES					
Lease liabilities	18	–	881	–	–
Bank borrowings	19	–	6,920	–	–
Other payables and accruals	20	4,952	6,383	4,920	2,287
Contract liabilities	21	191	4	–	–
Provision for taxation		–	5	–	–
		5,143	14,193	4,920	2,287
Liabilities classified as held for sale	15	9,818	–	–	–
Total current liabilities		14,961	14,193	4,920	2,287
TOTAL LIABILITIES		14,961	14,235	4,920	2,287
TOTAL EQUITY AND LIABILITIES		13,113	23,129	11,968	20,757

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

STATEMENTS OF PROFIT OR LOSS AND **OTHER COMPREHENSIVE INCOME**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

		GROUP		COMPANY	
		2021	2020	2021	2020
	Note	RM'000	RM'000	RM'000	RM'000
CONTINUING OPERATIONS					
Revenue	23	401	1,936	121	496
Cost of sales		(117)	(406)	–	–
Gross profit		284	1,530	121	496
Other income		34	24,637	34	42
Other operating expenses		(2,867)	(10,944)	(11,577)	(9,195)
Selling and distribution expenses		–	(30)	–	–
(Loss)/Profit from operations	24	(2,549)	15,193	(11,422)	(8,657)
Finance costs	25	–	(661)	–	–
(Loss)/Profit before taxation from continuing operations		(2,549)	14,532	(11,422)	(8,657)
Taxation	26	–	8	–	8
(Loss)/Profit after taxation from continuing operations		(2,549)	14,540	(11,422)	(8,649)
Post-tax loss from discontinued operations	27	(6,919)	(2,038)	–	–
(Loss)/Profit for the financial year		(9,468)	12,502	(11,422)	(8,649)

STATEMENTS OF PROFIT OR LOSS AND **OTHER COMPREHENSIVE INCOME**
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021
(CONT'D)

		GROUP		COMPANY	
		2021	**2020**	**2021**	**2020**
	Note	**RM'000**	**RM'000**	**RM'000**	**RM'000**
Other comprehensive income/ (expense)					
Items that are or may be reclassified subsequently to profit or loss					
Exchange difference arising from translation of foreign operations		9	(3)	–	–
Net (loss)/ profit and total comprehensive (expense)/ income for the financial year		(9,459)	12,499	(11,422)	(8,649)
Net (loss)/ profit attributable to:					
Equity holders of the Company					
- from continuing operations		(2,549)	16,304		
- from discontinued operations		(5,531)	(2,038)		
		(8,080)	14,266		
Non-controlling interests		(1,388)	(1,764)		
(Loss)/ Profit for the financial year		(9,468)	12,502		
Total comprehensive (expense)/ income attributable to:					
Equity holders of the Company		(8,073)	14,264		
Non-controlling interests		(1,386)	(1,765)		
Total comprehensive (expense)/ income for the financial year		(9,459)	12,499		
(Loss)/ Earning per ordinary share (sen)					
Basic	28				
- from continuing operations		(1.82)	11.65		
- from discontinued operations		(3.95)	(1.46)		
		(5.77)	10.19		

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

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

	Attributable to the owners of the Company						
	← Non-distributable		→	Distributable			
GROUP	**Share capital RM'000**	**Other reserves RM'000**	**Translation reserves RM'000**	**Accumulated losses RM'000**	**Total RM'000**	**Non-controlling interests RM'000**	**Total equity RM'000**
Balance as at 1.2.2019	95,745	–	687	(87,145)	9,287	(8,095)	1,192
Effect of adoption of MFRS 16	–	–	–	(3,989)	(3,989)	(52)	(4,041)
At 1.2.2019, as restated	95,745	–	687	(91,134)	5,298	(8,147)	(2,849)
Non-owner changes in equity							
Profit/ (Loss) for the financial year	–	–	–	14,266	14,266	(1,764)	12,502
Other comprehensive expense for the financial year	–	–	(2)	–	(2)	(1)	(3)
Total comprehensive income/ (expense) for the financial year	–	–	(2)	14,266	14,264	(1,765)	12,499
Transfer of translation reserve to retained earning	–	–	(756)	–	(756)	–	(756)
Deconsolidation of subsidiaries	–	–	–	5,423	5,423	(5,423)	–
Balance as at 31.1.2020/1.2.2020	95,745	–	(71)	(71,445)	24,229	(15,335)	8,894
Non-owner changes in equity							
Loss for the financial year	–	–	–	(8,080)	(8,080)	(1,388)	(9,468)
Other comprehensive income for the financial year	–	–	7	–	7	2	9
Total comprehensive expense for the financial year	–	–	7	(8,080)	(8,073)	(1,386)	(9,459)
Reconsolidation of subsidiaries	–	(1,283)	–	(6,216)	(7,499)	6,216	(1,283)
Balance as at 31.1.2021	95,745	(1,283)	(64)	(85,741)	8,657	(10,505)	(1,848)

STATEMENTS OF **CHANGES IN EQUITY**
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021
(CONT'D)

COMPANY	Non-distributable Share capital RM'000	Distributable Accumulated losses RM'000	Total equity RM'000
Balance as at 1.2.2019	95,745	(68,626)	27,119
Loss and total comprehensive expense for the financial year	–	(8,649)	(8,649)
Balance as at 31.1.2020/ 1.2.2020	95,745	(77,275)	18,470
Loss and total comprehensive expense for the financial year	–	(11,422)	(11,422)
Balance as at 31.1.2021	95,745	(88,697)	7,048

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

STATEMENTS OF **CASH FLOWS**

FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021

	GROUP		COMPANY	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
CASH FLOWS FROM OPERATING ACTIVITIES				
(Loss)/Profit before taxation from continuing operations	(2,549)	14,532	(11,422)	(8,657)
Pre-tax loss from discontinued operations	(6,919)	(2,038)	–	–
	(9,468)	12,494	(11,422)	(8,657)
Adjustments for:-				
Bad debt (recovered)/written off	(89)	905	–	–
Depreciation of property, plant and equipment	294	403	2	1
Depreciation of right-of-use assets	719	358	–	–
Finance costs	710	829	–	–
Impairment losses on property, plant and equipment	1,493	1,556	–	–
Impairment losses:				
- trade receivables	206	183	–	–
- other receivables, deposits and prepayments	188	14,959	9,059	7,713
Impairment losses no longer required:				
- trade receivables	(110)	–	–	–
- other receivables, deposits and prepayments	(27)	–	–	–
Interest income	(194)	(632)	(121)	(496)
Inventories written off	–	178	–	–
Loss on disposal of other investment	13	–	–	–
Unrealised capital loss/(gain) on other investment	7	(16)	–	–
Unrealised foreign exchange loss/(gain)	111	(201)	53	(42)
Operating (loss)/profit before working capital changes	(6,147)	31,016	(2,429)	(1,481)
Decrease in other investments	10,998	13,134	8,388	13,183
Increase in inventories	(18)	(43)	–	–
Decrease/(Increase) in trade receivables	528	(661)	–	–
Decrease/(Increase) in other receivables, deposits and prepayments	6,133	(20,298)	(13)	(4,923)
Increase in contract assets	(39)	–	–	–
Increase in contract costs	(303)	(16)	–	–
Decrease in trade payables	(546)	(1)	–	–
(Decrease)/Increase in other payables and accruals	(2,367)	2,398	2,633	2,241
Increase in contract liabilities	103	4	–	–
Increase in litigation losses	–	347	–	–
Cash generated from operations	8,342	25,880	8,579	9,020
Interest paid	(423)	(773)	–	–
Income tax paid	–	(32)	–	(32)
Net cash generated from operating activities	7,919	25,075	8,579	8,988

STATEMENTS OF **CASH FLOWS**
FOR THE FINANCIAL YEAR ENDED 31 JANUARY 2021
(CONT'D)

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
CASH FLOWS FROM INVESTING ACTIVITIES				
Cash outflow arising from deconsolidation	–	(23,854)	–	–
Cash inflow arising from reconsolidation	198	–	–	–
Cash outflow arising from discontinued operations	(3,922)	–	–	–
Interest income received	194	600	121	464
Proceeds from disposal of other investments	25	–	–	–
Investment in subsidiaries	–	–	(2,500)	(3,070)
Advances to subsidiaries	–	–	(6,190)	(6,322)
Purchase of property, plant and equipment	(72)	(251)	–	(10)
Net cash used in investing activities	(3,577)	(23,505)	(8,569)	(8,938)
CASH FLOWS FROM FINANCING ACTIVITIES				
Withdrawal of cash deposit pledged for banking facilities	426	–	–	–
Withdrawal of short term deposits pledged for banking facilities	2,456	–	–	–
Payment of lease liabilities	(1,351)	(578)	–	–
Placement of short term deposits pledged for banking facilities	–	(18)	–	–
Repayment of bank borrowings	(7,207)	(1,694)	–	–
Net cash used in financing activities	(5,676)	(2,290)	–	–
Effect on foreign exchange currency differences for foreign operations	9	(3)	–	–
NET (DECREASE)/ INCREASE IN CASH AND CASH EQUIVALENTS	(1,325)	(723)	10	50
CASH AND CASH EQUIVALENTS BROUGHT FORWARD	1,430	2,153	53	3
CASH AND CASH EQUIVALENTS CARRIED FORWARD (NOTE 14)	105	1,430	63	53

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

NOTES TO THE **FINANCIAL STATEMENTS**
31 JANUARY 2021

1. PRINCIPAL ACTIVITIES

The Company is principally engaged in investment holding.

The principal activities of the subsidiaries are described in Note 8 to the financial statements.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Basis of accounting

The financial statements of the Group and of the Company have been prepared under the historical cost convention and on a going concern basis.

The Group and the Company incurred a net loss of RM9,468,000 and RM11,422,000 respectively during the financial year ended 31 January 2021, and as at that date, the Group's and the Company's current liabilities exceeded its current assets by RM1,855,000 and RM1,529,000 respectively, thereby indicating the existence of a material uncertainty which may cast significant doubt on the Group's and the Company's ability to continue as a going concern.

These financial statements have been prepared on going concern basis as a major shareholder has agreed to provide adequate funds for the Group and for the Company to meet its liabilities as they fall due and to finance the working capital requirement of the Group and of the Company. The directors are therefore of the opinion that it is appropriate to prepare the financial statements on a going concern basis.

The preparation of financial statements requires the directors to make estimates and assumptions that affect the reported amount of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. In addition, the directors are also required to exercise their judgement in the process of applying the accounting policies. The areas involving such judgements, estimates and assumptions are disclosed in Note 5. Although these estimates and assumptions are based on the directors' best knowledge of events and actions, actual results could differ from those estimates.

3.2 Basis of consolidation

(a) Subsidiaries

A subsidiary is an entity controlled by the Group, i.e. the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its current ability to direct the entity's relevant activities (power over the investee).

The existence and effect of potential voting rights that the Group has the practical ability to exercise (i.e. substantive rights) are considered when assessing whether the Group controls another entity.

The Group's financial statements incorporate the results, cash flows, assets and liabilities of Comintel Corporation Bhd and all of its directly and indirectly controlled subsidiaries. Subsidiaries are consolidated from the effective date of acquisition, which is the date on which the Group effectively obtains control of the acquired business, until that control ceases.

NOTES TO THE **FINANCIAL STATEMENTS**
31 JANUARY 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (Cont'd)

(a) Subsidiaries (Cont'd)

The non-controlling interests in the net assets and net results of consolidated subsidiaries are shown separately in the consolidated statement of financial position and consolidated statement of profit or loss and other comprehensive income.

Total comprehensive income (i.e. profit or loss and each component of other comprehensive income) is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interest in a subsidiary that do not result in the Group losing control are accounted for as transactions with owners in their capacity as owners (i.e. equity transactions). The carrying amounts of the Group's and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

Upon loss of control of a subsidiary, the Group's profit or loss is calculated as the difference between (i) the fair value of the consideration received and of any investment retained in the former subsidiary and (ii) the previous carrying amount of the assets (including any goodwill) and liabilities of the subsidiary and any non-controlling interests.

Investment 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 excludes transaction costs.

(b) Translation of financial statements of foreign entities

The assets and liabilities of foreign operations are translated into RM using exchange rates at the reporting date. The components of shareholders' equity are stated at historical value.

Average exchange rates for the period are used to translate income and expense items of foreign operations. However, if exchange rates fluctuate significantly, the exchange rates at the dates of the transactions are used.

All resulting exchange differences are recognised in other comprehensive income and accumulated in currency translation reserve, a separate component of equity.

Any goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of that foreign operation and, as such, translated at the closing rate.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the parent company are reclassified to profit or loss. The cumulative amount of the exchange differences relating to that foreign operation that had been attributed to the non-controlling interests are derecognised, but without reclassification to profit or loss. The same applies in case of loss of control, joint control or significant influence.

On the partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of exchange differences accumulated in the separate component of equity are re-attributed to non-controlling interests (they are not recognised in profit or loss). For any other partial disposal of foreign entity (i.e. associates or jointly controlled entities without loss of significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Basis of consolidation (Cont'd)

(c) Business combinations

The Group applies the acquisition method to account for all acquired businesses, whereby the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values (with few exceptions as required by MFRS 3 *Business Combinations*).

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, the liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group.

Acquisition-related costs (e.g. finder's fees, consulting fees, administrative costs, etc.) are recognised as expenses in the periods in which the costs are incurred and the services are received.

On acquisition date, goodwill is measured as the excess of the aggregate of consideration transferred, any non-controlling interests in the acquiree, and acquisition-date fair value of the Group's previously held equity interest in the acquiree (if business combination achieved in stages) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

If, after appropriate reassessment, the amount as calculated above is negative, it is recognised immediately in profit or loss as a bargain purchase gain.

At acquisition date, non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. This choice of measurement is made separately for each business combination. Other components of non-controlling interests are measured at their acquisition-date fair values, unless otherwise required by MFRS.

The acquisition-date fair value of any contingent consideration is recognised as part of the consideration transferred by the Group in exchange for the acquiree. Changes in the fair value of contingent consideration that result from additional information obtained during the measurement period (maximum one year from the acquisition date) about facts and circumstances that existed at the acquisition date are adjusted retrospectively against goodwill. Other changes resulting from events after the acquisition date are adjusted at each reporting date, only when the contingent consideration is classified as an asset or a liability, and the adjustment is recognised in profit or loss.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss. If any, changes in the value of the Group's equity interest in the acquiree that have been previously recognised in other comprehensive income are reclassified to profit or loss, if appropriate had that interest been disposed of directly.

(d) Transactions eliminated on consolidation

All intragroup transactions, balances, income and expenses are eliminated in full on consolidation.

NOTES TO THE **FINANCIAL STATEMENTS**
31 JANUARY 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Property, plant and equipment

Property, plant and equipment are initially stated at cost. All property, plant and equipment are stated at cost less accumulated depreciation and 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 item and restoring the site on which they are located.

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

Depreciation of property, plant and equipment is calculated to write off the cost of the assets on a straight-line basis over the expected useful lives of the assets.

The useful economic life are as follows:

Leasehold buildings	16 years
Motor vehicles	5 years
Plant and machinery	5 to 16 years
Furniture, fittings and equipment	5 to 10 years

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

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 on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases

(a) 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 assesses 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 has 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 on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for leases of properties in which the Group is 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.

(b) Recognition and initial measurement

(i) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or 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 entities' incremental borrowing rate. Generally, the Group entities use their incremental borrowing rate as the discount rate.

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

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

NOTES TO THE **FINANCIAL STATEMENTS**
31 JANUARY 2021
(CONT'D)

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (Cont'd)

(b) Recognition and initial measurement (Cont'd)

(i) As a lessee (Cont'd)

The Group excludes 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 has 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 recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group has applied Amendment to MFRS 16 Leases – *COVID-19 Related Rent Concessions*. The Group applies the practical expedient allowing it not to assess whether eligible rent concessions that are a direct consequence of the COVID-19 pandemic are lease modifications. The Group applies the practical expedient consistently to contracts with similar characteristics and in similar circumstances. For rent concessions in leases to which the Group chooses not to apply the practical expedient, or that do not qualify for the practical expedient, the Group assesses whether there is a lease modification.

(ii) As a lessor

When the Group acts 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 makes 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 applies MFRS 15 to allocate the consideration in the contract based on the stand-alone selling prices.

When the Company is 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 Company applies the exemption described above, then it classifies the sublease as an operating lease.

(c) Subsequent measurement

(i) 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 right-of-use asset 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Leases (Cont'd)

(c) Subsequent measurement (Cont'd)

(i) As a lessee (Cont'd)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in 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 estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its 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.

(ii) As a lessor

The Group recognises lease payments received under operating leases as income on straight-line basis over the lease term as part of "revenue".

3.5 Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Inventories

Inventories are stated at the lower of cost and net realisable value after due provision is made for any obsolete or slow-moving items. Cost is determined on weighted average basis and is the aggregate cost of purchase and other incidentals incurred in bringing the inventories to their present condition and location.

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

3.7 Financial instruments

(a) Initial recognition and measurement

The Group and the Company recognise a financial asset or a financial liability in the statement of financial position when, and only when, an entity in the Group and the Company become a party to the contractual provisions of the instruments.

If a contract is a host financial liability or a non-financial host contract that contains an embedded derivative, the Group and the Company assess whether the embedded derivative shall be separated from the host contract on the basis of the economic characteristics and risks of the embedded derivative and the host contract at the date when the Group and the Company become a party to the contract. If the embedded derivative is not closely related to the host contract, it is separated from the host contract and accounted for as a stand-alone derivative. The Group and the Company do not make a subsequent reassessment of the contract unless there is a change in the terms of the contract that significantly modifies the expected cash flows or when there is a reclassification of a financial liability out of the fair value through profit or loss category. Embedded derivatives in host financial assets are not separated.

On initial recognition, all financial assets (including intra-group loans and advances) and financial liabilities (including intra-group payables and government loans at below market interest rates) are measured at fair value plus transaction costs if the financial asset or financial liability is not measured at fair value through profit or loss. For instruments measured at fair value through profit or loss, transaction costs are expensed to profit or loss when incurred.

(b) Derecognition of financial instruments

For derecognition purposes, the Group and the Company first determine whether a financial asset or a financial liability should be derecognised in its entirety as a single item or derecognised part-by-part of a single item or of a group of similar items.

A financial assets, whether as a single item or as a part, is derecognised when, and only when, the contractual rights to receive the cash flows from the financial asset expire, or when the Group and the Company transfer the contractual rights to receive cash flows of the financial asset, including circumstances when the Group and the Company act only as a collecting agent of the transferee, and retain no significant risks and rewards of ownership of the financial asset or no continuing involvement in the control of the financial asset transferred.

A financial liability is derecognised when, and only when, it is legally extinguished, which is either when the obligation specified in the contract is discharged or cancelled or expires. A substantial modification of the terms of an existing financial liability is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. For this purpose, the Group and the Company consider a modification as substantial if the present value of the revised cash flows of the modified terms discounted at the original effective interest rate is different by 10% or more when compared with the carrying amount of the original liability.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

(c) Regular-way purchases and sales of financial assets

The Group and the Company recognise a regular-way purchase or sale of a quoted equity or debt instrument at trade date, which is the date the purchase or sale transaction is entered into, rather than recognising the forward contract between trade date and settlement date.

(d) Financial assets

For the purpose of subsequent measurement, the Group and the Company classifies financial assets into three measurement categories, namely: (i) financial assets at amortised cost ("AC"); (ii) financial assets at fair value through other comprehensive income ("FVOCI") and (iii) financial assets at fair value through profit or loss ("FVPL"). The classification is based on the Group's and the Company's business model objective for managing the financial assets and the contractual cash flow characteristics of the financial instruments.

After initial recognition, the Group and the Company measure financial assets, as follow:

(i) Financial assets at AC

A financial asset is measured at amortised cost if: (a) it is held within the Group's and the Company's business objective to hold the asset only to collect contractual cash flows; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(ii) Financial assets at FVOCI

A financial asset is measured at FVOCI if: (a) it is held within the Group's and the Company's business objective to hold the asset both to collect contractual cash flows and selling the financial asset; and (b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest in principal outstanding.

(iii) Financial asset at FVPL

A financial asset is measured at FVPL if it is an equity investment, held for trading (including derivative assets) or if it does not meet any of the condition specified for the AC or FVOCI model.

Other than financial assets measured at fair value through profit or loss, all other financial assets are subject to review for impairment in accordance with Note 3.7(h).

(e) Financial liabilities

After initial recognition, the Group and the Company measure all financial liabilities at amortised cost using the effective interest method, except for:

(i) Financial liabilities at fair value through profit or loss (including derivatives that are liabilities) are measured at fair value.

(ii) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies. Paragraph 3.2.15 and 3.2.17 of MFRS 9 apply to the measurement of such financial liabilities.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

(e) Financial liabilities (Cont'd)

(iii) Financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial 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 of income recognised in accordance with the principles in MFRS 15 *Revenue from Contracts with Customers*.

(f) Fair value measurement

The fair value of a financial asset or a financial liability is determined by reference to the quoted market price in an active market, and in the absence of an observable market price, by a valuation technique as described in Note 3.22.

(g) Recognition of gains and losses

Fair value changes of financial assets and financial liabilities classified as at fair value through profit or loss are recognised in profit or loss when they arise.

For financial assets mandatorily measured at FVOCI, interest income (calculated using the effective interest rate method), impairment losses, and exchange gains or losses are recognised in profit or loss. All other gains or losses are recognised in other comprehensive income and retained in a fair value reserve. On derecognition of the financial assets, the cumulative gain or loss recognised in OCI is reclassified to profit or loss as a reclassification adjustment.

For financial assets and financial liabilities carried at amortised cost, interest income and interest expense are recognised in profit or loss using the effective interest method. A gain or loss is recognised in profit or loss only when the financial asset or financial liability is derecognised or impaired, and through the amortisation process of the instrument.

(h) Impairment of financial assets

The Group and the Company apply the expected credit loss ("ECL") model of MFRS 9 to recognise impairment losses of financial assets measured at amortised cost or at fair value through other comprehensive income. Except for trade receivables, a 12-month ECL is recognised in profit or loss on the date of origination or purchase of the financial assets. At the end of each reporting period, the Group and the Company assess whether there has been a significant increase in credit risk of a financial asset since its initial recognition or at the end of the prior period. Other than for financial assets which are considered to be of low risk grade, a lifetime ECL is recognised if there has been a significant increase in credit risk since initial recognition. For trade receivables, the Group and the Company have availed the exception to the 12-month ECL requirement to recognise only lifetime ECL.

The assessment of whether credit risk has increased significantly is based on quantitative and qualitative information that include financial evaluation of the creditworthiness of the debtors or issuers of the instruments, ageing of receivables, defaults and past due amounts, past experiences with the debtors, current conditions and reasonable forecast of future economic conditions. For operational simplifications: (a) a 12-month ECL is maintained for financial assets which investment grades that are considered as low credit risk, irrespective of whether credit risk has increased significantly or not; and (b) credit risk is considered to have increase significantly if payments are more than 30 days past due if no other borrower-specific information is available without undue cost or effort.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Financial instruments (Cont'd)

(h) Impairment of financial assets (Cont'd)

The ECL is measured using an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes, discounted for the time value of money and applying reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions, and forecast of future economic conditions. The ECL for a financial asset (when assessed individually) or a group of financial assets (when assessed collectively) is measured at the present value of the probability-weighted expected cash shortfalls over life of the financial asset or group of financial assets. When a financial asset is determined as credit-impaired (based on objective evidence of impairment), the lifetime ECL is determined individually.

For trade receivable, the lifetime ECL is determined at the end of each reporting period using a provision matrix. For each significant receivable, individual lifetime ECL is assessed separately. For significant receivables which are not impaired and for all other receivables, they are grouped into risk classes by type of customers and businesses, and the ageing of the receivables. Collective lifetime ECLs are determined using past loss rates, which are updated for effects of current conditions and reasonable forecasts for future economic conditions. In the event that the economic or industry outlook is expected to worsen, the past loss rates are increased to reflect the worsening economic conditions.

3.8 Contract assets and liabilities

Contract assets are the rights to consideration for work completed but not billed as the reporting date on the contracts. The contracts are transferred to the receivables when the rights become unconditional. The Group and the Company recognise revenue for each respective performance obligations when control of the product or service transfers to the customers.

The contract liabilities primarily relate to the advance consideration received from customers for which transfer of control has not occurred at year end, and therefore revenue is not recognised. The estimated transaction price does not include amounts of variable consideration that are constrained.

3.9 Contract costs

Cost to fulfil a contract

The Group and the Company recognise a contract cost that relate directly to a contract or to an anticipated contract as an asset when the cost generates or enhances resources of the Group and of the Company, will be used in satisfying performance obligations in the future and it is expected to be recovered.

3.10 Foreign currencies transactions and balances

Transactions denominated in foreign currencies are translated and recorded at the rates of exchange prevailing at the respective dates of transactions. At the end of each reporting period, foreign currency monetary assets and liabilities are retranslated into the functional currency using the exchange rates at the reporting date (i.e. the closing rate).

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the transaction (i.e. historical rate). Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.10 Foreign currencies transactions and balances (Cont'd)

Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit or loss (except for loans and advances that form part of the net investment in a foreign operation and transactions entered into in order to hedge foreign currency risks of net investments in foreign operations).

For loans and advances that form part of the net investment in a foreign operation, exchange differences are recognised in profit or loss in the separate financial statements of the parent Company and/ or the individual financial statements of the foreign operation. In the consolidated financial statements that include the foreign operation, the gain or loss recognised in profit or loss in the separate and/ or individual financial statements is reversed and recognised in the consolidated other comprehensive income and accumulated in an exchange translation reserve.

3.11 Disposal group held for sale

Disposal group held for sale represents an asset whose carrying amount will be recovered principally through a sale transaction rather than through continuing use. For this to be the case, the sale must be highly probable and the disposal group must be available for immediate sale in its present condition. The appropriate level of management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from its classification. Disposal groups held for sale are included in the statement of financial position at fair value less costs to sell, if this is lower than the previous carrying amount.

Once an asset is classified as held for sale or included in a group of assets held for sale, no further depreciation or amortisation is recorded.

3.12 Equity

(a) Share capital

Ordinary shares issued that carry no mandatory contractual obligation to deliver cash or another financial asset or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Group and the Company, are classified as equity instruments.

When ordinary shares and other equity instruments are issued in a public offering or in a rights issue to existing shareholders, they are recorded at the issue price.

When ordinary shares and other equity instruments are issued as consideration transferred in a business combination or as settlement of an existing financial liability, they are measured at fair value at a date of the exchange transaction.

Transaction costs of an equity transaction are accounted for as a deduction from retained profits in equity, net of any related income tax benefit.

(b) Dividend distribution

The Group and the Company establish a distribution policy whereby cash dividends can only be paid out of retained earnings. Other distributions, such as stock dividends and distribution in specie, may be paid out of any reserve to the extent that the utilisation is permitted by company laws and regulations.

Distributions to holders of an equity instrument are debited directly in equity, net of any related income tax benefit.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Equity (Cont'd)

(b) Dividend distribution (Cont'd)

A dividend declared is recognised as a liability only after it has been appropriately authorised, which is the date when the Board of Directors declares an interim dividend, or in the case of a proposed final dividend, the date the shareholders of the Company approve the proposed final dividend in an annual general meeting of shareholders. For a distribution of non-cash assets to owners, the Group and the Company measure the dividend payable at the fair value of the assets to be distributed.

3.13 Provisions

Where, at reporting date, the Group and the Company have a present obligation (legal or constructive) as a result of a past event and it is probable that the Group and the Company will settle the obligation, a provision is made in the statement of financial position. Provisions are made using best estimates of the amount required to settle the obligation and are discounted to present values using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. Changes in estimates are reflected in profit or loss in the period they arise.

Any reimbursement attributable to a recognised provision from a counter-party (such as an insurer) is not off-set against the provision but recognised separately as an asset when, and only when, the reimbursement is virtually certain.

3.14 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group and the Company do not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Group and the Company. The Group and the Company do not recognise contingent assets but disclose its existence where inflows of economic benefits are probable, but not virtually certain.

In the acquisition of subsidiaries by the Group under business combinations, contingent liabilities assumed are measured initially at their fair value at the acquisition date, irrespective of the extent of any non-controlling interest.

3.15 Employee benefits

(a) Short term employee benefits

Wages, salaries, social security contributions, paid annual leave, paid sick leave, bonuses and non-monetary benefits are recognised as an expense in the year when employees have rendered their services to the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised as an expense when employees render services that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

NOTES TO THE **FINANCIAL STATEMENTS**
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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Employee benefits (Cont'd)

(a) Short term employee benefits (Cont'd)

Bonuses are recognised as an expense when there is a present, legal or constructive obligation to make such payments, as a result of past events and when a reliable estimate can be made of the amount of the obligation.

(b) Defined contribution plan

As required by law, companies in Malaysia make contributions to the Employees' Provident Fund ("EPF"). The contributions are recognised as a liability after deducting any contribution already paid and as an expense in profit or loss in the period in which the employee render their services. Once the contributions have been paid, the Group and the Company have no further payment obligations.

3.16 Revenue recognition

(a) Revenue from contracts with customers

(i) Contract income

Revenue from contract income is recognised based on invoicing schedule directly related to the volume of work performed. Income is recognised progressively as work on the contract is completed. Provision is made for all anticipated losses, if any, on contract works.

(ii) Sales of goods

Revenue from sale of goods is recognised at a point of time when the control of the goods is passed to customers, which is the point in time when the significant risks and rewards are transferred to the customer and the transaction has met the probability of inflows and measurement reliability requirements of MFRS 15.

(iii) Supply of renewable energy

The Group sells electricity to Tenaga National Bhd. ("TNB") and the revenue is measured from the date of its last meter reading to the reporting period end.

The contract with TNB is for the supply of electricity in accordance to the tariff rates approved by Sustainable Energy Development Authority Malaysia.

The promise to supply electricity represents a promise to transfer a series of distinct goods that are substantially the same and that have the same pattern of transfer to TNB. The performance obligation to deliver electricity is satisfied over time as TNB simultaneously received and consumed the benefits provided by the Group's performance. Hence, electricity revenue is recognised over time by the Group when electricity is generated and delivered to TNB.

Generally, TNB billed on a monthly basis. As the amount at which the Group has a right to invoice, corresponds directly with the value to the TNB, the revenue from electricity sales is also recognised on a monthly basis. Payment should be made by TNB within 30 days from the date of the bill is issued.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue recognition (Cont'd)

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

The Group and the Company measure revenue from a sale of goods or a service transaction at the fair value of the consideration received or receivables, which is usually the invoice price, net of a trade discounts and volume rebates given to the customer. If the transaction price includes variable considerations, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range of possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

For a contract with separate performance obligations, the transaction price is allocated to the separate performance obligations on the relative stand-alone selling price basis. If the stand-alone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

(b) Interest income

Interest income is recognised on a time proportioned basis that reflects the effective yield.

(c) Rental income

Rental income from sub-leased property is recognised in profit or loss as other income.

3.17 Interest bearing loan and borrowings costs

(a) All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transactions costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost with any difference between cost and redemption value being recognised in the profit or loss over the period of the loans and borrowings using the effective interest method.

Interest relating to financial liabilities is reported within finance cost in the profit or loss.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve (12) months after the reporting date.

(b) Capitalisation of borrowing costs

Interest on borrowings to finance the purchase and development of a self-constructed qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) is included in the cost of the asset until such time as the assets are substantially ready for use or sale. Such borrowing costs are capitalised net of any investment income earned on the temporary investment of funds that are surplus pending such expenditure.

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.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES TO THE **FINANCIAL STATEMENTS**
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3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Income taxes

Tax currently payable is calculated using the tax rates in force or substantively enacted at the reporting date. Taxable profit differs from accounting profit either because some income and expenses are never taxable or deductible, or because the time pattern that they are taxable or deductible differs between tax law and their accounting treatment.

Using the statement of financial position liability method, deferred tax is recognised in respect of all temporary differences between the carrying value of assets and liabilities in the statement of financial position and the corresponding tax base, with the exception of goodwill not deductible for tax purposes and temporary differences arising on initial recognition of assets and liabilities that do not affect taxable or accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantially enacted by the reporting date.

Deferred tax assets are recognised only to the extent that the Group and the Company consider that it is probable (i.e. more likely than not) that there will be sufficient taxable profits available for the asset to be utilised within the same tax jurisdiction.

Unused tax credits do not include unabsorbed reinvestment allowances and unabsorbed investment tax allowances because the Group and the Company treat these as part of initial recognition differences.

Deferred tax assets and liabilities are offset only when there is a legally enforceable right to offset current tax assets against current tax liabilities, they relate to the same tax authority and the Group's and the Company's intention are to settle the amounts on a net basis.

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except if it arises from transactions or events that are recognised in other comprehensive income or directly in equity. In this case, the tax is recognised in other comprehensive income or directly in equity, respectively.

Since the Group is able to control the timing of the reversal of the temporary difference associated with interests in subsidiaries, associates and joint arrangements, a deferred tax liability is recognised only when it is probable that the temporary difference will reverse in the foreseeable future mainly because of a dividend distribution.

At present, no provision is made for the additional tax that would be payable if the subsidiaries in certain countries remitted their profits because such remittances are not probable, as the Group intends to retain the funds to finance organic growth locally.

In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are not discounted.

3.19 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares ("EPS").

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 convertible notes and share options granted to employees.

3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash and bank balances, deposits with licensed financial institutions, bank overdrafts and other short term, highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in fair value.

3.21 Operating segments

Segment reporting in the financial statements is presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to each operating segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide how to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

3.22 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. When measuring the fair value of an asset or a liability, the Group and the Company use market observable data to the extent possible. If the fair value of an asset or a liability is not directly observable, it is estimated by the Group and the Company (working closely with external qualified valuers) using valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs (e.g. by use of the market comparable approach that reflects recent transaction prices for similar items, discounted cash flow analysis, or option pricing models refined to reflect the issuer's specific circumstances). Inputs used are consistent with the characteristics of the asset/ liability that market participants would take into account.

Fair values are categorised into different levels in a fair value hierarchy based on the degree to which the inputs to the measurement are observable and the significance of the inputs to the fair value measurement in its entirety:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market date (unobservable inputs).

Transfers between levels of the fair value hierarchy are recognised by the Group and the Company at the end of the reporting period during which the change occurred.

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4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS

4.1 MFRSs, Amendments to MFRSs and Interpretations adopted

For the preparation of the financial statements, the following accounting standards, amendments and interpretations of the MFRS framework issued by the MASB are mandatory for the first time for the financial year beginning on or after 1 January 2020:

- Amendments to References to the Conceptual Framework in MFRS Standards
- Amendments to MFRS 3 *Business Combination – Definition of a Business*
- Amendments to MFRS 101 *Presentation of Financial Statements* and MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material*
- Amendments to MFRS 9 *Financial Instruments*, MFRS 139 *Financial Instruments: Recognition and Measurement* and MFRS 7 *Financial Instruments: Disclosures – Interest Rate Benchmark Reform*

During the financial year, the Group has early adopted the Amendment to MFRS 16 *Leases – COVID-19-Related Rent Concessions.*

The adoption of the above-mentioned accounting standards, amendments and interpretations have no significant impact on the financial statements of the Group and the Company other than as disclosed in notes to the financial statements.

4.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted

The following are accounting standards, amendments and interpretations of the MFRS framework that have been issued by the MASB but have not been adopted by the Group and the Company:

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2021

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

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 April 2021

- Amendment to MFRS 16 *Leases – COVID-19-Related Rent Concessions beyond 30 June 2021*

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2022

- Amendments to MFRS 3 *Business Combinations – Reference to the Conceptual Framework*
- Amendments to MFRS 116 *Property, Plant and Equipment – Proceeds before Intended Use*
- Amendments to MFRS 137 *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts– Cost of Fulfilling a Contract*
- Annual Improvements to MFRS Standards 2018–2020

4. ADOPTION OF MFRSs, AMENDMENTS TO MFRSs AND INTERPRETATIONS (CONT'D)

4.2 New/ Revised MFRSs, Amendments to MFRSs and Interpretations not adopted (Cont'd)

MFRSs, Amendments to MFRSs and Interpretations effective for annual periods beginning on or after 1 January 2023

- Amendments to MFRS 101 *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current*
- Amendments to MFRS 101 *Presentation of Financial Statements – Disclosure of Accounting Policies*
- Amendments to MFRS 108 *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Accounting Estimates*

MFRSs, Amendments to MFRSs and Interpretations effective a date yet to be confirmed

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

The directors anticipate that the above-mentioned accounting standards, interpretations and amendments will be adopted by the Group and the Company when they become effective from the annual period beginning on 1 February 2021 for those accounting standards, interpretations and amendments that are effective for annual periods beginning on or after 1 January 2021.

MFRS 17 *Insurance Contracts* and Amendments to MFRS 17 *Insurance Contracts* have not been taken into consideration because they are not applicable to the Group and the Company.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

In preparing its financial statements, the Group and the Company have made significant judgements, estimates and assumptions that impact on the carrying value of certain assets and liabilities, income and expenses as well as other information reported in the notes. The Group and the Company periodically monitor such estimates and assumptions and makes sure they incorporate all relevant information available at the date when financial statements are prepared. However, this does not prevent actual figures differing from estimates.

The judgements made in the process of applying the Group's and the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements, and estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

5.1. Coronavirus ("COVID-19") pandemic

Judgement has been exercised in considering the impacts that the coronavirus ("COVID-19") pandemic has had, or may have, on the Group and the Company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the Group and the Company operate. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the Group and the Company unfavourably as at the reporting date or subsequently as a result of the COVID-19 pandemic.

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5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

5.2. Depreciation of property, plant and equipment and right-of-use assets

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment and right-of-use assets are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

It is possible that changes in the expected level of usage and technological development in the future may affect the estimated useful life of certain plant and machinery of the Group.

5.3. Impairment loss on property, plant and equipment

The Group and the Company assess whether there is any indication of impairment for property, plant and equipment and perform impairment assessment when such indicator exist.

In the previous financial year, the management had temporarily halted the production activities of a subsidiary in conversion of waste-to-energy division due to disruption of waste supply. The management was of the view that in the event they have to sell the plant, they will require 3 years to find a buyer for the plant. Accordingly, based on the management estimation, the property, plant and equipment was further impaired by one third of its carrying amount of RM4,845,000 as at 31 January 2020.

Following a review of the current operation of the subsidiary in conversion of waste-to-energy division, there is no major production activities noted. Therefore, the identified property, plant and equipment was further impaired by half of its carrying amount of RM2,985,000 as at 31 January 2021.

5.4. Loss allowances of financial assets

The Group and the Company recognise impairment losses for trade receivables under the expected credit loss model. Individually significant trade receivables are tested for impairment separately by estimating the cash flows expected to be recoverable. All others are grouped into credit risk classes and tested for impairment collectively, using the Group's and the Company's past experience of loss statistics, ageing of past due amounts and current economic trends. The actual eventual losses may be different from the allowance made and this may affect the Group's and the Company's financial positions and results.

5.5. Classification of financial assets

The Group and the Company use its business model objectives as a basis to classify financial assets for subsequent measurements. The objectives of the Group and the Company in managing investments in equity and debt instruments include those held for trading, managing for fair value changes and managing to collect contractual cash flows that are solely payments of principal and interest on principal. Management uses its judgement to determine the classification of each investment at the date of purchase on the basis of the Group's and the Company's business model objectives. Investment in the same debt or equity instruments need not necessarily be classified in the same category for subsequent measurement.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

5.6. Measurement of lease liabilities and right-of-use assets

The measurement of a lease liability and the corresponding right-of-use asset includes in-substance fixed payments, variable lease payments linked to an inflation-related index or rate, estimates of lease term, option to purchase, payments under residual value guarantee and penalties for early termination. The actual payments may not coincide with these estimates. The Group reassesses the lease liability for any change in the estimates and a corresponding adjustment is made to the right-of-use asset.

5.7. Income tax and deferred tax estimation

Management judgement is required in determining the provision for income taxes, deferred tax assets and liabilities and the extent to which deferred tax assets can be recognised. There are transactions and computations for which the ultimate tax determination may be different from the initial estimate.

The Group and the Company recognise 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 provision in the period in which such determination is made.

Deferred tax assets are recognised for all unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available against which the tax losses and capital allowances 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 timing and level of future taxable profits together with future tax planning strategies.

5.8. Fair value measurement

Some of the Group's and the Company's assets and liabilities are measured at fair value for financial reporting purposes. In estimating the fair value of an asset or a liability, the Group and the Company use market-observable data to the extent it is available. Where Level 1 inputs are not available (e.g. for unquoted investments), the Group and the Company work closely with external qualified valuers who perform the valuation, based on agreed appropriate valuation techniques and inputs to the model (e.g. use of the market comparable approach that reflects recent transaction prices for similar instruments, discounted cash flow analysis, option pricing models refined to reflect the issuer's specific circumstances). Prices determined then by the valuers are used by the Group and the Company without adjustment.

Changes in the fair value of assets and liabilities and their causes are quarterly analysed by the management of the Group and of the Company. Such valuations require the Group and the Company to select among a range of different valuation methodologies and to make estimates about expected future cash flows and discount rates.

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6. PROPERTY, PLANT AND EQUIPMENT

GROUP 2021	Building on leasehold land RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 February 2020	3,539	19,598	1,055	170	24,362
Additions	–	–	66	6	72
Reconsolidation of subsidiaries	–	7,617	7,997	580	16,194
Transfer to assets held for sale	(3,539)	(26,713)	(8,860)	(756)	(39,868)
Disposals/Write offs	–	(502)	(246)	–	(748)
Exchange differences	–	–	(2)	–	(2)
At 31 January 2021	–	–	10	–	10
Accumulated depreciation					
At 1 February 2020	380	2,115	862	145	3,502
Charge for the financial year	32	204	32	26	294
Reconsolidation of subsidiaries	–	7,617	7,763	556	15,936
Transfer to assets held for sale	(412)	(9,434)	(8,407)	(727)	(18,980)
Disposals/Write offs	–	(502)	(246)	–	(748)
Exchange differences	–	–	(1)	–	(1)
At 31 January 2021	–	–	3	–	3
Accumulated impairment losses					
At 1 February 2020	2,727	14,709	145	–	17,581
Charge for the financial year	200	1,285	8	–	1,493
Reconsolidation of subsidiaries	–	–	180	–	180
Transfer to assets held for sale	(2,927)	(15,994)	(333)	–	(19,254)
At 31 January 2021	–	–	–	–	–
Net carrying amount					
At 31 January 2021	–	–	7	–	7

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

GROUP 2020	Building on leasehold land RM'000	Plant and machinery RM'000	Furniture, fittings and equipment RM'000	Motor vehicles RM'000	Total RM'000
Cost					
At 1 February 2019	3,539	27,020	9,395	1,016	40,970
Additions	–	195	56	–	251
Deconsolidation of subsidiaries	–	(7,617)	(8,397)	(846)	(16,860)
Exchange differences	–	–	1	–	1
At 31 January 2020	3,539	19,598	1,055	170	24,362
Accumulated depreciation					
At 1 February 2019	331	9,431	9,101	906	19,769
Charge for the financial year	49	301	16	37	403
Deconsolidation of subsidiaries	–	(7,617)	(8,256)	(798)	(16,671)
Exchange differences	–	–	1	–	1
At 31 January 2020	380	2,115	862	145	3,502
Accumulated impairment losses					
At 1 February 2019	2,513	13,333	240	46	16,132
Charge for the financial year	216	1,387	12	–	1,615
Reversal of impairment	(2)	(11)	–	(46)	(59)
Deconsolidation of subsidiaries	–	–	(107)	–	(107)
At 31 January 2020	2,727	14,709	145	–	17,581
Net carrying amount					
At 31 January 2020	432	2,774	48	25	3,279

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

	Furniture, fittings and equipment RM'000	**Total RM'000**
COMPANY		
2021		
Cost		
At 1 February 2019	–	–
Additions	10	10
At 31 January 2020/ 31 January 2021	10	10
Accumulated depreciation		
At 1 February 2019	–	–
Charge for the financial year	1	1
At 31 January 2020/ 1 February 2020	1	1
Charge for the financial year	2	2
At 31 January 2021	3	3
Net carrying amount		
At 31 January 2020	9	9
At 31 January 2021	7	7

	GROUP		**COMPANY**	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Non-current	7	24	7	9
Current	–	3,255	–	–
	7	3,279	7	9

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

(a) During the financial year, the Group and the Company purchased property, plant and equipment under the following categories:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash	72	251	–	10

(b) As at the financial year end, the carrying amount of property, plant and equipment under lease arrangements for the Group is as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Motor vehicles	–	5

(c) Comintel Green Technologies Sdn. Bhd.'s ("CGT") building on leasehold land and its plant, machinery and equipment have been charged to the financial institutions as disclosed in Note 19.

CGT has made full loan settlement during the financial year and CGT is in the midst of discharging the said asset from registrar.

(d) Impairment of property plant and equipment

In previous financial year, the management had temporarily halted the production activities of CGT due to disruption of waste supply. The management was of the view that in the event they have to sell the plant, they will require 3 years to find a buyer for the plant. Accordingly, based on the management estimation, the property, plant and equipment was further impaired by one third of its carrying amount of RM4,845,000 as at 31 January 2020.

Following a review of the current operation of the subsidiary in conversion of waste-to-energy division, there is no major production activities noted. Therefore, the identified property, plant and equipment was further impaired by half of its carrying amount of RM2,985,000 as at 31 January 2021.

NOTES TO THE **FINANCIAL STATEMENTS**

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7. RIGHT-OF-USE ASSETS

GROUP 2021	Freehold land RM'000	Leasehold land RM'000	Office building RM'000	Total RM'000
Cost				
At 1 February 2019	–	1,009	4,282	5,291
Additions	–	–	97	97
Deconsolidation of subsidiaries	–	–	(4,282)	(4,282)
At 31 January 2020/ 1 February 2020	–	1,009	97	1,106
Additions	47	–	–	47
Reconsolidation of subsidiaries	–	–	4,014	4,014
Transfer to assets held for sale	(47)	(1,009)	(4,111)	(5,167)
At 31 January 2021	–	–	–	–
Accumulated depreciation				
At 1 February 2019	–	298	190	488
Charge for the financial year	–	60	298	358
Deconsolidation of subsidiaries	–	–	(464)	(464)
At 31 January 2020/ 1 February 2020	–	358	24	382
Charge for the financial year	6	60	653	719
Reconsolidation of subsidiaries	8	–	1,463	1,471
Transfer to assets held for sale	(14)	(418)	(2,140)	(2,572)
At 31 January 2021	–	–	–	–
Net carrying amount				
At 31 January 2020	–	651	73	724
At 31 January 2021	–	–	–	–

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

	GROUP 2021 RM'000	GROUP 2020 RM'000
Non-current	–	73
Current	–	651
	–	724

At the end of the reporting period, the Group leases a leasehold land and rental of an office building.

(a) Short-term leases and low value assets

For short-term leases with lease term of 12 months or less and for leases of low-value assets of less than RM21,000, the Group has availed the exemption in MFRS 16 not to recognise the right-of-use assets and lease liabilities. Instead, payments made for these leases are recognised as expense when incurred as mentioned in Note 24 and Note 27.

(b) Significant judgements and assumptions in relation to leases

The Group applied judgement and assumptions in determining the incremental borrowing rate of the respective leases. Group entities first determine the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

(c) Sale and leaseback

In 2014, the Group sold one of its office building and leased the building back for 8 years. The Group has an option to repurchase the building not less than the prevailing market value of the building at any time during the lease term. This sale and lease back transaction enables the Group to access more capital while continuing to use the office building. As at the end of the financial year, the office building was classified as held for sale.

8. INVESTMENT IN SUBSIDIARIES

	COMPANY 2021 RM'000	COMPANY 2020 RM'000
Unquoted shares, at cost	44,528	44,528
Less: Impairment losses	(39,528)	(39,528)
	5,000	5,000
Contribution to a subsidiary	3,570	1,070
	8,570	6,070

The contribution to a subsidiary has no fixed term of repayment.

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8. INVESTMENT IN SUBSIDIARIES (CONT'D)

The particulars of subsidiaries are as follow:

Name of company	Country of incorporation	Effective interest 2021 %	Effective interest 2020 %	Principal activities
Held by the Company				
Comintel Sdn. Bhd.*	Malaysia	100	–	Turnkey engineering design and integration, programme management, installation and commissioning as well as investment holding.
Comintel Green Technologies Sdn. Bhd. [@ ^]	Malaysia	70	50.6	Carrying out business in renewable and green technology products and other energy efficient solutions.
Green Waste Management Sdn. Bhd.	Malaysia	100	100	Provision of engineering, procurement, construction and program management services for green waste management and waste-to-energy solution.
Comintel System Technologies Sdn. Bhd.	Malaysia	100	100	Turnkey engineering design and integration, programme management, installation, commissioning and comprehensive after sales service support.
PT. Intelcom Indonesia [#]	Indonesia	80	80	Turnkey engineering design and integration, programme management, installation and commissioning as well as carrying out the business in renewable and green technology products and other energy efficient solutions.
Total Package Work Sdn. Bhd. [* a]	Malaysia	100	–	Turnkey engineering design and integration, programme management, installation, commissioning and comprehensive after sales service support.
Comintel (HK) Limited [+ * a]	Hong Kong	100	–	Trading of electronic, engineering and telecommunication equipment and the provision of related services. During the financial year, the company remained dormant.
Comintel Mobility Sdn. Bhd. [* a]	Malaysia	100	–	Turnkey engineering design and integration, programme management, installation, commissioning and comprehensive after sales service support.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Name of company	Country of incorporation	Effective interest 2021 %	Effective interest 2020 %	Principal activities
Held through Comintel Sdn. Bhd.				
Comintel Tech Services Sdn. Bhd. *	Malaysia	100	–	Electronic systems testing and repair, development of test programs and provision of integrated logistic support.

* On 17 April 2019, the Group lost control in Comintel Sdn. Bhd. ("Comintel") and its subsidiaries as Comintel was wound up by court order. Subsequently, on 17 June 2020, the Group gained back its control in Comintel and its subsidiaries as the termination on the winding up of Comintel was granted by court order.

@ The financial statements of Comintel Green Technologies Sdn. Bhd. ("CGT") are prepared on break-up basis.

^ The Group's effective interest in CGT was reduced from 70% to 50.6% with effect from 17 April 2019 as Comintel holds 19.4% interest in CGT. Subsequently on 17 June 2020, the Group's effective interest in CGT was reinstated from 50.6% to 70% due to the reconsolidation of Comintel.

The financial statements of PT. Intelcom Indonesia was not audited as the company is not required to submit their annual financial statements to the Indonesian's Ministry of Trade.

+ The financial statements of Comintel (HK) Limited was unaudited as Hong Kong legislation does not require the accounts to be audited if it is dormant.

[a] On 22 July 2020, the Company entered into a reorganisation agreement amongst its subsidiaries, where Comintel had agreed to transfer the entire shares of Total Package Work Sdn. Bhd. ("TPW"), Comintel (HK) Limited ("CHK") and Comintel Mobility Sdn. Bhd. ("CMSB") to the Company resulting TPW, CHK and CMSB become the wholly owned subsidiaries of the Company.

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(CONT'D)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries

The Group has material non-controlling interests ("NCI") as follows:

	Comintel Green Technologies Sdn. Bhd.	PT. Intelcom Indonesia	Total
2021			
NCI percentage of ownership interest and voting interest	30%	20%	
	RM'000	**RM'000**	**RM'000**
Carrying amount of NCI	(10,453)	(52)	(10,505)
Loss allocated to NCI	(1,365)	(23)	(1,388)

Summarised financial information before intra-group elimination:

As at 31 January			
Non-current assets	–	4	4
Current assets	2,244	1,938	4,182
Current liabilities	(37,090)	(2,201)	(39,291)
Net liabilities	(34,846)	(259)	(35,105)
Revenue	16	25	41
Loss for the financial year	(3,865)	(117)	(3,982)
Total comprehensive expense	(3,865)	(109)	(3,974)
Net cash generated from/ (used in):			
- Operating activities	6,650	(416)	6,234
- Investing activities	–	(2)	(2)
- Financing activities	(6,610)	–	(6,610)
Net increase/ (decrease) in cash and cash equivalents	40	(418)	(378)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Non-controlling interests in subsidiaries (cont'd)

	Comintel Green Technologies Sdn. Bhd.	PT. Intelcom Indonesia	Total
2020			
NCI percentage of ownership interest and voting interest	49.4%	20%	
	RM'000	**RM'000**	**RM'000**
Carrying amount of NCI	(15,305)	(30)	(15,335)
Loss allocated to NCI	(1,747)	(17)	(1,764)

Summarised financial information before intra-group elimination:

As at 31 January			
Non-current assets	–	5	5
Current assets	4,453	2,558	7,011
Current liabilities	(35,434)	(2,713)	(38,147)
Net liabilities	(30,981)	(150)	(31,131)
Revenue	9	157	166
Loss for the financial year	(3,866)	(85)	(3,951)
Total comprehensive expense	(3,866)	(87)	(3,953)
Net cash generated from/ (used in):			
- Operating activities	1,970	339	2,309
- Investing activities	(206)	–	(206)
- Financing activities	(1,764)	(1,130)	(2,894)
Net decrease in cash and cash equivalents	–	(791)	(791)

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8. INVESTMENT IN SUBSIDIARIES (CONT'D)

DECONSOLIDATION OF SUBSIDIARIES

In the previous financial year, on 17 April 2019, Shah Alam High Court allowed the winding up petition and that Comintel Sdn. Bhd. ("Comintel") was wound up under the provision of the Companies Act 2016. The Company lost control over Comintel and its subsidiaries on the same date. Accordingly, the Group deconsolidated Comintel and its subsidiaries by derecognising their related assets, liabilities and non-controlling interests.

The deconsolidation had the following effect on the Group's assets and liabilities.

	GROUP 2020 RM'000
Identifiable assets and liabilities deconsolidated	
Property, plant and equipment	82
Right-of-use assets	3,818
Other investments	343
Trade receivables	586
Other receivables, deposits and prepayments	2,305
Tax recoverable	566
Short term deposits with financial institutions	2,768
Cash and bank balances	1,115
Lease liabilities	(7,526)
Bank borrowing	(717)
Trade payables	(788)
Other payables and accruals	(907)
Amount due to holding company	(13,222)
Litigation liability	(23,605)
Provision for warranty	(99)
Provision for taxation	(641)
Net liabilities deconsolidated	(35,922)
Add: Reversal of impairment on amount due from Comintel Sdn. Bhd.	13,222
Add: Transfer of translation reserve	(756)
Gain on deconsolidation	(23,456)
Net cash and cash equivalents disposed of	(398)
Net cash outflow	(23,854)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

RECONSOLIDATION OF SUBSIDIARIES

Subsequently, on 17 June 2020, the Shah Alam High Court granted the termination of winding up on Comintel and the Company gained back its' control over Comintel and its subsidiaries on the same date. Accordingly, the Group reconsolidated Comintel and its subsidiaries by recognising their related assets, liabilities and non-controlling interests.

The reconsolidation had the following effect on the Group's assets and liabilities.

	GROUP 2021 RM'000
Identifiable assets and liabilities reconsolidated	
Property, plant and equipment	78
Right-of-use assets	2,543
Other investments	343
Trade receivables	607
Other receivables, deposits and prepayments	3,176
Tax recoverable	566
Short term deposits with financial institutions	2,855
Cash and bank balances	971
Lease liabilities	(5,434)
Bank borrowing	(773)
Trade payables	(1,267)
Other payables and accruals	(1,457)
Contract liabilities	(105)
Amount due to holding company	(18,510)
Net liabilities reconsolidated	(16,407)
Add: Impairment on amount due from Comintel Sdn. Bhd.	15,124
Reserve on reconsolidation	(1,283)
Net cash and cash equivalents acquired	198

9. OTHER INVESTMENTS

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current				
Investments in unit trusts	36	11,160	36	8,424

NOTES TO THE **FINANCIAL STATEMENTS**
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10. INVENTORIES

	GROUP 2021 RM'000	GROUP 2020 RM'000 (Restated)	GROUP 2019 RM'000
At cost and net realisable value:			
Finished goods	–	45	2,135
Less: Inventories written off	–	(11)	(1,966)
	–	34	169
Less: Allowance for inventories obsolescence for finished goods			
At beginning of the financial year	–	–	(1,674)
Write back of allowance for inventories obsolescence	–	–	1,674
At end of the financial year	–	–	–
Total inventories	–	34	169
Recognised in profit or loss:			
Inventories recognised as cost of sales	117	395	747
Inventories written off	–	11	1,966
Write back of allowance for inventories obsolescence	–	–	(1,674)

11. TRADE RECEIVABLES

	GROUP 2021 RM'000	GROUP 2020 RM'000
Third parties	47	575
Amount due from a related company	–	549
	47	1,124
Less: Accumulated individual loss allowances		
At beginning of the financial year	(475)	(629)
Impairment loss for the financial year	(206)	(183)
Impairment loss no longer required	110	–
Exchange differences	14	(8)
Transfer to assets held for sale	1,025	–
Reconsolidation of subsidiaries	(468)	–
Deconsolidation of subsidiaries	–	345
At end of the financial year	–	(475)
	47	649

11. TRADE RECEIVABLES (CONT'D)

The currency profile of trade receivables is as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Ringgit Malaysia	47	649

The Group's normal trade credit terms range from Cash on Delivery ("COD") to 90 days (2020: COD to 90 days). Other credit terms are assessed and approved on a case-by-case basis.

12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables	8	161	–	–
Deposits	2	41	15	–
Amount due from a related company	–	18,136	–	18,136
Amount due from subsidiaries	–	–	51,474	27,201
	10	18,338	51,489	45,337
Less: Accumulated individual loss allowances				
At beginning of the financial year	(15,065)	(121)	(39,165)	(31,452)
Impairment loss for the financial year	–	(14,944)	(9,059)	(7,713)
Impairment loss no longer required	27	–	–	–
Transfer to assets held for sale	102	–	–	–
Reconsolidation of subsidiaries	14,934	–	–	–
At end of the financial year	(2)	(15,065)	(48,224)	(39,165)
	8	3,273	3,265	6,172
Prepayments	27	3,253	27	29
Less: Accumulated individual loss allowance				
At beginning of the financial year	(1,115)	(1,100)	–	–
Impairment loss for the financial year	–	(15)	–	–
Exchange differences	1	–	–	–
Transfer to assets held for sale	1,114	–	–	–
At end of the financial year	–	(1,115)	–	–
	27	2,138	27	29
	35	5,411	3,292	6,201

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12. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

(a) Amounts due from a related company, related parties and subsidiaries

The amounts due from a related company, related parties and the subsidiaries are unsecured, interest free and repayable on demand.

(b) The currency profile of other receivables, deposits and prepayments are as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	35	3,347	3,292	6,201
US Dollar	–	33	–	–
Euro Dollar	–	21	–	–
Indonesia Rupiah	–	2,010	–	–
	35	5,411	3,292	6,201

13. CONTRACT COSTS

	GROUP		
	2021 RM'000	2020 RM'000 (Restated)	2019 RM'000
Cost to fulfil a contract	–	16	–

Costs to fulfil a contract represents advance payment to suppliers which are amortised to cost of sales when the related revenues are recognised.

14. CASH AND CASH EQUIVALENTS

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Short term deposits with financial institutions	–	426	–	–
Cash and bank balances	105	1,430	63	53
	105	1,856	63	53
Less:				
Cash deposit pledged	–	(426)	–	–
Total cash and cash equivalents	105	1,430	63	53

14. CASH AND CASH EQUIVALENTS (CONT'D)

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

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	105	883	63	53
Indonesia Rupiah	–	547	–	–
	105	1,430	63	53

Reconciliation of liabilities arising from financing activities:

	GROUP				
	Continuing operations			Discontinued operations	
	Bank facilities RM'000	Term loan RM'000	Lease liabilities RM'000	Lease liabilities RM'000	Total debts RM'000
Balance at 1 February 2019	–	8,558	919	8,011	17,488
Cash flows:					
Addition of lease liabilities	–	–	97	–	97
Interest accrued	–	56	–	–	56
Outflows of repayments	–	(1,694)	(27)	(4)	(1,725)
Payment of rental expense	–	–	(66)	(481)	(547)
Deconsolidation of subsidiaries	–	–	–	(7,526)	(7,526)
Balance at 31 January 2020/ 1 February 2020	–	6,920	923	–	7,843
Cash flows:					
Addition of lease liabilities	–	–	47	–	47
Interest accrued	–	287	–	–	287
Outflows of repayments	(773)	(7,207)	(18)	–	(7,998)
Payment of rental expense	–	–	(1,333)	–	(1,333)
Reconsolidation of subsidiaries	773	–	5,434	–	6,207
Transfer to liabilities held for sale	–	–	(5,053)	–	(5,053)
Balance at 31 January 2021	–	–	–	–	–

Short term deposits and cash deposit with financial institutions

Cash deposit amounting to RM NIL (2020: RM426,000) has been pledged to financial institution for the banking facilities made available to the Group (Note 19).

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15. DISPOSAL GROUP HELD FOR SALE

On 22 July 2020, the Company entered into a conditional share sale agreement with Allied Technologies Group Sdn. Bhd. for the proposed disposal of the following companies:

(a) 100% equity interest in Comintel Sdn. Bhd., a wholly owned subsidiary of the Company for a cash consideration of RM10;

(b) 100% equity interest in Green Waste Management Sdn. Bhd., a wholly owned subsidiary of the Company for a cash consideration of RM970,000;

(c) 100% equity interest in Comintel System Technologies Sdn. Bhd., a wholly owned subsidiary of the Company for a cash consideration of RM10;

(d) 80% equity interest in PT Intelcom Indonesia, a subsidiary of the Company for a cash consideration of RM10; and

(e) 50.6% equity interest in Comintel Green Technologies Sdn. Bhd., a subsidiary of the Company for a cash consideration of RM29,970 (collectively referred to as "Proposed Disposal Companies").

The assets and liabilities of the Proposed Disposal Companies are presented as a disposal group held for sale as at 31 January 2021. The assets and liabilities of the disposal group are as follow:

	Note	GROUP 2021 RM'000
Assets classified as held for sale		
Property, plant and equipment	a	1,634
Right-of-use assets	b	2,595
Other investments		426
Inventories	c	67
Receivables, deposits and prepayments	d	3,274
Tax recoverable		566
Short term deposits with licensed banks		399
Cash and bank balances		3,922
		12,883
Liabilities classified as held for sale		
Lease liabilities		(5,053)
Payables and accruals		(4,760)
Provision for taxation		(5)
		(9,818)

The carrying value of property, plant and equipment of the disposal group is the same as its carrying value before it was being reclassified to current assets.

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15. DISPOSAL GROUP HELD FOR SALE (CONT'D)

	GROUP 2021 RM'000
Note a	
Property, plant and equipment held for sale comprise the following:	
Cost	39,868
Accumulated depreciation	(18,980)
Accumulated impairment loss	(19,254)
	1,634
Note b	
Right-of-use assets held for sale comprise the following:	
Cost	5,167
Accumulated depreciation	(2,572)
	2,595

Note c
The inventories held for sale comprise finished goods and are carried at cost.

Note d
Receivables are carried at cost less an impairment loss of RM2,241,000.

16. SHARE CAPITAL

	GROUP/COMPANY			
	2021		2020	
	Number of ordinary shares '000	Amount RM'000	Number of ordinary shares '000	Amount RM'000
Issued and fully paid:				
At 1 February/ 31 January	140,000	95,745	140,000	95,745

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17. RESERVES

	GROUP Other reserve RM'000	Translation reserve RM'000	Total RM'000
At 1 February 2019	–	687	687
Realisation of translation reserve	–	(756)	(756)
Translation reserve	–	(2)	(2)
At 31 January 2020/ 1 February 2020	–	(71)	(71)
Reconsolidation of subsidiaries	(1,283)	–	(1,283)
Translation reserve	–	7	7
At 31 January 2021	(1,283)	(64)	(1,347)

(a) Other reserve resulted from difference between the carrying value of the investments in subsidiaries and the acquired net assets as book value of the subsidiaries upon consolidation under the merger accounting principles.

(b) Translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency. It is also used to record the exchange differences arising from monetary items which form part of the Group's net investment in foreign operations, where the monetary item is denominated in either the functional currency of the reporting entity or the foreign operation.

18. LEASE LIABILITIES

(a) Lease liabilities

	GROUP 2021 RM'000	2020 RM'000
Future lease payment payable:		
- Not later than one year	–	1,417
- Later than one year and not later than five years	–	45
	–	1,462
Less: Future interest charges	–	(539)
Present value of lease liabilities	–	923
Repayable as follows:		
Current		
- Not later than one year	–	881
Non-current		
- Later than one year and not later than five years	–	42
	–	923

18. LEASE LIABILITIES (CONT'D)

(b) Cash outflows for leases as a lessee

	GROUP		COMPANY
	2021 RM'000	2020 RM'000	2021 RM'000
Included in net cash from operating activities:			
- Payment relating to short-term leases	(247)	(452)	(18)
- Payment relating to leases of low-value assets	(32)	(27)	–
- Interest paid in relation to lease liabilities	(414)	(246)	–
Included in net cash from financing activities:			
- Payment of lease liabilities	(1,351)	(578)	–
Total cash outflows for leases	(2,044)	(1,303)	(18)

(c) Short-term leases and low-value assets

	GROUP	
	2021 RM'000	2020 RM'000
Future commitment for lease payment:		
- Not later than one year	–	536
- Later than one year and not later than five years	–	42

The Group leases office spaces and office equipment with contract terms of 1 to 5 years. These leases are short-term and/or leases of low-value assets. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

19. BANK BORROWINGS

	GROUP	
	2021 RM'000	2020 RM'000
Short term borrowings		
Term loan	–	6,920
Total bank borrowings	–	6,920

Maturity of bank borrowings as at reporting date is as follows:

Payable within one year	–	6,920

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(CONT'D)

19. BANK BORROWINGS (CONT'D)

The term loan is secured as follows:

(a) first rank fixed and floating charge over Comintel Green Technologies Sdn. Bhd.'s (a 50.6% owned subsidiary held by the Company and 19.4% held by Comintel Sdn. Bhd.) ("CGT") present and future assets;
(b) 60% of the loan is guaranteed by Credit Guarantee Corporation Berhad;
(c) assignment of all rights, interest and benefits of CGT and the proceeds from the sale of electricity in respect of the Renewable Energy Power Purchase Agreement ("REPPA");
(d) corporate guarantee by the Company for RM14.5 million;
(e) first party first legal charge over the lease of the project site; and
(f) memorandum of cash deposit of RM426,000 for the Financing Service Reserve Account (Note 14).

CGT has made full loan settlement during the financial year and CGT is in the midst of discharging the said asset from registrar.

At end of the reporting period, the weighted average effective interest rates for bank borrowings were as follows:

	GROUP	
	2021	**2020**
	% p.a.	**% p.a.**
Term loan	–	9.3

20. OTHER PAYABLES AND ACCRUALS

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Other payables	1,476	1,285	1,467	924
Accruals	266	269	238	153
Amount due to a shareholder	2,000	1,650	2,000	–
Amounts due to directors	1,210	1,341	1,210	1,210
Amount due to a subsidiary company	–	–	5	–
Amount due to related companies	–	1,838	–	–
	4,952	6,383	4,920	2,287

(a) Amount due to a shareholder

The amount due to a shareholder is unsecured, repayable within two (2) months from the date of agreement dated 11 February 2021 at the rate of 2.5% per annum (2020: unsecured, interest free and repayable on demand). The shareholder had granted an extension to the Company for a further period of six (6) months.

(b) Amount due to directors and related companies

The amounts due to directors and related companies are unsecured, interest free and repayable on demand.

20. OTHER PAYABLES AND ACCRUALS (CONT'D)

(c) The currency profile of other payables and accruals are as follows:

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Ringgit Malaysia	4,943	5,150	4,915	2,287
Indonesia Rupiah	–	1,233	–	–
HK Dollar	9	–	5	–
	4,952	6,383	4,920	2,287

21. CONTRACT LIABILITIES

		GROUP	
	2021 RM'000	2020 RM'000 (Restated)	2019 RM'000
Contract liabilities	191	4	–

Contract liabilities represent the timing differences in revenue recognition and the milestones billings. The milestone billings are structured and/ or negotiated with customers to reflect the physical completion of the contracts.

The movement in contract liability is as follows:-

		GROUP	
	2021 RM'000	2020 RM'000 (Restated)	2019 RM'000
At the beginning of the financial year	4	–	–
Consideration received or receivables	208	4	–
Performance obligation satisfied – revenue recognised	(4)	–	–
Transfer to liabilities held for sale	(17)	–	–
At the end of the financial year	191	4	–

Contract liabilities primarily relate to the advance consideration received from customers for which transfer of control has not occur at year end, and therefore revenue is not recognised. The estimated transaction price does not include amounts of variable consideration that are constrained.

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22. PROVISION FOR WARRANTY

	GROUP	
	2021 RM'000	2020 RM'000
At beginning of the financial year	–	99
Deconsolidation of subsidiaries	–	(99)
At end of the financial year	–	–

The Group provides warranties on certain products with an undertaking to repair or replace items that fail to perform satisfactorily. This provision is made for products under warranty at the end of the reporting period based on past experience on the levels of repairs and returns and industry averages for defective products.

23. REVENUE

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from contracts with customers				
- Sales of goods and services	280	1,440	–	–
Revenue from other sources:				
- Interest income	121	496	121	496
	401	1,936	121	496
Timing of revenue recognition:				
- At a point in time	121	1,927	121	496
- Over time	280	9	–	–
	401	1,936	121	496

24. (LOSS)/ PROFIT FROM OPERATIONS

The (loss)/ profit from continuing operations are stated after charging/ (crediting):

	GROUP		COMPANY	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Auditors' remuneration:				
- current year	36	52	30	25
- under provision in prior year	7	42	7	17
Depreciation of property, plant and equipment	2	399	2	1
Depreciation of right-of-use assets	–	84	–	–
Expenses relating to short-term leases	–	452	18	–
Expenses relating to leases of low-value assets	–	21	–	–
Impairment losses on property, plant and equipment	–	1,556	–	–
Impairment losses on trade receivables	–	183	–	–
Impairment losses on other receivables, deposits and prepayments	188	14,959	9,059	7,713
Interest income	–	(110)	–	–
Inventories written off	–	11	–	–
Realised loss on foreign exchange	–	7	–	–
Subsidy income	(34)	–	(34)	–
Unrealised capital gain on other investment	–	(16)	–	–
Unrealised loss/ (gain) on foreign exchange	48	(201)	53	(42)

(a) Employee information

	GROUP		COMPANY	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Staff cost				
Salaries, allowances, overtime and wages	791	3,393	653	628
Defined contribution plan	91	301	77	76
Social security contributions	10	33	8	9
Other benefits	1	8	1	–
	893	3,735	739	713

25. FINANCE COSTS

	GROUP	
	2021 RM'000	**2020 RM'000**
Term loan interest	–	573
Interest on lease liabilities	–	88
	–	661

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26. TAXATION

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax expense				
- current financial year	–	4	–	4
- overprovision in previous financial year	–	(12)	–	(12)
	–	(8)	–	(8)

A reconciliation of the statutory tax rate to the effective tax rate applicable to the (loss)/ profit before taxation is as follows:

	GROUP		COMPANY	
	2021	**2020**	**2021**	**2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
(Loss)/ Profit before taxation	(2,549)	14,532	(11,422)	(8,657)
Tax at applicable statutory tax rate of 24% (2020: 24%) for the Group and the Company	(612)	3,488	(2,741)	(2,078)
Tax effects in respect of:				
Non-taxable income	(1,857)	(5,832)	(29)	(125)
Non-allowable expenses	58	930	2,770	2,207
Deferred tax assets not recognised in the financial statements	2,387	1,421	–	–
Utilisation of deferred tax assets previously not recognised	(1)	(4)	–	–
Others	25	1	–	–
	–	4	–	4

As at 31 January 2021, the Group has the following deferred tax assets which are not recognised in the financial statements due to uncertainty in the availability of future taxable income:

GROUP	**Unabsorbed capital allowances RM'000**	**Unabsorbed tax losses RM'000**	**Total RM'000**
As at 1 February 2020	3,144	4,338	7,482
Addition	719	1,667	2,386
Reconsolidation of subsidiaries	107	9,174	9,281
Discontinued operations	(3,901)	(14,039)	(17,940)
31 January 2021	69	1,140	1,209

26. TAXATION (CONT'D)

As at 31 January 2021, the Group has unabsorbed capital allowance and unabsorbed tax losses of approximately RM286,000 and RM4,751,000 (2020: RM13,100,000 and RM18,077,000) respectively, which are available to set off against future chargeable income.

The unabsorbed tax losses are available indefinitely for offset against future taxable profits except for the tax losses which will expire in the following financial years:

	GROUP 2021 RM'000
Year of assessments	
2025	1,140

27. DISCONTINUED OPERATIONS

(a) Proposed Disposed Companies

On 22 July 2020, the Company entered into a conditional share sale agreement with Allied Technologies Group Sdn. Bhd. for the proposed disposal of the Proposed Disposed Companies following the Company's strategic decision to focus on the system integration and maintenance services industry as its core business, to monetise its loss-making subsidiaries and to enhance its operational efficiency. Thus, the Proposed Disposed Companies is classified as discontinued operations for the financial year ended 31 January 2021.

The analysis of the single net profit presented in profit or loss is as follows:

	2021 RM'000
Revenue	1,637
Cost of sales	(631)
Gross profit	1,006
Other operating income	1,180
Other operating expenses	(8,395)
Loss from discontinued operations	(6,209)
Finance costs	(710)
Loss before tax from discontinued operations	(6,919)
Taxation	–
Net loss of discontinued operations	(6,919)

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27. DISCONTINUED OPERATIONS (CONT'D)

(a) Proposed Disposed Companies (Cont'd)

The loss from discontinued operations are stated after charging/ (crediting):

	2021 RM'000
Auditors' remuneration:	
- current year	32
- under provision in prior year	3
Bad debts recovered	(89)
Depreciation of property, plant and equipment	292
Depreciation of right-of-use assets	719
Expenses relating to short-term leases	247
Expenses relating to leases of low-value assets	32
Loss on disposal of other investment	13
Impairment losses on property, plant and equipment	1,493
Impairment losses on trade receivables	206
Impairment losses no longer required:	
- trade receivables	(110)
- other receivables, deposits and prepayments	(27)
Income from subleasing right-of-use assets	(903)
Interest income	(73)
Interest on lease liabilities	414
Others interest charges	9
Realised loss on foreign exchange	21
Subsidy income	(144)
Term loan interest	287
Unrealised capital loss on other investment	7
Unrealised loss on foreign exchange	63

(i) Employee information

	2021 RM'000
Staff cost	
Salaries, allowances, overtime and wages	3,263
Defined contribution plan	291
Social security contributions	31
Other benefits	10
	3,595

27. DISCONTINUED OPERATIONS (CONT'D)

(b) Loss of control

In previous financial year, the Group discontinued partial of its system integration and maintenance business as a result of loss of control in Comintel Sdn. Bhd. and its subsidiaries.

The analysis of the single net profit presented in profit or loss is as follows:

	2020 RM'000
Revenue	949
Cost of sales	(480)
Gross profit	469
Other operating income	668
Other operating expenses	(3,007)
Loss from discontinued operations	(1,870)
Finance costs	(168)
Loss before tax from discontinued operations	(2,038)
Taxation	–
Net loss of discontinued operations	(2,038)

The loss from discontinued operations are stated after charging/ (crediting):

	2020 RM'000
Auditors' remuneration	10
Bad debts written off	905
Depreciation of property, plant and equipment	4
Depreciation of right-of-use assets	274
Expenses relating to leases of low-value assets	6
Income from subleasing right-of-use assets	(375)
Interest income	(26)
Interest on lease liabilities	158
Inventories written off	167
Litigation losses	205
Others interest charges	10
Realised loss on foreign exchange	1
Unrealised gain on foreign exchange	(10)

NOTES TO THE **FINANCIAL STATEMENTS**
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(CONT'D)

27. DISCONTINUED OPERATIONS (CONT'D)

(b) Loss of control (Cont'd)

(i) Employee information

	2020 RM'000
Staff cost	
Salaries, allowances, overtime and wages	649
Defined contribution plan	85
Social security contributions	8
Other benefits	1
	743

28. (LOSS)/ EARNING PER ORDINARY SHARE

The calculation of basic and diluted (loss)/ earning per ordinary share is based on the net loss of RM8,080,000 (2020: net profit of RM14,266,000) attributable to owners of the Company over the weighted average number of 140,000,000 ordinary shares in issue during the financial year.

The diluted (loss)/ earning per ordinary share of the Group is equal to the basic (loss)/ earning per ordinary share as the Group does not have any material potential dilutive ordinary shares in issue.

29. RELATED PARTY DISCLOSURE

For the purpose of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decision, or vice versa, or where the Group or the Company and the party are subject to common control.

Related parties may be individuals or other entities. The Group and the Company have related party relationships with directors, key management personnel and companies in which certain directors have substantial financial interest.

29. RELATED PARTY DISCLOSURE (CONT'D)

Significant related party transactions

Related party transactions have been entered into in the normal course of business under normal trade terms. The significant related party transactions of the Group and of the Company are as follows:

		GROUP		COMPANY	
		2021	**2020**	**2021**	**2020**
		RM'000	**RM'000**	**RM'000**	**RM'000**
(a)	*Holding company*				
	Rental expense to a subsidiary	18	–	18	–
(b)	*Subsidiaries*				
	Management fee income from sub-subsidiary	–	(15)	–	–
	Promotion expenses to a related company	–	25	–	–
	Reimbursement of project income from a related company	–	(549)	–	–
	Rental expense to a related company	674	405	–	–
	Rental income from holding company	(18)	–	–	–
	Rental income from related companies	(674)	–	–	–
	Rental income from a sub-subsidiary	(108)	(24)	–	–
(c)	*Sub-subsidiaries*				
	Management fee expenses	–	15	–	–
	Rental expenses to a subsidiary	108	24	–	–
(d)	*Related party*				
	Security services provided by Gallant Guard Services Sdn. Bhd., a firm in which a director has financial interest	105	101	–	–
(e)	*Compensation of key management personnel*				
	Executives Directors:				
	- salaries and other emoluments	584	637	220	–
	Non-Executives Directors:				
	- fees	120	129	120	120
	- salaries and other emoluments	41	19	41	19
		745	785	381	139

Apart from the Group's directors, there are no other key management personnel having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly.

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30. SEGMENTAL INFORMATION

The Group comprises the following main business segments:

(a)	System Integration and Maintenance Services	The provision of turnkey engineering design and integration, program management, installation, commissioning and the provision of electronic systems testing and repair.
(b)	Green Waste Management and Conversion of Waste-to-Energy	The provision of engineering, procurement, construction and program management services for green waste management and waste-to-energy solution, carrying out business in renewal and green technology products and other energy efficient solutions.
(c)	Investment Holding	The provisions of investment in subsidiaries and other investments.

The Group's operations are substantially in Malaysia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of the customers. Segment assets are also based on the geographical location of assets.

	Continuing operations		
	System Integration and Maintenance Services RM'000	**Investment Holding RM'000**	**Consolidated RM'000**
31 January 2021			
Revenue from external customers	280	121	401
Segment results	(16)	(2,533)	(2,549)
Finance costs	–	–	–
Loss before taxation	(16)	(2,533)	(2,549)
Taxation	–	–	–
Post-tax loss from discontinued operations	–	(6,919)	(6,919)
Loss for the financial year	(16)	(9,452)	(9,468)
Assets			
Segment total assets	95	135	230
Liabilities			
Segment total liabilities	228	4,915	5,143
Other information			
Capital expenditure	–	–	–
Depreciation of property, plant and equipment	–	2	2

30. SEGMENTAL INFORMATION (CONT'D)

	Discontinued operations		
	System Integration and Maintenance Services RM'000	**Green Waste Management and Conversion of Waste-to-Energy RM'000**	**Consolidated RM'000**
31 January 2021			
Revenue from external customers	1,621	16	1,637
Segment results	(2,734)	(3,475)	(6,209)
Finance costs	(345)	(365)	(710)
Loss before taxation	(3,079)	(3,840)	(6,919)
Taxation	–	–	–
Loss for the financial year	(3,079)	(3,840)	(6,919)
Assets			
Segment total assets	10,446	2,437	12,883
Liabilities			
Segment total liabilities	7,119	2,699	9,818
Other information			
Capital expenditure	72	–	72
Depreciation of property, plant and equipment	33	259	292

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30. SEGMENTAL INFORMATION (CONT'D)

	← Continuing operations			→	Discontinued operations
	System Integration and Maintenance Services RM'000	Green Waste Management and Conversion of Waste-to-Energy RM'000	Investment Holding RM'000	Consolidated RM'000	System Integration and Maintenance Services RM'000
31 January 2020					
Revenue from external customers	1,431	9	496	1,936	949
Segment results	(2,415)	(3,190)	20,798	15,193	(1,870)
Finance costs	(5)	(656)	–	(661)	(168)
(Loss) / Profit before taxation	(2,420)	(3,846)	20,798	14,532	(2,038)
Taxation	–	–	8	8	–
Post-tax loss from subsidiaries due to loss in control	–	–	(2,038)	(2,038)	–
(Loss) / Profit for the financial year	(2,420)	(3,846)	18,768	12,502	(2,038)
Assets					
Segment total assets	4,224	7,191	11,714	23,129	–
Liabilities					
Segment total liabilities	1,780	10,168	2,287	14,235	–
Other information					
Capital expenditure	11	206	10	227	24
Depreciation of property, plant and equipment	3	395	1	399	4

30. SEGMENTAL INFORMATION (CONT'D)

Geographical segments

For the financial year ended 31 January 2021, the geographical segments of the Group are as follow:

	Malaysia RM'000	Overseas RM'000	Consolidated RM'000
31 January 2021			
Continuing operations			
Revenue from external customers	401	–	401
Segment assets by locations of assets	230	–	230
Discontinued operations			
Revenue from external customers	1,612	25	1,637
Segment assets by locations of assets	10,941	1,942	12,883
Capital expenditure by locations of assets	70	2	72
31 January 2020			
Continuing operations			
Revenue from external customers	1,779	157	1,936
Segment assets by locations of assets	20,566	2,563	23,129
Capital expenditure by locations of assets	227	–	227
Discontinued operations			
Revenue from external customers	949	–	949
Capital expenditure by locations of assets	24	–	24

31. CONTINGENT LIABILITIES

	GROUP 2021 RM'000	GROUP 2020 RM'000
Bank guarantees given to financial institutions in favour of third parties	83	–

	COMPANY 2021 RM'000	COMPANY 2020 RM'000
Corporate guarantees given to financial institutions for credit facilities granted to:		
- subsidiaries	137,200	14,500
- a former subsidiary	–	122,700
	137,200	137,200

NOTES TO THE **FINANCIAL STATEMENTS**
31 JANUARY 2021
(CONT'D)

31. CONTINGENT LIABILITIES (CONT'D)

As at reporting date, no values were ascribed on guarantees provided by the Company to secure banking facilities described above as the directors regard the value of the credit enhancement provided by these guarantees as minimal and the probability of default based on historical track records of the parties receiving the guarantees are remote.

The validity of the facilities was expired on 29 October 2020 and the Group has yet to uplift the facility as at year end.

32. MATERIAL LITIGATION

On 17 June 2020, the Shah Alam High Court had granted the termination on the winding up of Comintel Sdn Bhd in which the Liquidator shall cease to hold office as Comintel Sdn Bhd's Liquidator and the Directors shall resume their full authorities and rights as directors prior to the Winding Up Order dated 17 April 2019.

33. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the financial assets and financial liabilities of the Group and of the Company in the statements of financial position by the classes and categories of financial instruments to which they are assigned by their measurement basis.

	GROUP		COMPANY	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Assets				
Financial assets at fair value through profit or loss				
Investments in unit trusts	36	11,160	36	8,424
Financial assets at amortised cost				
Trade receivables	47	649	–	–
Other receivables and deposits	8	3,273	3,265	6,172
Short term deposits with financial institutions	–	426	–	–
Cash and bank balances	105	1,430	63	53
	160	5,778	3,328	6,225
Total financial assets	196	16,938	3,364	14,649
Liabilities				
Financial liabilities at amortised cost				
Lease liabilities	–	923	–	–
Bank borrowings	–	6,920	–	–
Other payables and accruals	4,952	6,383	4,920	2,287
Total financial liabilities	4,952	14,226	4,920	2,287

34. FINANCIAL RISK MANAGEMENT

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

(a) Credit risk
(b) Liquidity risk
(c) Market risk

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables and the Company's exposure to credit risk arises primarily from loans and advances to subsidiaries and financial guarantees given. For other financial assets (investment in securities and cash and cash equivalents), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

(i) Receivables

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Normally credit evaluations are performed on customers requiring credit over a certain amount. As at end of the reporting period, the maximum exposure to credit risk arising from receivables is represented by the carrying amounts in the statements of financial position.

Management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group.

When an account is more than 30 days past due, the credit risk is considered to have increased significantly since the initial recognition. The Group identifies as a default account if it is more than 90 days past due and the customer is having significant financial difficulties (analysed by financial measures of reported losses, negative cash flows, and qualitative evaluation of the customer's characteristics). The Group classifies an impaired receivable when a customer is in default, in liquidation or other financial reorganisation.

For each significant receivable that is credit-impaired, individual lifetime ECL is recognised using the probability of default technique. The inputs used are: (i) the percent chance of default, and (ii) the expected cash shortfalls. The lifetime ECL is measured at the probability-weighted expected cash shortfalls by reference to the Group's past experience, current conditions and forecast of future economic benefits.

For significant receivables that are not individually credit-impaired and all other receivables, the Group uses a provision matrix that categorise the different risk classes (low risk, medium risk and high risk) and the ageing profiles. The collective lifetime ECLs are measured based on the Group's past lost rate experiences, current conditions and forecast of future economic conditions. The past lost rates are adjusted upward in the measurement in worsening current conditions and forecasts of future macroeconomic conditions.

A receivable is written off only if there is no reasonable expectation of recovery. This is when an account is 365 days past due or the customer is experiencing significant financial difficulties, undertaking financial reorganisation or has gone bankrupt.

NOTES TO THE **FINANCIAL STATEMENTS**
31 JANUARY 2021
(CONT'D)

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (Cont'd)

(i) Receivables (Cont'd)

Concentration of credit risk

The Group assesses concentrations of credit risk by exposure to single-large customers, industry sectors and overseas jurisdictions.

As at the end of the reporting date, the Group does not have any major concentration of credit risk related to any individual customer or counterparty.

Past due and impaired financial assets

The ageing analysis of the Group's trade receivables is as follows:

	Gross amount RM'000	Impairment RM'000	Net amount RM'000
31 January 2021			
Not past due	47	–	47
1 to 30 days past due	–	–	–
31 to 60 days past due	–	–	–
61 to 90 days past due	–	–	–
91 to 120 days past due	–	–	–
More than 121 days past due	–	–	–
	–	–	–
	47	–	47
31 January 2020			
Not past due	78	–	78
1 to 30 days past due	554	(110)	444
31 to 60 days past due	2	–	2
61 to 90 days past due	91	–	91
91 to 120 days past due	28	–	28
More than 121 days past due	371	(365)	6
	1,046	(475)	571
	1,124	(475)	649

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Credit risk (Cont'd)

(ii) Financial guarantees

The Company provides unsecured financial guarantees to banks in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis of the results of the subsidiaries and repayment made by the subsidiaries.

The maximum exposure to credit risk amounts to RM NIL (2020: RM6,920,000) representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period.

As at end of the reporting date, there was no indication that any subsidiary would default on repayment.

The financial guarantee has not been recognised since the fair value on initial recognition was not material.

(iii) Inter-company balances

The Company provides unsecured loans and advances to subsidiaries. The Company monitors the results of the subsidiaries regularly. As at the end of the reporting date, the maximum exposure to credit risk is represented by its carrying amounts in the statement of financial position.

(b) Liquidity risk

The Group's exposure to liquidity and cash flow risks arises mainly from general funding and business activities.

Liquidity and cash flow risks are addressed by annual and continuous review and forward planning of cash flow in relation to business plans to ensure a balanced and prudent portfolio of cash and other liquid assets and credit facilities are maintained. Borrowings are arranged so as not to go beyond the Group's ability to repay or refinance.

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:

	Carrying amount RM'000	Contractual interest rate/coupon	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000
2021					
GROUP					
Other payables and accruals	2,952	–	2,952	2,952	–
Amount due to a shareholder	2,000	2.5%	2,034	2,034	–
	4,952		4,986	4,986	–
COMPANY					
Other payables and accruals	2,920	–	2,920	2,920	–
Amount due to a shareholder	2,000	2.5%	2,034	2,034	–
	4,920		4,954	4,954	–

NOTES TO THE **FINANCIAL STATEMENTS**
31 JANUARY 2021
(CONT'D)

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Liquidity risk (Cont'd)

	Carrying amount RM'000	Contractual interest rate/coupon	Contractual cash flows RM'000	Under 1 year RM'000	1-2 years RM'000
2020					
GROUP					
Other payables and accruals	6,383	–	6,383	6,383	–
Lease liabilities	923	9.3%	1,462	1,417	45
Term loan	6,920	9.3%	7,560	7,560	–
	14,226		15,405	15,360	45
COMPANY					
Other payables and accruals	2,287	–	2,287	2,287	–

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates that will affect the Group's and the Company's financial position or cash flows.

(i) Currency risk

The Group is principally exposed to transactional currency risks through the purchase of materials and consumables, sales of finished goods, and in its financing activities that are denominated in a currency other than the functional currency. The currency giving rise to this risk is primarily the United States Dollar ("USD"), Euro Dollar ("EUR") and Indonesia Rupiah ("IDR"). The Group monitors developments in Government policies and market conditions to take necessary actions should there be any indication of unfavourable foreign exchange movement.

The financial assets and liabilities of the Group that are not denominated in its functional currencies are as follows:

	USD equivalent RM'000	EUR equivalent RM'000	IDR equivalent RM'000	Others equivalent RM'000	Total equivalent RM'000
GROUP					
2021					
Other receivables, deposits and prepayments	3	24	1,807	5	1,839
Cash and cash equivalents	–	–	130	–	130
Trade payables	–	(731)	–	–	(731)
Other payables and accruals	–	–	(164)	(9)	(173)
Net currency exposure	3	(707)	1,773	(4)	1,065

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(i) Currency risk (Cont'd)

The financial assets and liabilities of the Group that are not denominated in its functional currencies are as follows: (Cont'd)

	USD equivalent RM'000	EUR equivalent RM'000	IDR equivalent RM'000	Others equivalent RM'000	Total equivalent RM'000
GROUP					
2020					
Other receivables, deposits and prepayments	33	21	2,010	–	2,064
Cash and cash equivalents	–	–	547	–	547
Other payables and accruals	–	–	(1,233)	–	(1,233)
Net currency exposure	33	21	1,324	–	1,378

Sensitivity analysis for currency risk

The following table demonstrates the sensitivity of the Group's result pre-tax profit or loss to a reasonably possible change in the USD, EUR and IDR exchange rates against the functional currencies of the Group, with all other variables held constant.

		GROUP 2021 RM'000	GROUP 2020 RM'000
USD/ RM	- strengthened 3% (2020: 3%)	–	1
	- weakened 3% (2020: 3%)	–	(1)
EUR/ RM	- strengthened 3% (2020: 3%)	(21)	1
	- weakened 3% (2020: 3%)	21	(1)
IDR/ RM	- strengthened 3% (2020: 3%)	53	40
	- weakened 3% (2020: 3%)	(53)	(40)

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates, the Group's exposure to interest rate risk arises from the Group's borrowings and short term deposits.

The Group's bank borrowings are subject to the prime lending rate of the banks while hire purchase financing are based on fixed rates. Investments in financial assets are short term in nature and are mostly placed as short-term deposits with licensed financial institutions.

Market interest rates movements are monitored with a view to ensure that the most competitive rates are secured and where appropriate borrowing arrangements and interest bearing instruments are restructured or reduced.

NOTES TO THE **FINANCIAL STATEMENTS**
31 JANUARY 2021
(CONT'D)

34. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Market risk (Cont'd)

(ii) Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

At the reporting date, if the interest rates had been 10 basis points higher/ lower, with all other variables held constant, the Group's result pre-tax profit or loss would increase/ decrease by RM NIL (2020: RM6,000) accordingly.

35. CAPITAL MANAGEMENT

The Group's primary objective in managing its capital is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. There were no changes in the Group's approach to capital management during the financial year.

The Group uses the debt to equity ratio, which is total net debt divided by total equity attributable to owners of the Company, as the key measurement for its capital structure management.

The debt-to-equity ratio of the Group as at the end of the reporting period is as follows:

	GROUP	
	2021 RM'000	2020 RM'000
Bank borrowings	–	6,920
Lease liabilities	–	923
Less: Short term deposits with financial institutions	–	(426)
Less: Cash and bank balances	(105)	(1,430)
Net (asset)/ debt	(105)	5,987
Equity attributable to the owners of the Company	8,657	24,229
Debt-to-equity ratio	NIL	0.25

Under the requirement of Bursa Malaysia Practice Note No. 17/2005, the Company is required to maintain a consolidated shareholders' equity equal to or not less than 25% of the issued and paid-up capital (excluding treasury shares) and such shareholders' equity is not less than RM40 million. On 28 March 2019, the Company announced that it has triggered the Prescribed Criteria under Paragraph 2.1(a) of PN17 and the management is still working on the Regularisation Plan.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amounts of cash and cash equivalents, short-term receivables and payables and short-term borrowings approximate fair values due to the relatively short-term nature of these financial instruments.

The table below analyses financial instruments carried at fair value for which fair value is disclosed, together with the carrying amounts shown in the statements of financial position.

Category	Carrying amount 31.1.2021 RM'000	Fair value measurement at end of reporting period using 31.1.2021 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
GROUP					
Financial assets:					
Financial assets at fair value through profit or loss:					
- Investments in unit trusts	36	36	36	–	–
Total financial assets	36	36	36	–	–
COMPANY					
Financial assets:					
Financial assets at fair value through profit or loss:					
- Investments in unit trusts	36	36	36	–	–
Total financial assets	36	36	36	–	–

Category	Carrying amount 31.1.2020 RM'000	Fair value measurement at end of reporting period using 31.1.2020 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
GROUP					
Financial assets:					
Financial assets at fair value through profit or loss:					
- Investments in unit trusts	11,160	11,160	11,160	–	–
Total financial assets	11,160	11,160	11,160	–	–
COMPANY					
Financial assets:					
Financial assets at fair value through profit or loss:					
- Investments in unit trusts	8,424	8,424	8,424	–	–
Total financial assets	8,424	8,424	8,424	–	–

NOTES TO THE **FINANCIAL STATEMENTS**
31 JANUARY 2021
(CONT'D)

36. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

Policy of transfer between levels

The fair value of an asset to be transferred between levels is determined as of the date of the event or change in circumstances that caused the transfer.

Level 1 fair value

Level 1 fair value is derived from quoted price (unadjusted) in active markets for identical financial assets or liabilities that the entity can access at the measurement date.

Level 2 fair value

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

Transfer between Level 1 and Level 2 fair values

There has been no transfer between Level 1 and Level 2 fair values during the financial year (2020: no transfer in either direction).

Level 3 fair value

Level 3 fair value is estimated using unobservable inputs for the financial assets and liabilities. There is no asset classified at Level 3 fair value as at end of the reporting period (2020: NIL).

37. COMPARATIVE FIGURES

Certain comparative figures for previous financial year have been restated to conform with current financial year's presentation as follows:

	GROUP 31.1.2020		
	As previously reported RM'000	Reclassification RM'000	As restated RM'000
Statement of financial position			
Inventories	50	(16)	34
Contract costs	–	16	16
Other payables and accruals	6,387	(4)	6,383
Contract liabilities	–	4	4
Statement of cash flows			
Increase in inventories	(59)	16	(43)
Increase in contract costs	–	(16)	(16)
Increase in other payables and accruals	2,402	(4)	2,398
Increase in contract liabilities	–	4	4

38. SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

(a) The World Health Organisation declared the coronavirus disease ("COVID-19") a global pandemic on 11 March 2020. The Government of Malaysia imposed the Movement Control Order ("MCO 1.0") on 18 March 2020 to 3 May 2020 and had subsequently entered into the conditional and recovery phases of the MCO in all states and federal territories in Malaysia.

The restrictions imposed have negatively impacted the Group's and the Company's financial performance as the Company was not allowed to operate throughout the MCO 1.0, under the guidelines set by the National Security Council ("NSC"), Ministry of Health ("MOH") and Ministry of International Trade and Industry ("MITI") respectively.

The Group and the Company will continue to assess any impact of the COVID-19 pandemic on the financial statements of the Group and of the Company for the financial year ending 31 January 2022.

(b) On 22 July 2020, the Company announced a Proposed Regularisation Plan which comprising of Proposed Disposal, Share Capital Reduction, Private Placement and Acceptance of Contract ("Proposed Regularisation Plan"). For the purpose of undertaking the Proposed Regularisation Plan, the Company had on the same date entered into share sale agreement with Allied Technologies Group Sdn. Bhd. for the proposed disposal of certain subsidiaries for an aggregate cash consideration of RM1.0 million, a subscription agreement with the investor and agreement to award with Dhaya Maju Infrastructure (Asia) Sdn Berhad.

(c) On 22 July 2020, the Company entered into a reorganisation agreement amongst its subsidiaries, where Comintel Sdn. Bhd. had agreed to transfer its entire shares in Total Package Work Sdn. Bhd. ("TPW"), Comintel (HK) Limited ("CHK") and Comintel Mobility Sdn. Bhd. ("CMSB") to the Company resulting TPW, CHK and CMSB become the wholly owned subsidiaries of the Company.

39. EVENTS AFTER THE REPORTING PERIOD

(a) On 26 April 2021, the Company announced that the conditions precedent of the share sale agreement, subscription agreement and agreement to award dated 22 July 2020 have not been fulfilled on or before the cut-off date of 22 April 2021. Accordingly, the proposed disposal, share capital reduction, private placement and acceptance of contract which are inter-conditional upon each other were aborted.

(b) On 20 May 2021, the Company announced that Bursa Malaysia Securities Berhad ("Bursa Securities") has vide its letter dated 20 May 2021 informed that:

(i) The Company had failed to submit its Regularisation Plan to Securities Commission Malaysia or Bursa Securities for approval within the stipulated timeframe; and
(ii) The Company's application for a further extension of time to submit the Regularisation Plan had been rejected.

In the circumstances and pursuant to paragraph 8.04(5) of the Bursa Securities Main Market Listing Requirements:

(i) the trading in the securities of the Company will be suspended with effect from 31 May 2021; and
(ii) the securities of the Company will be de-listed on 2 June 2021 unless an appeal against the de-listing is submitted to Bursa Securities on or before 28 May 2021 ("the Appeal Timeframe"). Any appeal submitted after the Appeal Timeframe will not be considered by Bursa Securities.

NOTES TO THE **FINANCIAL STATEMENTS**
31 JANUARY 2021
(CONT'D)

39. EVENTS AFTER THE REPORTING PERIOD (CONT'D)

(c) The Company has made a written application to Bursa Securities for an extension of time to submit its Regularisation Plan ("EOT Application") on 21 April 2021. On 3 May 2021, the Company further announced that the Company is still working on the Regularisation Plan to regularise the condition of the Company. On 20 May 2021, Bursa Securities decided to reject the EOT Application as the Company has not demonstrated to the satisfaction of Bursa Securities any material development towards the finalisation and submission of the Regularisation Plan to the regulatory authorities.

Due to the Company had failed to submit its Regularisation Plan to the regulatory authorities for approval within the stipulated timeframe and the Company's application for a further extension of time to submit the Regularisation Plan had been rejected, the trading in the securities of Comcorp has been suspended with effect from 31 May 2021 and a written appeal against the de-listing has been submitted to Bursa Securities on 28 May 2021.

(d) On 27 May 2021, the Company entered into an agreement to award with Binastra Construction (M) Sdn. Bhd. ("Binastra Construction") for the acceptance of a total of 3 letters of award by Total Package Work Sdn. Bhd., a wholly-owned subsidiary of the Company from Binastra Construction totalling to RM117.7 million.

(e) The impact of the COVID-19 pandemic is ongoing and while there is no significant impact to the Group and to the Company up to 31 January 2021, it is not practicable to estimate the potential impact, positive or negative, after the reporting date. The situation is rapidly developing and is dependent on measures imposed by the government and other countries, such as maintaining social distancing requirements, quarantine, travel restrictions and any economic stimulus that may be provided.

On 13 January 2021, the Government of Malaysia had reimposed the Movement Control Order ("MCO 2.0") in several states and all federal territories in Malaysia to curb the third wave of COVID-19 pandemic in the country.

On 10 May 2021, in view of the rise in daily COVID-19 cases, the Government of Malaysia had decided to take a stricter measure and agreed to enforce the Movement Control Order ("MCO 3.0") nationwide in Malaysia, effective from 12 May 2021 to 31 May 2021 to curb the infection among the public.

However, the Group's and the Company's main business activities were allowed to operate during the MCO 2.0 period and MCO 3.0 period under the guidelines set by NSC, MOH and MITI.

On 28 May 2021, in view of the steep increase in daily COVID-19 cases, the Government of Malaysia had to reimpose a nationwide full lockdown. MCO 3.0 will be placed under a full lockdown from 1 June 2021 to 28 June 2021 and all sectors will not be allowed to operate during this period except the essential economic and service sectors.

Certain subsidiaries of the Group's main business activities were considered as essential services and were allowed to operate during the full lock down from 1 June 2021 to 28 June 2021.

As at the date of authorisation of the financial statements, the COVID-19 pandemic situation is still evolving and uncertain. The Group and the Company will continue to actively monitor and manage its funds and operations to minimise any impact arising from the COVID-19 pandemic.

40. OTHER INFORMATION

(a) The Company is an investment holding company listed on Main Market of Bursa Malaysia Securities Berhad, incorporated and domiciled in Malaysia.

(b) The registered office and principal place of business is situated at:

37, Jalan Pelukis U1/46
Section U1, Temasya Industrial Park
40150 Glenmarie Shah Alam
Selangor Darul Ehsan

(c) The financial statements of the Company are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency and has been rounded to the nearest thousand, unless otherwise stated.

41. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 25 June 2021.

STATEMENT BY **DIRECTORS**
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, the undersigned, being two of the directors of **COMINTEL CORPORATION BHD (Registration No. 200301027648 (630068-T))** do hereby state that, in the opinion of the directors, the financial statements set out on pages 47 to 121 are drawn up in accordance with the 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 as at 31 January 2021 and of the financial 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:

TAN SRI DATO' SAMSHURI BIN ARSHAD

LIM CHEE HOCK

Shah Alam
25 June 2021

STATUTORY **DECLARATION**
PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, **KHOR BEN JIN**, being the Principal Officer primarily responsible for the financial management of **COMINTEL CORPORATION BHD (Registration No. 200301027648 (630068-T))** do solemnly and sincerely declare that the financial statements of the Group and of the Company set out on pages 47 to 121 are to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1960.

KHOR BEN JIN
(MIA no.: 20905)
Subscribed and solemnly declared
by the abovenamed at Gombak
in Selangor Darul Ehsan on 25 June 2021

Before me
Zalifah Binti Mohamed Zabidi

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF COMINTEL CORPORATION BHD

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Comintel Corporation Bhd, which comprise the statements of financial position as at 31 January 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 47 to 121.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 January 2021, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

As disclosed in Note 3 to the financial statements, the financial statements of the Group and of the Company have been prepared on the assumption that the Group and the Company will continue as going concern. The application of the going concern basis is based on the assumption that a major shareholder has agreed to provided adequate funds for the Group and for the Company to meet its liabilities as they fall due and to finance the working capital requirement of the Group and of the Company.

The Group and the Company incurred a net loss of RM9,468,000 and RM11,422,000 respectively during the financial year ended 31 January 2021, and as at that date, the Group's and the Company's current liabilities exceeded its current assets by RM1,855,000 and RM1,529,000 respectively.

On 25 January 2018 and 29 January 2018, the directors announced that Company had triggered Paragraph 8.03A of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and was classified as an affected listed issuer. On 28 March 2019, the directors announced that the Company had further triggered Paragraph 2.1(a) of PN17 of the MMLR of Bursa Securities.

The Company announced a proposed regularisation plan on 22 July 2020 which comprise of proposed disposal, share capital reduction, private placement and acceptance of contract ("Proposed Regularisation Plan"). For the purpose of undertaking the Proposed Regularisation Plan, the Company had on the same date entered into a share sale agreement with Allied Technologies Group Sdn. Bhd. for the proposed disposal of certain subsidiaries for an aggregate cash consideration of RM1 million, a subscription agreement with the investor and an agreement to award with Dhaya Maju Infrastructure (Asia) Sdn Berhad.

On 26 April 2021, the Company announced that the conditions precedent of the share sale agreement, subscription agreement and agreement to award (which were dated 22 July 2020) have not been fulfilled on or before the cut-off date of 22 April 2021. Accordingly, the Proposed Regularisation Plan which are inter-conditional upon each other was aborted.

The Company has made a written application to Bursa Securities on 21 April 2021 for an extension of time of 6 months from 24 April 2021 to 24 October 2021 to submit its Regularisation Plan ("EOT Application"). Bursa Securities has, vide its letter dated 20 May 2021, rejected the EOT Application of the Company. The trading of the securities of the Company will be suspended with effect from 31 May 2021 and the securities of the Company will be delisted on 2 June 2021 unless an appeal against the delisting is submitted to Bursa Securities on or before 28 May 2021 (the Appeal Timeframe). In the event the Company submits an appeal to Bursa Securities within the Appeal Timeframe, the delisting of the securities of the Company from the Official List of Bursa Securities on 2 June 2021 will be deferred pending the decision on the Company's appeal.

The trading in the securities of the Company has been suspended with effect from 31 May 2021 and a written appeal against the de-listing was submitted to Bursa Securities on 28 May 2021.

The abovementioned events and conditions indicate the existence of material uncertainties which may cast significant doubt about the ability of the Group and of the Company to continue as a going concern.

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF COMINTEL CORPORATION BHD
(CONT'D)

Basis for Qualified Opinion (Cont'd)

The ability of the Group and of the Company to carry on as a going concern, amongst others, is dependent upon the ability of the Group and of the Company to achieve sustainable and viable operations with adequate cash flows generated from their operating activities.

In the event that these are not forthcoming, the Group and the Company may be unable to realise their assets and discharge their liabilities in the normal course of business. Accordingly, the financial statements of the Group and of the Company may require adjustment to restate the carrying amounts of the assets to their recoverable amounts and to provide further liabilities that may arise.

The financial statements of the Group and of the Company do not include any adjustments and classification relating to the recorded assets and liabilities that may be necessary should the Group and the Company be unable to continue as going concern, other than the assets and liabilities of Comintel Green Technologies Sdn. Bhd. that are stated on break up basis in the consolidated financial statements of the Group.

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 qualified 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.

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 and Statement on 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year.

Matters giving rise to a modified opinion are by their nature key audit matters and consequently the matters described in our basis for qualified opinion section of our report has addressed the key audit matters and we have determined that there are no other key audit matters to communicate in our report.

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF COMINTEL CORPORATION BHD
(CONT'D)

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

INDEPENDENT **AUDITORS' REPORT**
TO THE MEMBERS OF COMINTEL CORPORATION BHD
(CONT'D)

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

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

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

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 subsidiaries of which we have not acted as auditors, are disclosed in Note 8 to the financial statements.

Other Matters

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

RSM Malaysia
AF: 0768
Chartered Accountants

Yeoh Kian Teck
03322/08/2021 J
Chartered Accountant

Kuala Lumpur

25 June 2021

ANALYSIS OF **SHAREHOLDINGS**

8 JUNE 2021

Issued & paid-up capital	:	RM95,745,000
Class of Shares	:	Ordinary Shares
Voting Rights		
- on a poll	:	1 vote for each share held

DISTRIBUTION BY SIZE OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	94	5.92	1,431	0.00
100 – 1,000	348	21.93	198,903	0.14
1,001 – 10,000	657	41.40	3,803,084	2.72
10,001 – 100,000	391	24.64	13,628,420	9.73
100,001 – 6,999,999 (*)	94	5.92	51,311,292	36.66
7,000,000 AND ABOVE (**)	3	0.19	71,056,870	50.75
Total	1,587	100.00	140,000,000	100.00

Remark:

** less than 5% of issued shares*

*** 5% and above of issued shares*

THIRTY LARGEST SHAREHOLDERS

NO.	NAME OF SHAREHOLDERS	HOLDINGS	%
1.	JUST TRADING SDN BHD	31,875,762	22.77
2.	SAGITTARIUS WORLD TRADE SDN BHD	28,856,680	20.61
3.	AMG RESOURCES SDN BHD	10,324,428	7.37
4.	HUANG CHAI SHENG	5,863,300	4.19
5.	MOHAMADON BIN ABDULLAH	4,114,885	2.94
6.	LIEW FOO HEEN	3,172,500	2.27
7.	WU,TE-KUEI	2,933,600	2.10
8.	KHOR BEE KIOW	2,719,000	1.94
9.	NOOR AZLEEZAM BIN MOHAMED AZMI	2,131,107	1.52
10.	LOOI LAY PING	1,550,000	1.11
11.	CHONG KOK YOONG	1,350,000	0.96
12.	KOH SENG POH	1,234,300	0.88
13.	AKARO SDN BHD	1,184,100	0.85
14.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR GOH SIN BONG	1,000,000	0.71
15.	LIM CHEE HOCK	900,000	0.64
16.	TAN YEW SING	850,000	0.61

ANALYSIS OF **SHAREHOLDINGS**

8 JUNE 2021
(CONT'D)

THIRTY LARGEST SHAREHOLDERS (CONT'D)

NO.	NAME OF SHAREHOLDERS	HOLDINGS	%
17.	S KUMAR A/L S SUBRAMANIAM	685,000	0.49
18.	AHMAD RAMLI BIN MOHD NOR	650,000	0.46
19.	YEOH SOOI BAR	638,000	0.46
20.	LENG KENG HOK @ LIM KENG HOCK	626,900	0.45
21.	OOI SWEE AIK	600,000	0.43
22.	TERENCE HAROLD CHERN-WEI FREDERICKS	550,000	0.39
23.	MAYBANK SECURITIES NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LIM PAIK HONG	509,800	0.36
24.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR NG WEE MIAN	500,000	0.36
25.	SAMSHURI BIN ARSHAD	500,000	0.36
26.	TAN SIEW HEONG	490,000	0.35
27.	LEE CHING	465,000	0.33
28.	YEOH YEAM LIM	450,000	0.32
29.	ANDREW LIM ENG GUAN	440,000	0.31
30.	RHB CAPITAL NOMINEES (TEMPATAN) SDN BHD LEE KUAN MING	434,100	0.31

SUBSTANTIAL SHAREHOLDERS AS AT 8 JUNE 2021

	Direct Interest		Deemed Interest	
Name of Shareholders	**No. of shares**	**%**	**No. of Share**	**%**
Just Trading Sdn Bhd	31,875,762	22.77	–	–
Sagittarius World Trade Sdn Bhd	28,856,680	20.61	–	–
AMG Resources Sdn Bhd	10,324,428	7.37	–	–

DIRECTORS' INTERESTS AS PER REGISTER OF DIRECTORS' SHAREHOLDINGS AS AT 8 JUNE 2021

		Direct Interest		Deemed Interest	
	Name of Shareholders	**No. of shares**	**%**	**No. of Share**	**%**
1.	Tan Sri Dato' Samshuri bin Arshad	500,000	0.36	–	–
2.	Mr. Leng Keng Hok @ Lim Keng Hock	626,900	0.45	42,200,190(1)	30.14
3.	Mr Lim Chee Hock	1,455,000	1.04	39,181,108(2)	27.98
4.	Ms. Lee Chai Bee	30,000	0.02	–	–
4.	Mr. Wong Mun Wai	–	–	–	–

Note :

(1) Deemed Interest by virtue of the Companies Act,2016 held through Just Trading Sdn Bhd and AMG Resources Sdn Bhd.

(1) Deemed Interest by virtue of the Companies Act,2016 held through Sagittarius World Trade Sdn Bhd and AMG Resources Sdn Bhd.

PROXY FORM

CDS Account No.

No. of shares held

COMINTEL CORPORATION BHD
[200301027648 (630068-T)]
(Incorporated in Malaysia)

I/We____Tel:_____________________
[Full name in block and as per NRIC/passport, NRIC/Passport/Company No.]

of ____
[Full address]

____

being member(s) of Comintel Corporation Bhd, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and / or* (*delete as appropriate)

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing him/her, the Chairperson of the Meeting, as ^my/our proxy/proxies to vote for ^me/us and on ^my/our behalf at the 18th Annual General Meeting of the Company to be **conducted fully virtually** through the online meeting platform of TIIH Online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its website at https://tiih.online on Tuesday, 3 August 2021 at 11.00 a.m. and at any adjournment thereof. The details of the 18th AGM of the Company are as set out below:-

Description of Resolution	Resolution	For	Against
1. Approval of Payment of Directors' fees for the financial year ending 31 January 2021	Ordinary Resolution 1		
2. Re-election of Mr Leng Keng Hok @ Lim Keng Hock as Director	Ordinary Resolution 2		
3. Re-election of Mr Lim Chee Hock as Director	Ordinary Resolution 3		
4. Approval of Proposed Payment of Benefits Payable to the Directors	Ordinary Resolution 4		
5. Re-appointment of Messrs RSM Malaysia as Auditors of the Company and authorise the Directors to fix their remuneration	Ordinary Resolution 5		
6. Retention of Ms Lee Chai Bee as an Independent Director	Ordinary Resolution 6		
7. Retention of Mr Wong Mun Wai as an Independent Director	Ordinary Resolution 7		
8. Authority to Issue and Allot Shares	Ordinary Resolution 8		
9. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature	Ordinary Resolution 9		
10. Proposed Share Buyback	Ordinary Resolution 10		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Signed this ____________day of ________________2021

____
Signature*
Member

^ Delete whichever is inapplicable
* Manner of execution:

(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
   (i) at least two (2) authorised officers, of whom one shall be a director; or
   (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

Notes:

1. *The Broadcast Venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairperson of the meeting to be present at the main venue of the meeting. Shareholders **WILL NOT BE ALLOWED** to attend the 18st Annual General Meeting in person at the Broadcast Venue on the day of the meeting. Shareholders are to attend, participate (including posing questions to the Board) and vote remotely at the 18st Annual General Meeting via the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn. Bhd. ("Tricor") via its **TIIH Online** website at https://tiih.online.*
2. *For the purpose of determining who shall be entitled to attend this Annual General Meeting via RPV, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to make available to the Company, the **Record of Depositors as at 28 July 2021**. Only a member whose name appears on this Record of Depositors shall be entitled to attend, participate, speak and vote in this Annual General Meeting via RPV.*
3. *A member who is entitled to attend, participate, speak and vote at this Annual General Meeting via RPV is entitled to appoint a proxy or attorney or in the case of a corporation, to appoint a duly authorised representative to attend, participate, speak and vote in his/her place. A proxy may but need not be a member of the Company. **In view that this is a fully virtual Annual General Meeting, we strongly advise the members who are unable to attend, participate, speak and vote in this Annual General Meeting via RPV to appoint the Chairperson of the meeting as his/her proxy and indicate the voting instructions in the proxy form.***

4. *(Where a member of the Company is an authorised nominee as defined in the Securities Industry (Central Depositories) Act 1991 ("Central Depositories Act"), "), it may appoint not more than two (2) proxies in respect of each securities account it holds in ordinary shares of the Company standing to the credit of the said securities account.*

5. *Where a member of the Company is an exempt authorised nominee as defined under the Central Depositories Act which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provisions of Section 25A(1) of the Central Depositories Act.*

6. *A member who has appointed a proxy or attorney or authorised representative to attend, participate, speak and vote at this Annual General Meeting via RPV* ***must request his/her proxy to register himself/herself for RPV at TIIH Online website at*** *https://tiih.online*

7. *On the appointment of a proxy, you may submit your proxy form to Tricor at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Counter at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, not less than forty-eight (48) hours before the time appointed for holding the AGM or any adjournment thereof, otherwise the proxy form shall not be treated as valid.*

   You may also submit the proxy form electronically via ***TIIH Online*** *website at https://tiih.online no later than 1 August 2021 at 11.00 a.m. Please do read and follow the procedures below to submit proxy form electronically.*

8. *Please ensure ALL the particulars as required in the proxy form are completed, signed and dated accordingly.*

9. *Last date and time for lodging the proxy form is Sunday, 1 August 2021 at 11.00 a.m.*

10. *Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn. Bhd., Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time appointed for holding the Annual General Meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed. To attend, participate and vote remotely, the attorney should refer to the Information for Shareholders on 18th Annual General Meeting for further details.*

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AFFIX
STAMP

THE SHARE REGISTRAR OF
COMINTEL CORPORATION BHD
[200301027648 (630068-T)]

TRICOR INVESTOR AND ISSUING HOUSE SERVICES SDN BHD
UNIT 32-01, LEVEL 32,
TOWER A, VERTICAL BUSINESS SUITE
AVENUE 3, BANGSAR SOUTH
NO. 8, JALAN KERINCHI
59200 KUALA LUMPUR

2nd Fold Here

Fold This Flap For Sealing

COMINTEL CORPORATION BHD
Registration No. 200301027648 (630068-T)

No. 37, Jalan Pelukis U1/46, Section U1,
Temasya Industrial Park, 40150 Glenmarie Shah Alam,
Selangor Darul Ehsan, MALAYSIA

Tel: 603 5039 9898 Fax: 603 5039 9833

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