DESTINI

ANNUAL REPORT 2021

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OUR BUSINESS

Destini Berhad ("Destini" or "the Company") and its subsidiaries ("the Group") is an integrated engineering solutions provider with diverse interest in the aviation & defence, energy, land systems and marine industries. The Group has a wide presence in the Asian, Australian, Middle East and European regions.

AVIATION & DEFENCE

- Supplies and provides safety and survival-related equipment maintenance, repair and overhaul ("MRO") for the Armed Forces and civil airline aircrafts, both fixed and rotary winged aircraft.
- Supplies defence related aircrafts.
- Cylinder testing and calibration services.
- Aircraft search, rescue and salvage.
- Commercial airline safety and survival component MRO services.

ENERGY

- Engineering, Procurement, Construction, Installation and Commissioning of renewable energy systems.
- Provides tubular running services for upstream onshore and offshore drilling programmes.
- Well delivery services which includes a comprehensive tubular and drilling programme.
- Subsea well intervention, platform abandonment and field decommissioning services.
- Subsea pipeline inspection as well as maintenance and repair services.
- Supply of handling and drilling tools.
- Supply and trading of LNG.

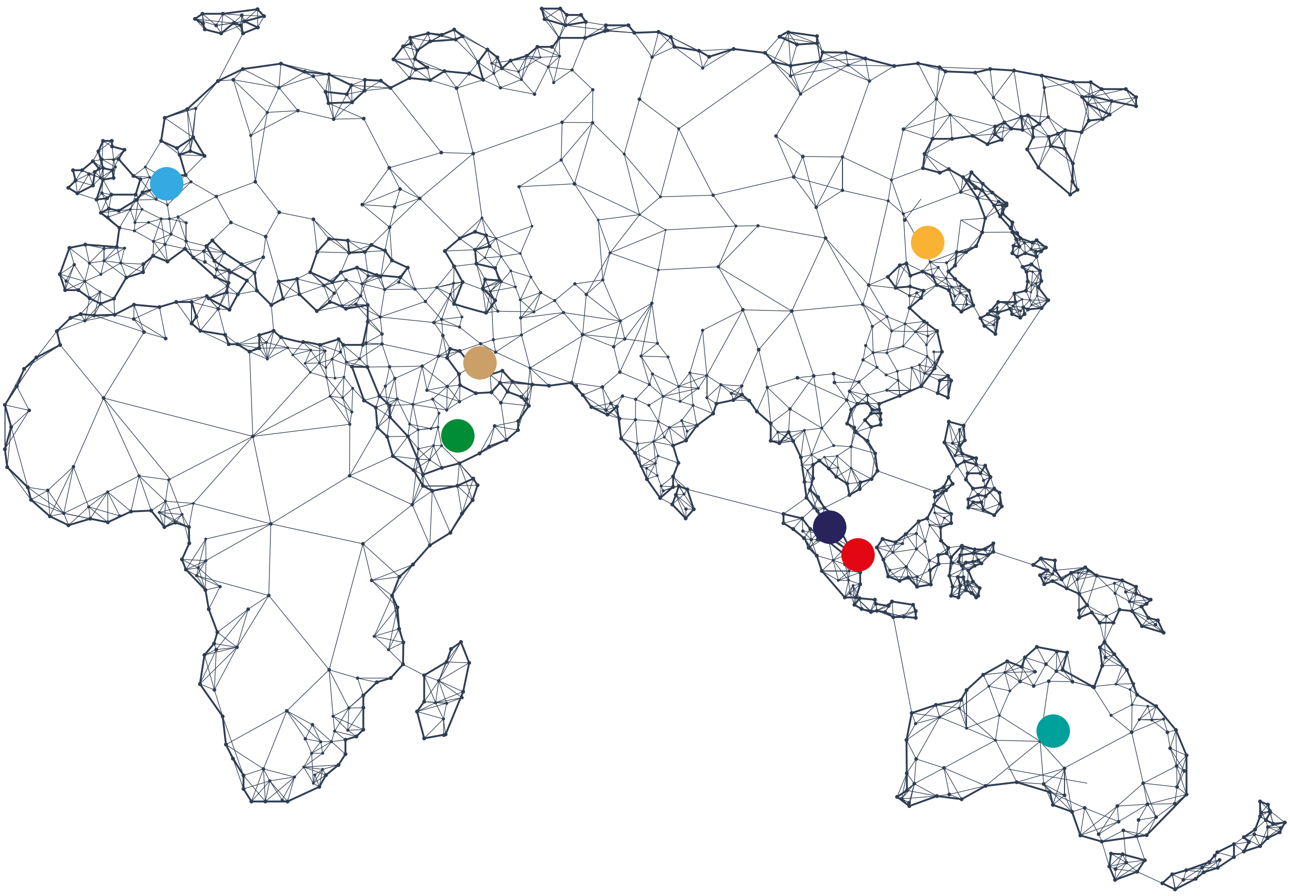
LAND SYSTEMS

- Manufacture and supply motor trollies, wagon and road rail vehicles for the rail sector.
- Assembly, fabrication, refurbishment and MRO of train sets and rail systems.

MARINE

- Manufacture and supply of lifeboats, fast rescue boats, outboard and inboard diesel engines, davit systems and hooks for commercial shipping and oil and gas industry.
- Manufactures proprietary Self-Propelled Hyperbaric Lifeboats used in deep sea diving operations.
- Provides MRO services relating to lifeboats, davits, load testing equipment, fire safety and other marine assets.

DESTINI'S PRESENCE



MALAYSIA SINGAPORE AUSTRALIA UNITED KINGDOM UAE SAUDI ARABIA CHINA

DESTINI'S CORPORATE DIARY

1991

MARCH
Satang Jaya Sdn Bhd ("Satang Jaya") commenced operations as an aviation tools and spare parts supplier.

1998

MAY
Satang Jaya was awarded the contract to provide MRO services for Royal Malaysian Airforce ("RMAF") safety and survival equipment under Ministry of Defence Malaysia's ("MinDef") RMAF Contractorisation Programme.

2005

MARCH
Satang Jaya entered Bursa Malaysia Securities Berhad ("Bursa Securities"), under the name Satang Jaya Holdings Berhad and subsequently changed its name to Satang Holdings Berhad ("Satang Holdings") in June 2007.

2008

MAY
Satang Holdings triggered the prescribed criteria pursuant to Practice Note 17 ("PN17") of the Main Market Listing Requirements ("Listing Requirements") of Bursa Securities.

2009

JULY
Satang Holdings shares were suspended from trading by Bursa Securities on July 13.

2011

SEPTEMBER
As part of its regularization plan, Satang Holdings changed its name to Destini Berhad to reflect a synergized and aligned business direction. The name change is also part of a turnaround plan for the Group to strengthen its financial muscles while exploring new business ventures.

2012

FEBRUARY
Destini acquired a 50% stake in automotive supply and service company System Enhancement Resources & Technologies Sdn Bhd ("SERT").

AUGUST
The suspension of trading in Destini's shares was uplifted by Bursa Securities on August 13 after its regularization plan was approved.

DECEMBER
Destini acquired a 51% stake in Singapore- based Vanguard Composite Engineering Pte Ltd (currently known as Vanguarde Pte Ltd), a company that manufactures lifeboats, fast rescue boats, davit systems and host of other safety equipment for the marine and oil and gas industries.

2013

MARCH
Completed the purchase of oil and gas service provider Samudra Oil Services Sdn Bhd, now known as Destini Oil Services Sdn Bhd ("DOS") for RM80 million.

APRIL
- Destini acquired the Techno Fibre Group to wholly-owned Techno Fibre Australia Pte Ltd, Techno Fibre Middle East Marine Services FZE, Technofibre International Sdn Bhd and Techno Fibre (S) Pte Ltd. The Techno Fibre Group is in the business of lifeboat and davit maintenance.

- After completing its regularization plan and achieving profits for two consecutive quarters, Destini was uplifted from PN17 status.

DESTINI'S CORPORATE DIARY

AUGUST
The Group acquired its own building in Glenmarie Industrial Park, Shah Alam to house its corporate office and workshop facility.

2014

AUGUST
Destini acquired a 50% stake in Detrac Sdn Bhd ("Detrac") to become the research and development arm of the Group. Subsequently, the Group increased its shareholding in Detrac to 70% in November 2014.

2015

APRIL
Destini acquired Land Auto Technology Sdn Bhd, which is in the business of motor vehicle, motor accessories and spare part trading and distributorship.

JUNE
- Destini acquired an 80% stake in Safeair Technical Sdn Bhd ("SAT"), a company that provides Line Maintenance services for commercial airlines in local airports.
- Destini Aviation Sdn Bhd ("DASB") entered into a joint venture agreement with UK-based Avia Technique Limited to establish a new joint venture company called Destini Avia Technique Sdn Bhd ("DAT"). DAT was incorporated to carry on the provision of inspection, repair and overhaul services for commercial air craft components.

SEPTEMBER
Destini acquired the remaining 49% stake it did not own in Vanguard, making the lifeboat maker a wholly-owned subsidiary of the Group.

DECEMBER
The Group acquired Destini Shipbuilding & Engineering Sdn Bhd ("DSBE") to enable it to fabricate six 44.25-meter New Generation Patrol Craft ("NGPC") worth RM381.30 million for the Malaysian Maritime Enforcement Agency ("MMEA").

2016

MARCH
Vanguard receives contract to supply eight Self- Propelled Hyberbaric Lifeboats to UK- based JFD.

APRIL
Destini Prima Sdn Bhd ("DPSB") entered into a Memorandum of Understanding with Advanced Military Maintenance, Repair and Overhaul Centre ("AMMROC") L.L.C. to form a strategic alliance for the provision of MRO on aircraft escape systems.

JUNE
SERT accepted its first rail related award from the Ministry of Transport for the design, manufacture, supply, delivery, testing and commissioning of new motor trolley and road rail vehicle for Keretapi Tanah Melayu Berhad ("KTMB") worth RM62 million.

SEPTEMBER
TF Corp Pte Ltd subscribed 60% shares in IMES Marine Safety Systems Limited, the company currently known as Destini Marine Safety Solutions Ltd. The company is principally in the business of inspection, testing, repair and maintenance of marine safety systems such as lifeboats and its components.

OCTOBER
Destini entered into a Joint Venture Agreement with TH Heavy Engineering Berhad ("THHE") to establish an unincorporated joint venture to procure the award for the supply, delivery, testing and commissioning of three 80-meter Offshore Patrol Vessels ("OPV") for the MMEA.

NOVEMBER

DSBE and THHE's wholly-owned subsidiary THHE Fabricators Sdn Bhd formed an incorporated joint venture company, Gigih Integrasi Sdn Bhd to undertake the fabrication of the three OPV's. Gigih Integrasi Sdn Bhd is now known as THHE Destini Sdn Bhd.

DECEMBER

The Group secured a three-year contract extension to provide MRO services and to supply safety and survival related equipment to the RMAF for RM98.20 million.

2017

JANUARY

THHE Destini Sdn Bhd, a 51:49 joint venture company between THHE and Destini secured a contract worth RM738.9 million for the supply, delivery, testing and commissioning of three OPV's for the MMEA.

FEBRUARY

Destini acquired 70% stake in safety and security equipment company, Halaman Optima Sdn Bhd, for RM5.5 million to enable the Group to supply six reconnaissance helicopters worth RM321.9 million to MinDef for the Royal Malaysian Army.

JUNE

DASB entered into a Joint Venture and Shareholders Agreement with Sapura Aero Sdn Bhd to incorporate a Joint Venture Company that is to be in the business of rotary wing and fixed aircraft sale, supply and provision of MRO in relation to aircraft and helicopters and the provision of programs such as wet leasing and dry leasing of aircraft.

NOVEMBER

- DOS and Federal International (2000) Ltd, a company listed on the Mainboard of the Singapore Exchange, formed a joint venture to collectively bid for oil and gas projects in the South Asian and South- East Asia Region.

- Destini Armada Pte Ltd acquired 70% stake in AMS Marine Pte. Ltd, a Singapore-based company that is in the business of design, fabrication and servicing of heat exchangers, fabrication, installation and erection of piping and steelworks and non- destructive testing to the marine and oil and gas industry.

2018

APRIL

- Destini Engineering Technologies Sdn Bhd ("DETSB") inked an MOU with Felcra Berhad to provide MRO services for industrial facilities and equipment for the agriculture and related industries within Malaysia and the ASEAN region.

- DOS was awarded a two-year umbrella contract by PETRONAS Carigali Sdn Bhd ("PCSB") for the provision of well abandonment integrated services.

- DPSB accepted an award from the MinDef for an additional RM138 million to an existing contract to provide MRO services and the supply of safety and survival equipment for the RMAF.

DESTINI'S CORPORATE DIARY

MAY
DOS was awarded a US$8 million (RM31.76 million) contract to be Pakistan-based Lyallpur Oil Tool Pvt Ltd's technical partner for tubular running services in Pakistan.

JULY
The Group received a conditional work order for the provision of well abandonment integrated services for Pulai B platform, off the coast of Terengganu. This came under the two-year umbrella contract by PCSB for the provision of well abandonment integrated services that Destini received in April.

AUGUST
DOS received an award from POSCO Daewoo Corporation for the provision of tubular running services in Myanmar for US$5.2 million (RM21.17 million).

DECEMBER
DOS was awarded the provision of tubular handling, conductor installation and slot recovery equipment and service for the Pan Malaysia Petroleum Arrangement Contractors (PAC) Operators Drilling Program by PCSB.

2019

JANUARY
- DPSB received a letter of extension from the Ministry of Home Affairs, to provide MRO services, technical assistance and supply of spares related to safety and survival equipment, ground support and mechanical equipment, electronic equipment, airborne multisensory system and flight operations system the Royal Malaysia Police Air Wing for a period of three years until November 2021 for RM10 million.

- DOS received a letter of award for the provision of tubular running services for exploration and appraisal and infill drilling campaign at the lower part of Gulf of Thailand near the South China Sea for Carigali-PTTEPI Operating Company Sdn Bhd. The tenure of the contract is two years with one-year extension option.

MARCH
DOS was awarded the provision for tubular handling, conductor installation and slot recovery equipment and services for PAC Operators' Drilling Program for Sarawak Shell Berhad. The total value of the contract awarded depends on the work orders to be issued.

APRIL
- Destini Rail Sdn Bhd incorporated a wholly-owned subsidiary, DLP Rail Sdn Bhd as part of a plan to expand its future service offerings to include total engineering solutions and services, civil works, rolling stock, project and asset management and maintenance services for rail and track transportation projects in Malaysia.

- DAT entered into an aircraft safety equipment maintenance support agreement with Malindo Airways Sdn Bhd and Thai Lion Mentari Co Ltd, to supply, test, repair, and carry out overhaul activities on aircraft safety equipment. The agreement's tenure is three years with an option to extend for another two years.

MAY

Destini Rail Sdn Bhd entered into a Joint Venture and Shareholders Agreement with Lion Pacific Sdn Bhd, and SVPR Consulting Services Sdn Bhd in respect of DPL Rail Sdn Bhd to draw upon the skills, expertise, experience and capabilities of each other in undertaking the business of rail related projects in Malaysia and the region which among others, include engineering solutions and services, civil works, rolling stock, system and track works, asset management and maintenance services for rail projects.

JULY

DOS received a three-year contract from Petrofac (Malaysia-PM304) Limited for the provision of tubular handling equipment and running services.

OCTOBER

DOS was awarded PAN Malaysia Umbrella Contract forthe Provision of Integrated Well Services for Intervention, Workover and Abandonment for PACs from PCSB. The contract runs on a call-out basis through the issuance of work orders and would expire in 2024 unless it is extended.

DECEMBER

DPSB secured RM50.18 million contract from MinDef for the extension of the existing contract to provide MRO services and the supply of the safety and survival equipment to the RMAF. The tenure of the contract was one year starting October 2019 to October 2020.

2020

APRIL

DOS received a letter of award for the provision of tubular equipment and services for JX Nippon Oil & Gas Exploration (Malaysia) Limited's drilling campaign. The tenure of the contract is four years with a one-year extension option.

JULY

- DETSB was awarded a contract from Wira Syukur (M) Sdn Bhd to provide mechanical and electrical systems for the commercial development of GrenePark Village in Semenyih for a sum of RM17.39 million.

- DPSB was awarded a contract from MinDef to supply non-propietary aircrafts parts for the RMAF. It allows DPSB and 29 other local companies identified by MinDef to participate in parcels of bidding should RMAF require any non-proprietary aircraft parts. The contract has a combined ceiling of RM121 million.

DECEMBER

DPSB received a letter of award from MinDef for the extension of the existing contract to provide MRO services and the supply of safety and survival equipment for the RMAF for RM30.37 million.

2021

FEBRUARY

Destini entered into a 70:30 joint venture and shareholders agreement with KTMB to enable to Group to expand its capabilities to provide heavy maintenance work on rail assets in Malaysia.

AUGUST

DOS secured an award from Repsol Oil and Gas Malaysia for the provision of Tubular Handling and Conductor Installation Equipment and Services.

OCTOBER

Destini inked a Memorandum of Understanding with Siemens Mobility Sdn Bhd for the latter to act as Destini's Technical Assistance Advisor in providing MRO services for electrical trainset components in Malaysia.

NOVEMBER

Destini entered into a Heads of Agreement with Indonesia State-Owned PT Industry Kereta Api ("PT INKA") to identify and pursue opportunities in the railway system business sector and infrastructure projects in Indonesia, Malaysia and the region.

DECEMBER

Destini secured its maiden solar project from Indah Water Konsortium Sdn Bhd ("IWK") for the engineering, procurement, construction and commissioning of solar photovoltaic systems at IWK's sewerage treatment plants across Malaysia.

SUBSIDIARY AND SUB-SUBSIDIARIES

(AS AT 31 MARCH 2021)

Destini Prima Sdn. Bhd. [199101013420 (223732-V)]
Distribution and supply of safety and survival related equipment for defence and commercial aviation and marine industries.

Halaman Optima Sdn. Bhd. [201101004714 (932855-V)]
Manufactures, imports and exports safety and security products and defense equipment.

System Enhancement Resources & Technologies Sdn. Bhd. [200901001316 (844241-K)]
Supplying, servicing and upkeeping of army vehicles, buses as well as supplying motor trolley.

Destini Aviation Sdn. Bhd. [199501038645 (367847-D)]
Investment holding.

Destini Avia Technique Sdn. Bhd. [201501028007 (1153331-T)]
Specialise in maintenance, repair and overhaul for aircraft components and equipment catered to commercial aviation sector.

Invation Aero Sdn. Bhd. [201701010172 (1224337-K)]
- Business of sale rotary wing and fixed wing aircraft
- Supply and provision of maintenance, repair and overhaul services in relation to aircraft and helicopters
- Provision of programs such as wet leasing and dry leasing of aircraft and helicopters

Emirates Kejurteraan Samudra Timur Berhad Petroleum Services L.L.C. (Trade License No. CN-1415749)
- Provides oil and gas production facilities operation and maintenance services.
- Engaged in onshore and offshore oil, gas field and facilities services.

Detrac Sdn. Bhd. [201401025741 (1101831-X)]
Research and development of mechatronic system including software customization, repair and maintenance of electronic system, support and consultation on system development.

Destini Rail Sdn. Bhd. [201701039771 (1253943-P)]
Operation of mass transit and other urban transport.

DLP Rail Sdn. Bhd. [201901014081 (1323409-M)]
Rail construction, trackworks, systems and communications.

M Rail Technics Sdn. Bhd. [202101013065 (1413364-D)]
Maintenance, repair and overhaul of electric trains for domestic and regional markets.

Destini Empire Properties Sdn. Bhd. [201801020429 (1282448-U)]
To acquire by purchase lease, exchange, hire or otherwise, lands and property of any tenure, buildings or any shares, interest or interests therein.

Destini Engineering Technologies Sdn. Bhd. [200101000901 (536657-H)]
Engaged in maintenance, repair, and overhaul of aviation-related cylinders that include servicing, inspection and refilling of gas and general contractors, construction of telecommunication engineering and other related services.

DB Infotech Sdn. Bhd. [200101025896 (561654-M)]
Providing consultancy and solutions services and implementing of high technology and computerised security systems and related services.

Destini HRTC Sdn. Bhd. [201101039136 (967258-X)]
Provides training and education consultancy.

DB Precision Sdn. Bhd. [201301028120 (1057950-U)]
Engaged in supplying calibration and cylinder services.

Destini Armada Sdn. Bhd. [199601006251 (378597-W)]
Investment holding.

Destini Shipbuilding and Engineering Sdn. Bhd. [201301037560 (1067389-K)]
Manufacturer of paramilitary boats and vessels and provides ship repair and marine-related engineering services.

Destini Armada Pte. Ltd. (201228769N)
Manufacturing, repair, fabricate and supply of marine and safety/lifesaving equipment.

Vanguarde Pte. Ltd. (198700526G)
Manufacture and offers service and maintenance of lifeboats, fast rescue boats, davit systems and a host of other safety equipment for the marine and oil and gas industries.

Vanguard Safety Technologies Sdn. Bhd. [201301003772 (1033613-X)]
Engage in supplying marine related lifesaving equipment, parts and accessories.

SUBSIDIARY AND SUB-SUBSIDIARIES

Vanguarde Offshore Pte. Ltd. (200923004Z)
• Trading in hyperbaric lifeboats.
• General importers and exporters of marine equipment and accessories

Vanguard (Nantong) F.R.P. Co. Ltd (3200775411024)
Manufacturing, maintaining and trading of fiber-reinforced plastic ("FRP") ship, FRP products and life-saving equipment.

Vanguarde Marine Engine Pte. Ltd. (201718529N)
• Provision of service activities for oil and gas extraction.
• Provides engineering design and consultancy services

TF Corp Pte. Ltd. (201310889H)
Investment holding.

Destini Marine Safety Solutions Ltd (SC500305)
Provides inspection, testing, repair and maintenance of marine safety systems including lifeboats and rescue boats.

Techno Fibre (Australia) Pty Ltd (ACN 103 625 618)
Provides maintenance, repair and testing of lifeboats and davits cruise ships, offshore platforms and general shipping.

Armada Delmar Sdn. Bhd. [200001019664 (522271-P)]
Engaged in lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment.

Techno Fibre (S) Pte. Ltd. (199300541H)
• Repairing and service of fibre composite life boats and davits.
• Building and repairing of ships, tankers and other ocean-going vessels.

Techno Fibre Middle East Marine Services FZE (06585)
Providing installation and maintenance of marine equipment.

T F Emirates Marine Services L.L.C. (TN-1794649)
Engaged in the business of onshore and offshore oil and gas field and facilities services, marine machines and equipment repairing and maintenance.

TF Corp Saudi Co. Ltd. (SAGIA License No - 12219360655725)
Provides maintenance, installation and repair of marine equipment and trading activities of marine safety products.

PT Destini Marina Perkasa (4020022031104317)
Provision of jetty/port operations related services to companies involved with mining activities.

Blackstone Dagangan Pte. Ltd. (202014057M)
Trading of coal.

Destini Energy Sdn. Bhd. [200001020740 (523347-K)]
Business of energy generation, transmission, distribution, power trading based on thermal, hydro, biomass, nuclear and gas including manufacturing, trading, import, export, installation, and operation of solar systems for energy generation including solar photovoltaic, solar thermal, solar chimney and any other solar based devices used in households, industry and commercial establishments.

Destini Ventures Sdn. Bhd. [201501013978 (1139310-V)]
Other service activities n.e.c.

Destini Oil Services Sdn. Bhd. [201001021567 (905337-M)]
Provision of tubular handling and inspection, piling hammer equipment and running services as well as repair and maintenance of assets related to the oil and gas industry, provides supply, lease and operate drilling rigs as well as other oil and gas related services.

Destini Upstream Sdn. Bhd. [201701001170 (1215320-V)]
Engage in the business of providing wholesales of variety of goods and trading.

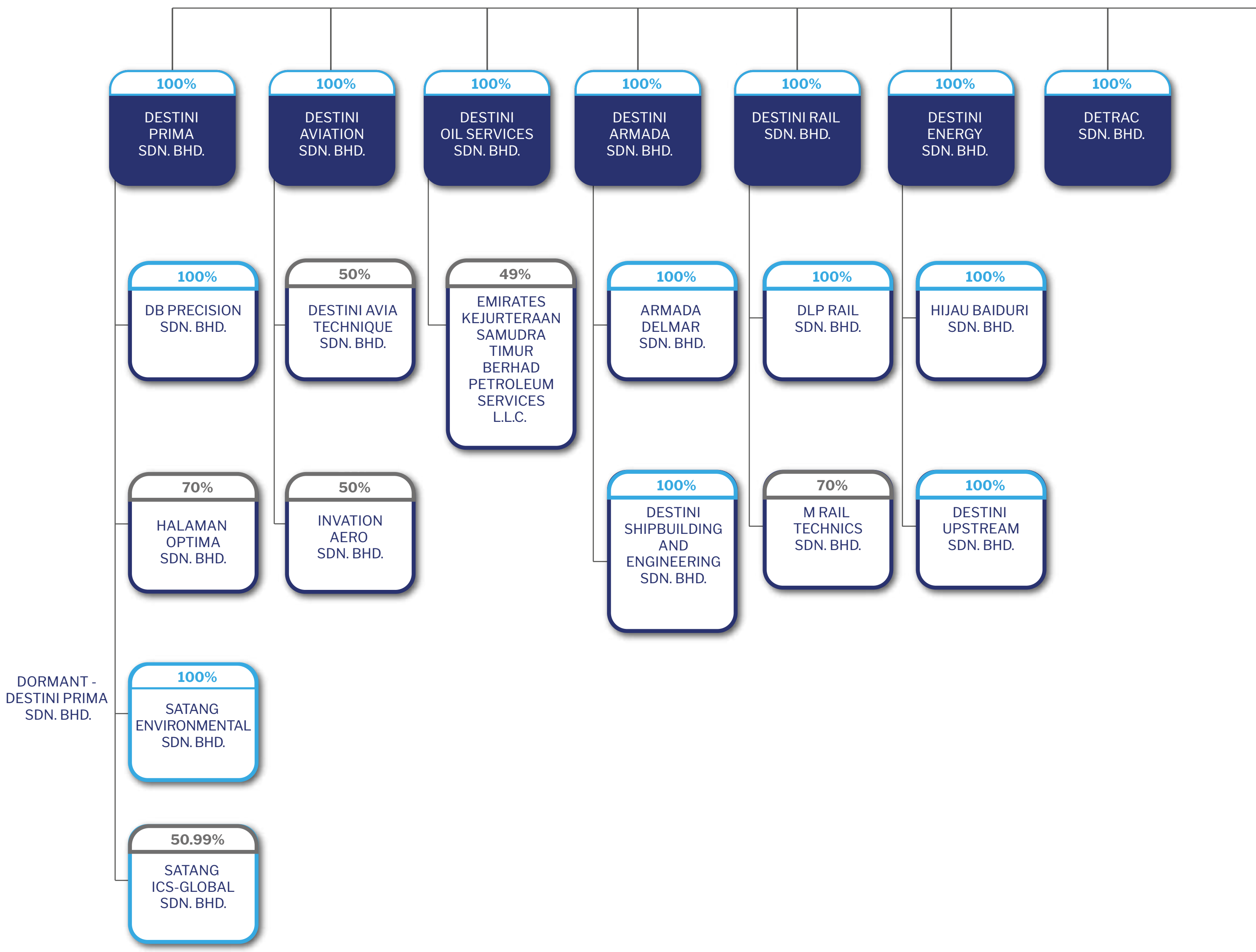
Hijau Baiduri Sdn. Bhd. [202101028241 (1428541-K)]
Investment holding and general trading.

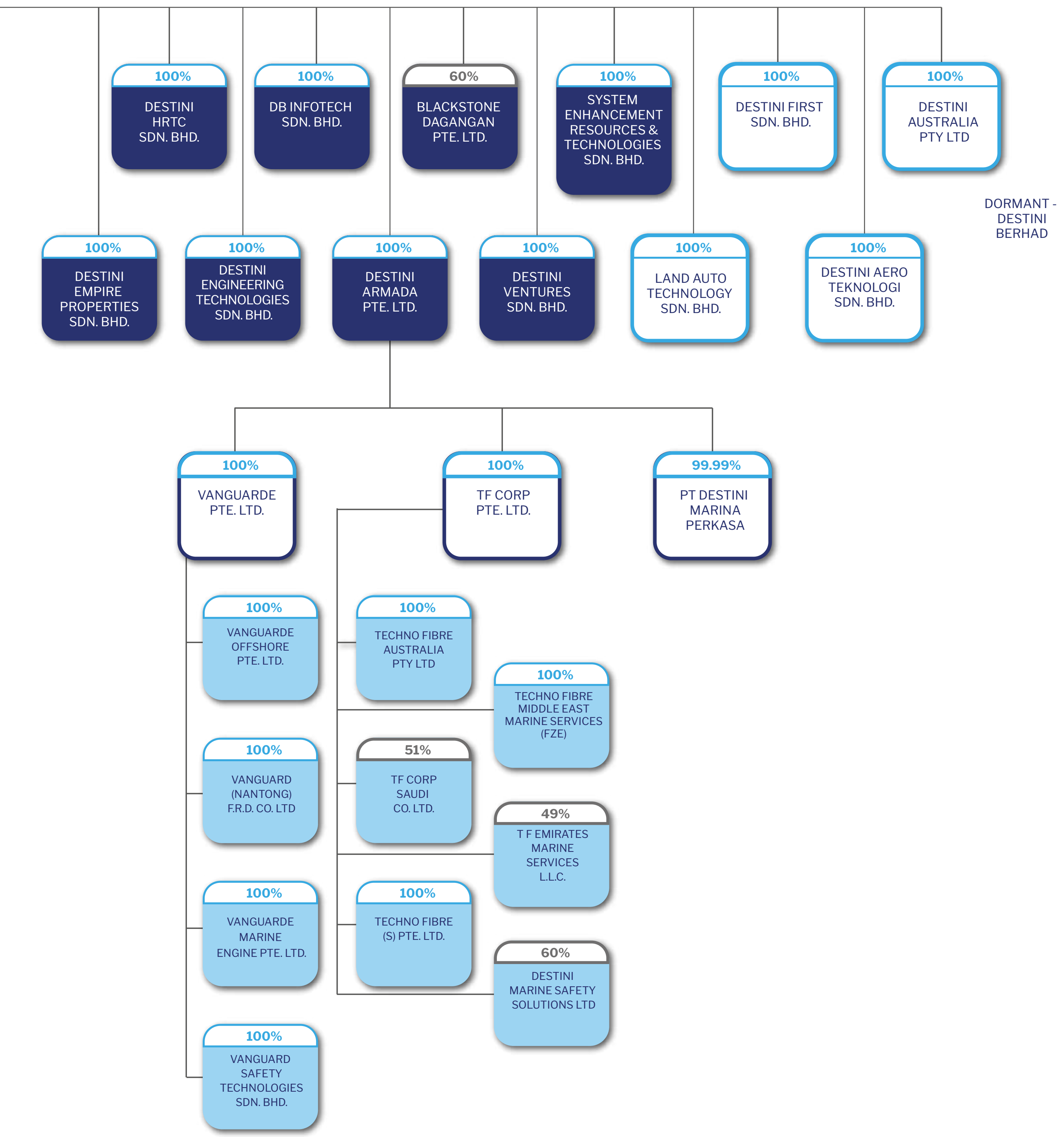
Destini First Sdn. Bhd. [199101007464 (217774-M)]
Dormant.

Land Auto Technology Sdn. Bhd. [201501014248 (1139580-K)]
Dormant.

Destini Aero Teknologi Sdn. Bhd. [201101039135 (967257-T)]
Dormant.

CORPORATE STRUCTURE




100%
DESTINI HRTC SDN. BHD.
100%
DB INFOTECH SDN. BHD.
60%
BLACKSTONE DAGANGAN PTE. LTD.
100%
SYSTEM ENHANCEMENT RESOURCES & TECHNOLOGIES SDN. BHD.
100%
DESTINI FIRST SDN. BHD.
100%
DESTINI AUSTRALIA PTY LTD
DORMANT - DESTINI BERHAD
100%
DESTINI EMPIRE PROPERTIES SDN. BHD.
100%
DESTINI ENGINEERING TECHNOLOGIES SDN. BHD.
100%
DESTINI ARMADA PTE. LTD.
100%
DESTINI VENTURES SDN. BHD.
100%
LAND AUTO TECHNOLOGY SDN. BHD.
100%
DESTINI AERO TEKNOLOGI SDN. BHD.
100%
VANGUARDE PTE. LTD.
100%
TF CORP PTE. LTD.
99.99%
PT DESTINI MARINA PERKASA
100%
VANGUARDE OFFSHORE PTE. LTD.
100%
TECHNO FIBRE AUSTRALIA PTY LTD
100%
TECHNO FIBRE MIDDLE EAST MARINE SERVICES (FZE)
100%
VANGUARD (NANTONG) F.R.D. CO. LTD
51%
TF CORP SAUDI CO. LTD.
49%
T F EMIRATES MARINE SERVICES L.L.C.
100%
VANGUARDE MARINE ENGINE PTE. LTD.
100%
TECHNO FIBRE (S) PTE. LTD.
60%
DESTINI MARINE SAFETY SOLUTIONS LTD
100%
VANGUARD SAFETY TECHNOLOGIES SDN. BHD.

CORPORATE INFORMATION

Board of Directors

Dato' Rozabil @ Rozamujib Bin Abdul Rahman
Executive Chairman
(Re-designated from President & Group Chief Executive Officer to Executive Chairman on 15 September 2021)

Syaiful Hafiz Bin Moamat Mastam
Non-Independent & Non-Executive Director
(Appointed on 26 March 2021)

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
Independent & Non-Executive Director

Dato' Che Sulaiman Bin Shapie
Independent & Non-Executive Director

Dato' Mohd Zahir Bin Zahur Hussain
Independent & Non-Executive Director

Abdul Rahman Bin Mohamed Rejab
Executive Director

Norzilah Binti Mohammed
Executive Director

Audit Committee

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman (Chairperson)

Dato' Che Sulaiman Bin Shapie

Dato' Mohd Zahir Bin Zahur Hussain

Nomination and Remuneration Committee

Dato' Che Sulaiman Bin Shapie (Chairman)
(Re-designated as Chairman of Nomination and Remuneration Committee on 15 November 2021)

Dato' Mohd Zahir Bin Zahur Hussain

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Appointed on 15 November 2021)

Risk Management Committee

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman (Chairperson)
(Re-designated as Chairperson of Risk Management Committee on 15 November 2021)

Abdul Rahman Bin Mohamed Rejab

Dato' Mohd Zahir Bin Zahur Hussain
(Appointed on 15 November 2021)

Option Committee

Dato' Rozabil @ Rozamujib Bin Abdul Rahman (Chairman)

Dato' Che Sulaiman Bin Shapie

Syaiful Hafiz Bin Moamat Mastam
(Appointed on 26 March 2021)

Company Secretaries

Tan Tong Lang
(MAICSA 7045482 / SSM PC No. 202208000250)

Thien Lee Mee
(LS0009760 / SSM PC No. 201908002254)

Auditors

Messrs. UHY
Firm Number: AF 1411
Chartered Accountants
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City, Lingkaran Syed Putra
59200, Kuala Lumpur
Wilayah Persekutuan
Tel : 03-2279 3088
Fax : 03-2279 3099

Principal Banker

AmBank Islamic Berhad
(199401009897 (295576-U)]

Affin Hwang Investment Bank Berhad
(197301000792 (14389-U)]

Registered Office

No. 10 Jalan Jurunilai U1/20
Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Tel : 03-5567 0333
Fax : 03-5569 1233

Corporate Office

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Hicom Glenmarie Industrial Park
40150 Shah Alam
Selangor Darul Ehsan
Tel : 03-5567 0333
Fax : 03-5569 1233
Email : info@destinigroup.com
Website : www.destinigroup.com

Registrar

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(198101010136 (76260-W)]
149, Jalan Aminuddin Baki Taman Tun Dr Ismail
60000 Kuala Lumpur
Wilayah Persekutuan
Tel : 03-7729 5529
Fax : 03-7728 5948
Email : insurban@gmail.com

Investor Relations

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40150 Shah Alam
Selangor Darul Ehsan
Email : info@destinigroup.com
Tel : 03-5567 0333
Fax : 03-5569 1233

Destini Share Information

Company name : Destini Berhad

Stock name

DESTINI

Stock code

7212

Ticker code

- DSTN:MK (Bloomberg)
- DEST.KL (Reuters)

Financial year end

31 December

BOARD OF DIRECTORS

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN
Executive Chairman

Chairman of the Option Committee

Nationality / Age : Malaysian / 50
Date of Appointment : 11 November 2020
Areas of Expertise : Construction, Investment Trading

Qualifications
1. Master in Business Administration from University of Sunderland, England
2. Executive Diploma in Plantation Management from University of Malaya, Kuala Lumpur

Tenure as Director : 11 years

Dato' Rozabil @ Rozamujib Bin Abdul Rahman ("Dato' Rozabil") joined Destini as an Independent and Non-Executive Director in November 2010 and was re-designated as the Managing Director in January 2011. Dato' Rozabil was then redesignated to Group Managing Director in January 2014. He was later then re-designated to President & Group Chief Executive Officer in April 2018, prior to becoming the Executive Chairman in September 2021.

His vision and strategies have led to the Group's successful growth track record as well as financial strength and is also instrumental in leading the executive team in implementing the Group's strategies. His leadership and entrepreneurial vision have been and will continue to be crucial in leading the Group into the future.

Dato' Rozabil started his career as Managing Director and owner of Benar Prima Holdings Sdn Bhd, a holding company that has businesses in engineering, property development and investments. He has diversified interests ranging from construction and property development to trading and serves as director to several other private companies.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

SYAIFUL HAFIZ BIN MOAMAT MASTAM
Non-Independent & Non-Executive Director

Member of the Option Committee

Nationality / Age	:	Malaysian / 40
Date of Appointment	:	26 March 2021
Areas of Expertise	:	Accounting, Finance

Qualifications
1. B.A (Hons) Accounting and Finance, University of East London
2. Diploma in Accounting, Kolej Agama Sultan Zainal Abidin (Kusza), Malaysia
3. Diploma in Public Administration, Institut Tadbiran Awam Negara (INTAN), Malaysia
4. Executive Fellows Programme (EFP), Australia & New Zealand School of Government (ANZSOG)

Tenure as Director : 1 year 1 month

Encik Syaiful Hafiz Bin Moamat Mastam was appointed to the Board of Destini Berhad in March 2021. He holds a Bachelor of Arts in Accounting and Finance from University of East London, United Kingdom and a post-graduate Diploma in Public Administration from National Institute of Public Administration Malaysia.

His accounting career began in 2003 for various companies prior to joining the civil service in 2007 as an Administrative and Diplomatic Officer for the Prime Minister's Department. He is currently the Administrative & Diplomatic Officer for Government Investment Companies Division at the Ministry of Finance.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

BOARD OF DIRECTORS

PROFESSOR DATIN DR SUZANA BINTI SULAIMAN @ MOHD SULEIMAN
Independent & Non-Executive Director

Chairperson of the Audit Committee
Chairperson of the Risk Management Committee
Member of the Nomination and Remuneration Committee

Nationality / Age : Malaysian / 57
Date of Appointment : 8 January 2013
Areas of Expertise : Management Accounting

Qualifications
1. PhD in Management Accounting, University of Edinburgh, Scotland, United Kingdom
2. Master of Accounting (Distinction), Curtin University of Technology, Perth, Australia
3. Fellow Chartered Institute of Management Accountants (CIMA), United Kingdom (FCMA)
4. Chartered Global Management Accountants (CGMA)
5. Chartered Accountant (CA), Malaysian Institute of Accountants (MIA)

Tenure as Director : 9 years

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman is a Senior Professor in Management Accounting at Faculty of Accounting, Universiti Teknologi MARA ("UiTM"). She has more than 13 years of administrative posts at UiTM. Currently, she is the Deputy Vice Chancellor (Academic and International). Prior to that she was the Assistance Vice Chancellor at the Institute of Quality and Knowledge Advancement (InQKA) and Institute of Leadership & Quality Management ("iLQAM"), Deputy Dean (Academic), Postgraduate Coordinator and Head of Asian Management Accounting Research Centre ("AMARC"), at Accounting Research Institute ("ARI"). She has 31 years of experience in the Education Field with UiTM. She is also actively involved with Chartered Institute of Management Accountants ("CIMA") (UK) activities and CIMA Malaysia Country Branch.

She does not hold any directorships in any other public listed companies. She has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted for any offences within the past five years other than traffic offences, if any.

DATO' CHE SULAIMAN BIN SHAPIE
Independent & Non-Executive Director

Chairman of the Nomination and Remuneration Committee
Member of the Audit Committee
Member of the Option Committee

Nationality / Age	:	Malaysian / 65
Date of Appointment	:	8 January 2013
Areas of Expertise	:	Finance, Agriculture

Qualifications

1. Bachelor in Economics (Hons.) from Universiti Kebangsaan Malaysia

Tenure as Director	:	9 years

Dato' Che Sulaiman Bin Shapie is currently running his own business in various fields. He has over 12 years of experience in the financial and credit management with Bank Islam Malaysia Berhad from 1984 until 1996.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

BOARD OF DIRECTORS

DATO' MOHD ZAHIR BIN ZAHUR HUSSAIN
Independent & Non-Executive Director

Member of the Audit Committee
Member of the Nomination and Remuneration Committee
Member of the Risk Management Committee

Nationality / Age : Malaysian / 47
Date of Appointment : 8 October 2020
Areas of Expertise : Finance

Qualifications
1. Bachelor of Commerce (Accounting) from University of New South Wales, Sydney, Australia
2. Oxford Global CEO Program from Said Business School, Oxford University, United Kingdom
3. Certified Financial Planner
4. Member of Malaysian Institute of Accountants
5. Fellow at Chartered Accountants Australia & New Zealand

Tenure as Director : 1 year 6 months

Dato' Mohd Zahir Bin Zahur Hussain was appointed to the Board of Destini Berhad in October 2020. He holds a Bachelor of Commerce (Accounting) from University of New South Wales, Australia.

He has an established career as an auditor with various accounting firms including PricewaterhouseCoopers and Deloitte & Touche both at their Malaysia and overseas offices.

He has extensive experience in the fields of auditing, accounting and finance and is currently a member of Chartered Accountants Australia and New Zealand as well as the Malaysian Institute of Accountants.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

ABDUL RAHMAN BIN MOHAMED REJAB
Executive Director

Member of the Risk Management Committee

Nationality / Age : Malaysian / 56
Date of Appointment : 3 January 2011
Areas of Expertise : Finance, Construction

Qualifications
1. Bachelor Degree in Finance from St. Louis University, Missouri, United States of America

Tenure as Director : 11 years

Encik Abdul Rahman Bin Mohamed Rejab has over 15 years of experience in the financial and asset management with his last attachment in AmBank (Malaysia) Berhad. He exited the financial sector to join the Company as an Independent Non-Executive Director in January 2011. He then re-designated to an Executive Director in October 2012.

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

BOARD OF DIRECTORS

NORZILAH BINTI MOHAMMED
Executive Director

Nationality / Age	:	Malaysian / 57
Date of Appointment	:	26 March 2021
Areas of Expertise	:	Banking, Finance, Risk Management, Business Administration, and Corporate Management and Operations

Qualifications
1. Bachelor of Science in Business Administration, majoring in Accounting from California State University, Sacramento, United States of America
2. Qualified Risk Director from the Institute of Enterprise Risk Practitioners
3. Completed Womens Directors Onboarding Training Programme from the Malaysian Directors Academy (MINDA) and NAM Institute for the Empowerment of Women (NIEW)

Tenure as Director : 1 year 1 month

Puan Norzilah Binti Mohammed has over 30 years of experiences in the banking, finance, risk management, business administration and corporate management and operations. She was previously the Group Deputy Chief Executive Officer for 2 years and was appointed to the Board of Destini Berhad as Executive Director in March 2021.

She has had an illustrious career in the banking and finance industry, where she last helmed the position of President and Chief Executive Officer to Export-Import Bank of Malaysia Berhad ("EXIM Bank"), prior to joining Destini.

Puan Norzilah also holds several honorary positions which include her appointment as a Business Advisory Committee Member of the Malaysia China Business Council and the Head of Cluster for Banking and Finance at the Centre of Women Advancement and Leadership in University Kuala Lumpur.

She does not hold any directorships in any other public listed companies. She has no family relationship with any Director and/ or major shareholder of the Company and has no conflict of interest with the Company. She has not been convicted for any offences within the past five years other than traffic offences, if any.

KEY SENIOR MANAGEMENT

ABDUL RAHMAN BIN MOHAMED REJAB
DESTINI BERHAD, EXECUTIVE DIRECTOR

(His profile is set out in the Board of Directors Profile)

NORZILAH BINTI MOHAMMED
DESTINI BERHAD, EXECUTIVE DIRECTOR

(Her profile is set out in the Board of Directors Profile)

MUHAYUDDIN BIN MUSA
Group Chief Executive Officer

Date of Appointment : 15 September 2021
Areas of Expertise : Corporate Affairs, Finance

Qualifications
- Bachelor of Commerce (Honours), Carleton University, Ottawa, Canada
- Diploma, Grade 13, Mack International Academy of Arts & Sciences, Toronto Canada

Working Experience
- Managing Director/Chief Executive Officer, Computer Forms (M) Berhad (1998-2021)
- Corporate Affairs Manager, Federal Furniture Holdings (M) Bhd (1993-1996)
- Head of Banking/Assistant Vice-President, Bank of Commerce (M) Berhad (1991-1993)
- Financial Officer, Lembaga Letrik Negara (LLN) (1985-1987)

He holds directorship as an Independent Director in Malpac Holdings Berhad. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

KEY SENIOR MANAGEMENT

ARIS KEFLI BIN MOHAMAD YUSOF
Group Chief Financial Officer

Date of Appointment : May 2017
Areas of Expertise : Accounting

Qualifications
- A member of Malaysian Institute of Accountants, Malaysia
- Chartered Institute of Management Accountant, United Kingdom
- A member of Chartered Practicing Accountants, Australia
- Master in Business Administration, Leicester, United Kingdom
- Advanced Diploma in Accountancy, UiTM

Working Experience
- Head of Accounts and Finance, Destini Berhad (2012-2017)
- Chief Financial Officer, Imatex Berhad (2000-2012)
- Accountant, U-Wood Holding Berhad (1996-2000)
- Senior Accounts Executive, Propel Berhad (1993-1996)

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

SHIRAD BIN ANUAR
Senior Vice President, Legal and Secretarial

Date of Appointment : March 2017
Areas of Expertise : Law and Corporate Secretarial

Qualifications
- Master in Business Administration in Islamic Banking and Finance from International Islamic University Malaysia
- LLB (Hons) Degree from Wolverhampton Polytechnic
- Certificate of Legal Practice
- Licensed Company Secretary

Working Experience
- Company Secretary and Legal Advisor, Utusan Melayu (Malaysia) Berhad (2013-2017)
- Legal Advisor, Naza TTDI Sdn Bhd (2011-2013)
- Company Secretary and Legal Advisor, GJA Engineering Sdn Bhd (2009-2011)
- Legal Advisor, Pantai Holdings Berhad (2007-2009)
- Legal Advisor, Landmarks Berhad (2001-2007)
- Legal Manager, DRB-Hicom Berhad (1997-2001)
- Assistant Legal Manager, Faber Group Berhad (1995-1997)
- Magistrate (1991-1995)

He does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

NOORHAYATI BINTI JALI
Senior Vice President, Treasury

Date of Appointment : July 2018
Areas of Expertise :
1. Accounts and Finance
2. Financial Management
3. Investment Management

Qualifications
- Master's in Business Administration, Finance from University Utara Malaysia, City Campus, Kuala Lumpur
- BA (Hons) Accounting and Finance from South Bank University London, United Kingdom
- Diploma in Accountancy, MARA Institute of Technology Perlis, Malaysia
- Associated Member of the Financial Planning Association of Malaysia ("FPAM")

Working Experience
- Head of Finance – Education Department, Yayasan AMIR, a non-profit initiative by Khazanah Nasional Berhad (2013-2016)
- Finance Consultant, UiTM Holdings Sdn Bhd (2012-2013)
- Head of Finance, Envair Holdings Berhad (2011-2012)
- Chief Financial Officer, Viztel Solutions Berhad (2006-2010)
- Senior Manager, Accounts and Finance, Benar Prima Capital Sdn Bhd (2005-2006)
- Chief Financial Officer, MNR Consolidated Berhad (1999-2004)
- Credit Executive – Accounts Payable, Sunway Hotel Seberang Jaya, Penang (1997-1998)
- Operations Officer, Bank of Commerce Penang (1995)

She does not hold any directorships in any other public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

KHAIRUL RIZAL BIN OSMAN
Head of Internal Audit

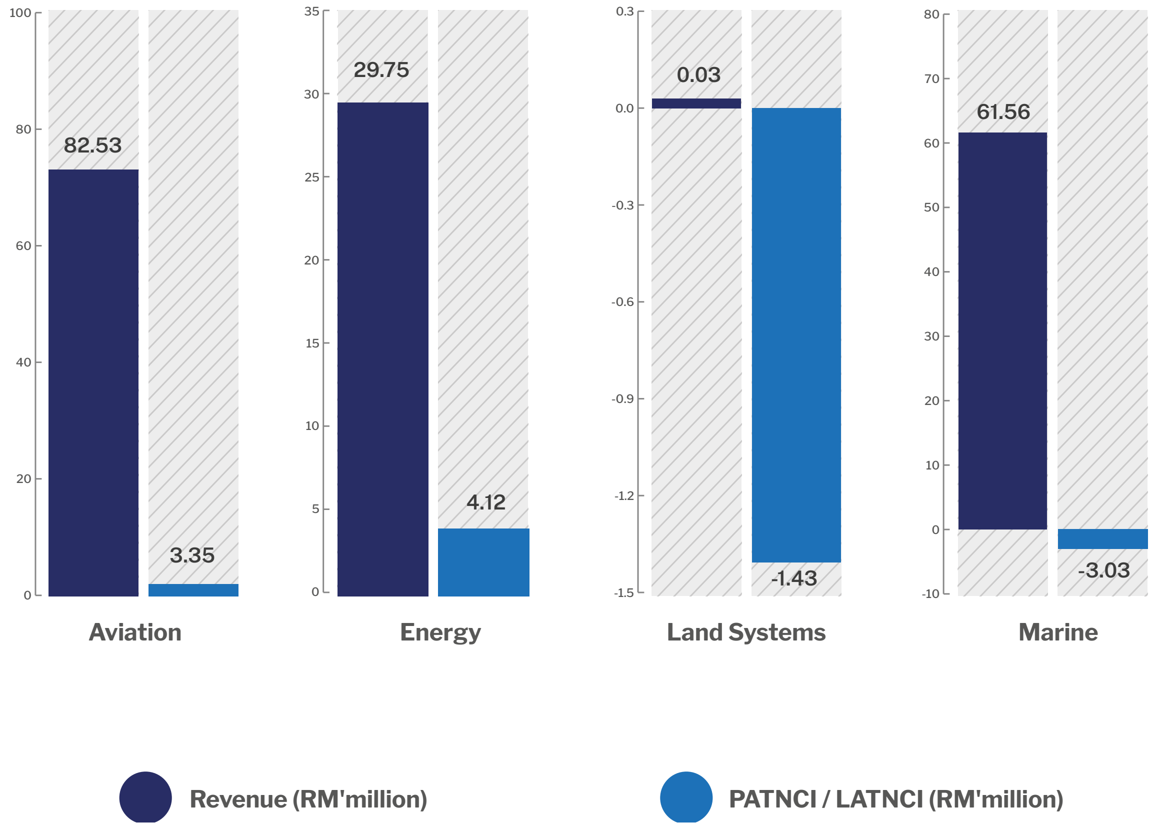
Date of Appointment : 1 April 2022
Areas of Expertise :
1. Accounts and Finance
2. Financial Management
3. Investment Management

Qualifications
- Bachelor in Business Administration from Mara University of Technology
- Diploma in Banking Studies from Mara University of Technologies
- Certified in Internal Auditing for Financial Institutions (CIAFIN)
- Associate Qualification in Islamic Finance (AQIF)

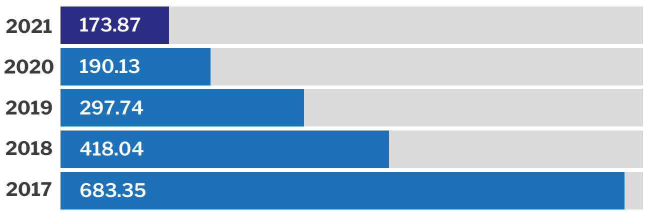
Working Experience
- Head of Internal Audit, Destini Berhad (2015 - 2018)
- Assistant Manager, Malaysian Industrial Development Finance (2007 - 2015)
- Head, Fraud & Authorisation Department, Cards Business, Affin Bank Berhad (2005 - 2007)
- Assistant Vice President, Group Internal Audit, Affin Bank Berhad (2000 - 2005)
- Senior Executive, Group Internal Audit, Bank Islam (M) Berhad (1997 - 2000)
- Credit Officer, Bank Islam (M) Berhad (1993 - 1996)

He does not hold any directorships in any public listed companies. He has no family relationship with any Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has not been convicted for any offences within the past five years other than traffic offences, if any.

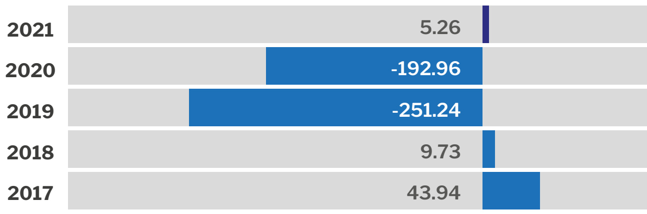
OUR PERFORMANCE



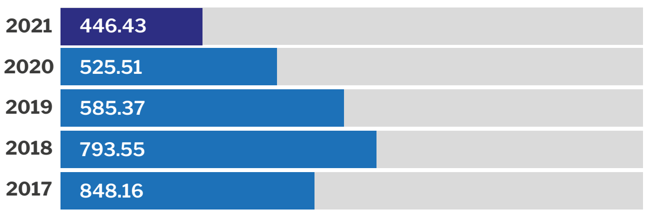
Revenue (RM'million)



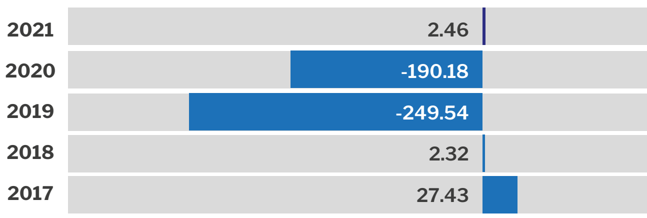
Profit/(Loss) Before Tax (RM'million)



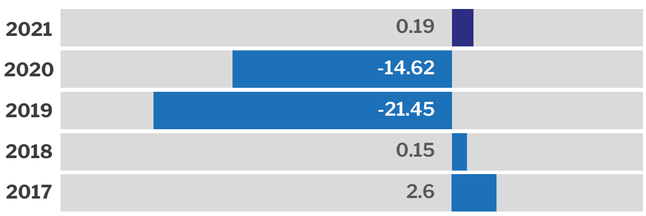
Total Assets (RM'million)



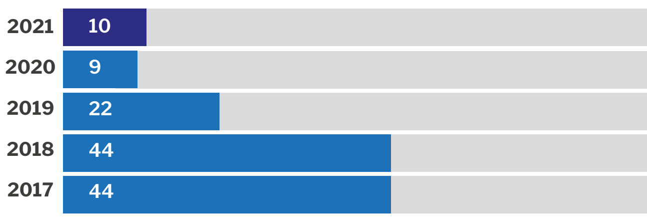
Profit/(Loss) After Tax (RM'million)



Earnings Per Share (sen)



Net Assets Per Share (sen)



EXECUTIVE CHAIRMAN AND MANAGEMENT DISCUSSION & ANALYSIS

"Focusing on our fundamentals and sharpening our focus on our core businesses was what made us able to manage the ongoing challenges in 2021."

The brunt of the COVID-19 pandemic continued into the year 2021 with the periodic resurgence of the virus' variants which caused widespread economic disruption from uncertainties and market volatility for the second year that sent the global economy into a recession.

Seeing that the pandemic worsened during the first half of the year, the Malaysian Government pushed for its immunization programme which saw 90% of the country's adult population being fully inoculated in the fourth quarter of the year.

The high inoculation rate allowed for the gradual relaxation of mobility restrictions in the country which encouraged economic growth. The Malaysian economy improved and grew by 3.1%, a recovery from the drop of 5.6% in 2020 from strong exports that was driven by the demand in global digitalization growth and high commodity prices as well as the Governments support through several economic stimulus packages and budgetary measures.

Aside from the COVID-19 virus, the call for achieving net zero emissions by 2050 also dominated the headlines in 2021. Global communities came together discussing on acting on climate damage, paving the push for global energy transition and a sustainable future with the implementation of clean technology.

Amidst a volatile economic and operational environment during a prolonged health crisis, Destini has been resilient in sharpening its focus on its fundamentals which are its four core businesses that have been a driver for the Group since before the pandemic. Despite the difficulties, this focus gave clarity to steer the Groups businesses in these uncertain times.

That being said, on behalf of the Board of Directors, we present to you Destini's Annual Report for the Financial Year Ended December 31, 2021 ("FYE2021").

ACHIEVEMENTS

Although the year under review was one of the most challenging years the Group has experienced since its incorporation, we managed to make progress with several corporate exercises.

In February of the year, Destini entered into a 70:30 Joint Venture and Shareholders Agreement ("JVSA") with Keretapi Tanah Melayu Berhad ("KTMB") that would enable the Group to provide heavy maintenance work on rail assets in Malaysia.

Following that, during the second half of the year, the Group entered into a Memorandum of Understanding ("MOU") with Siemens Mobility Sdn Bhd for the latter to act as Destini's Technical Assistance Advisor in providing maintenance, repair and overhaul ("MRO") services for electrical trainset components in Malaysia.

Destini had also entered into a Heads of Agreement ("HOA") with Indonesia State-Owned PT Industry Kereta Api ("PT INKA") to identify and pursue opportunities in the railway system business sector and infrastructure projects in Indonesia, Malaysia and potentially region.

For its energy division, the Group managed to secure an award from Repsol Oil and Gas Malaysia for the provision of tubular handling and conductor installation, equipment and services.

Marking its foray into renewable energy, the Group ended the year with its maiden solar project from Indah Water Konsortium Sdn Bhd ("IWK") for the engineering, procurement, construction and commissioning ("EPCC") of solar photovoltaic ("PV") systems at IWK's sewerage plants across Malaysia.

The Group's perseverance bore fruit despite the challenges and uncertainties encountered during the year.

FINANCIAL REVIEW

Destini strengthened its balance sheet and managed its cashflow prudently on top of tightening capital and operating expenditure by advocating a disciplined approach to capital allocation and managing liquidity. This has enabled us to weather the adverse challenges during the year in review.

Notwithstanding that, Destini was able to return profitable by reporting a profit after tax and non-controlling interest ("PATNCI") of RM3.01 million in FYE2021 as compared to a loss after tax and non-controlling interest ("LATNCI") of RM190.64 million the previous year. Revenue however saw an 8% decline to RM173.87 million in FYE2021 from RM190.12 million in FYE2020.

During the year in review, the Group was able to generate better earnings from the continuation of several projects under its aviation and defence business segment. As restrictions began to relax, more aircraft MRO activities saw a revival as more aircrafts started to fly again.

In addition, the Group saw commendable progress on the supply of its six MD530G helicopters to the Royal Malaysian Army ("RMA") that is moving towards the completion of the remaining contract obligations that were put to halt due to the pandemic in the previous year.

Echoing the aviation and defence segments revival is the Groups energy segment that contributed to the bottomline of the Group with the execution of projects that were deferred during the peak of the pandemic. The Group had also secured additional contracts during the year in review which saw a boost in activities in its energy segment.

The Group's financial performance reflected the impact from a combination of factors which include cashflow difficulties and lower business activities due to prolonged pandemic restrictions imposed by our Government. Nevertheless, strategies were in place and implemented to enable the Group to navigate through the uncertainties.

Furthermore, the Group went on an assessment of its investments and re-evaluated its assets to reorganize or dispose of non-performing and non-core assets to ensure optimization of the Group balance sheet, including capital structure.

With that Destini went on a corporate exercise to dispose of its 51% equity interest in THHE Destini Sdn Bhd for RM121,131 in April 2021. THHE Destini Sdn Bhd is a joint venture company with TH Heavy Engineering Berhad that was incorporated to fabricate three Offshore Patrol Vessels ("OPV") for the Malaysian Maritime Enforcement Agency ("MMEA").

More details on the Group's business segments financial review will be elaborated further in this Annual Reports Operational Review.

EXECUTIVE CHAIRMAN AND MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL REVIEW

AVIATION & DEFENCE

- Destini's aviation and defence segment returned to profitability with PATNCI of RM3.35 million in FYE2021 from LATNCI of RM0.13 million a year before. This was from a revenue of RM82.53 million in FYE2021 from RM85.38 million the year before.
- The local commercial aircraft movement saw an increase in activity during the fourth quarter of the year from the opening of borders and the easing of travelling locally which was guided by the Governments stimulus packages to assist the local tourism industry.
- With the increase in air traffic, Destini's commercial aviation MRO business saw an increase in activity and was able to maintain its performance with the MRO and supply of survival and safety equipment to airlines that flew into our local airports.
- Destini plans on strengthening its commercial aviation business by expanding its client base as more airlines are expected to create its presence at Malaysian airports in the years to come.
- Meanwhile, as mentioned earlier the Group saw progress on the supply of six MD530G helicopters to the RMA. With the reopening of borders, the Army was able to travel to U.S.A to go through training as required under the contract.
- Seeing a progress on the execution of the helicopter contract, Destini aims to handover all six helicopters to the RMA in 2022.
- Following the delivery of the helicopters, Destini plans on expanding its MRO of military aircrafts to include the helicopters thereby expanding its capabilities into servicing a wider range of aircrafts for the Armed Forces.

ENERGY

- Destini's energy segment also reported positive earnings with a PATNCI of RM4.12 million in FYE2021 from LATNCI of RM45.55 million a year before. Revenue doubled to RM29.75 million in revenue in FYE2021 from RM14.93 million the year before.
- The increase in revenue for this segment mainly derived from the revival of projects awarded by major oil companies that were deferred earlier due to budget constraints and the uncertainties in the oil and gas environment resulted from the pandemic.
- Driven by the global push towards a new global aim of achieving neutral carbon emissions by 2030 and net zero carbon emissions by 2050, Destini embarked on a journey to explore and expand its energy segment into renewable energy.
- In line with the global decarbonization agenda, Destini's entry into renewable energy is also part of the Group's long-term sustainability plan which includes the adoption of environmental, social and governance values that are an increasingly important criterion for sustainable growth.
- Making its mark in renewable energy, the Group ended the year with its maiden solar project from IWK with the acceptance of a Conditional Letter of Award ("CLOA") for the engineering, procurement, construction and commissioning ("EPCC") of solar PV systems at IWK's sewerage plants across Malaysia.
- Through its wholly-owned subsidiary Destini Energy Sdn Bhd ("DESB"), the Group is to carry out detailed design, construction, installation, operations and maintenance at up to 1,177 sewerage plants owned by IWK, with an objective of providing an average savings of 10% on electricity consumption to IWK.
- DESB is a registered company under the Sustainable Energy Development Authority of Malaysia ("SEDA") for solar renewable energy projects. As a registered solar PV investor, DESB is able to carry our EPCC projects by themselves or award such projects to a registered PV service provider registered with SEDA.
- Destini believes that there would be more opportunities for it to pursue in the years to come which would bode well for the Groups prospects in the energy sector.

EXECUTIVE CHAIRMAN AND MANAGEMENT DISCUSSION & ANALYSIS

OPERATIONAL REVIEW

LAND SYSTEMS

- Destini's land systems segment recorded a LATNCI of RM1.43 million in FYE2021 from a PATNCI of RM7.22 million a year before. Revenue declined to RM0.03 million in FYE2021 from RM2.81 million the year before.
- This segment registered losses due to its inability to replenish its order book with major contracts during the year in review as the Government shifts its focus and coffers onto managing the health crisis. Few contracts were available for bidding during the year.
- However, despite a lackluster year for this division, Destini carved its name in the rail industry with a joint venture with KTMB that would unlock the Group's capabilities to provide heavy MRO work on rail assets in Malaysia.
- Complementing this progress, Destini's MOU with Siemens Mobility Sdn Bhd as Destini's Technical Assistance Advisor in providing MRO services for electrical trainset components would encourage the Groups advancements in the land systems industry by being able to provide a wider range of MRO works on a wider range of trainsets.
- On the back these new opportunities, the Group is further encouraged to pursue other railway systems business and infrastructure projects within the region with its agreement with PT INKA that could potentially pave the way for Destini to enter regional rail markets.
- With all these agreements inked during the year, Destini has renewed optimism for its land systems segment with wider potential in replenishing its order book within this industry for the year 2022 and beyond.

MARINE

- Destini's marine segment narrowed its losses with a LATNCI of RM3.03 million in FYE2021 from a LATNCI of RM101.19 million a year before. Revenue stood lower at RM61.56 million in FYE2021 from RM86.85 million the year before.
- The Group's marine segment's losses during the year in review was due to the lack of business volume as a result from the pandemic.
- During the year the Group disposed of its stake in THHE Destini Sdn Bhd which took on the fabrication of three OPV's for the MMEA. The disposal was part of the Group's rationalization exercise that includes divesting non-performing assets. The exercise saw delays in execution due to restrictions from the pandemic which weighted on the Group's books significantly.
- Meanwhile, Destini's lifeboat manufacturing facility in China could not execute many lifeboat and davit systems delivery as pandemic restrictions prevailed against the backdrop of China's zero COVID goal which caused halts in operations.
- With less revenue from its ongoing projects locally and abroad that saw halts in execution due to the pandemic, the Group had to absorb existing overhead costs from this segment.
- Moving forward, Destini plans on expanding its lifeboat and davit systems capabilities by expanding its MRO stations across the Middle East where the marine market is expected to grow.

EXECUTIVE CHAIRMAN AND MANAGEMENT DISCUSSION & ANALYSIS

STRATERGIC OVERVIEW

Against the backdrop of the challenging external environment, Destini has embarked on a new strategic roadmap that outlines the Group's goals and key initiatives within its four core business segments for the next few years. The strategic roadmap will include strengthening its core business, enhancing its capabilities and developing new opportunities.

As part of these new strategies, Destini went on to restructure and reorganized its assets to better complement its long-term growth strategy. As a sign of its commitment to these strategies divestments and organizational changes has been and will be announced periodically from time-to-time in accordance to Bursa Malaysia's Listing Requirements.

These strategies were set up to improve the Groups overall operational and financial efficiency while it builds its core competencies within the industries it has a foothold in. Destini also plans to diversify its portfolio in each of the four industries to ensure that it has a wider range of products and services to offer without straying too far from its main businesses in the aviation & defence, energy, land systems and marine industries.

STRENGHTENING GOVERNANCE

As part of its strategies, Destini is also tightening its internal controls with renewed policies that encourages corporate governance.

At Destini, we acknowledge the recent update of the Malaysian Code of Corporate Governance in April 2021 which is aimed at improving governance practices within the local capital market. In line with this, Destini has adopted several policies that would enhance ethical business conduct and a better corporate culture within the Group.

Within these past few years Destini has introduced and embarked on strengthening its anti-bribery and corruption policy, whistle-blowing policy and code of conduct and ethics policy. These proactive actions taken is a step the Group has taken to create awareness among its employees on the pitfalls of unethical business conduct and weak internal controls.

The Group views corruption as a corrosive habit that undermines an organisations credibility. Destini is committed to deterring the act of corruption in our way of doing business to be able to create a sustainable and continuous business environment.

To ensure that the communication gets across to its employees, Destini is constantly engaging with its members with notices, memos and surveys to ensure that its employees' literacy towards corporate governance is met at its highest standards.

LOOKING AHEAD

Destini intends on entering the year 2022 with renewed optimism and a refreshed strategy that is able to preserve its business model and growth aspirations while refining its priorities. The Group remains committed to delivering value and sustainable returns to shareholders by challenging new boundaries and seeking out new areas of growth within its current portfolios.

With much progress on the energy and land systems business segments, Destini intends on focusing much of its commitments into these two segments of priority in the coming financial year.

Destini is aware and understands the high capital commitments that it will need to take on with its diversification in renewable energy and expansion of services in the rail industry. However, seeding these new businesses that will co-exist well with our current portfolio will be able to generate stable recurring income for the Group in the future. Destini is mindful in assessing the risks from these new opportunities and prioritises the assurance that recurring cash flow is secured and adequate return on investment is met to continue to drive the growth of the Group.

Nevertheless, Destini will remain prudent and continue to monitor industry developments closely of all the industries it is in for possibilities or opportunities that can be achieved by the Group to ensure its profitable growth and sustainability goals are met despite external challenges and restrictions.

ACKNOWLEDGEMENTS

Destini would like to extend its sincere thanks and appreciation towards Tan Sri Dato' Sri Rodzali Daud who had helmed as the Groups Chairman since 2015. We would like to acknowledge his service and contributions in leading the Group during his years in Destini and we wish him all the best in his future endeavors.

Succeeding the position, the Group saw the re-designation of Dato' Rozabil Abdul Rahman as Destini's Executive Chairman from his previous post as Destini's President and Group Chief Executive Officer in September 2021.

We are deeply grateful to all our shareholders for their continued support and trust in the Group. We would also like to convey our appreciation to all our valued customer, business associates and various regulatory authorities for their continuous strong support and confidence in us.

Notably, we would like to give credit on the efforts and contributions to our employees who remained loyal and have successfully navigated a challenging operating environment and delivered operational and financial results for the Group. Your dedication and hard work in striving towards the Group's goals and aspirations are commendable.

Executive Chairman
Dato' Rozabil @ Rozamujib Bin Abdul Rahman

Executive Director
Abdul Rahman Bin Mohamed Rejab

Executive Director
Norzilah Binti Mohammed

Group Chief Executive Officer
Muhayuddin Bin Musa

Group Chief Financial Officer
Aris Kefli Bin Mohamad Yusof

SUSTAINABILITY REPORT

SUSTAINABILITY STATEMENT

This Sustainability Report covers our responsibilities to our stakeholders and the developments in sustainability we have made during the financial year 2021. This report is prepared in accordance to the Global Reporting Initiative reporting guidelines and it adheres to the 2nd Edition of Bursa Malaysia's Sustainability Reporting Guide.

The Board members of Destini recognises the importance of building a sustainable business. Taking into consideration and calculating all factors that will affect the sustainability of the Group's businesses, operations and management, leakages are addressed in order to create shareholders' value and to safeguard the interest of all stakeholders on a long-term basis.

The Group sees sustainability as a means to build greater resilience in our business model, increase our competitiveness, ensure high standard of compliance and ethics in all our business practices, while strengthening our ability to contribute meaningful change in society, beyond the Group's businesses alone.

Our Sustainability Policy provides guiding principles on Destini's business conduct to ensure all stakeholders support the Group's commitment to sustainability. It serves as the focal guiding document for the Group's sustainability practices. Our values, sustainability pillars and commitments are kept in check through this policy which is stated below;

OUR POLICY ON SUSTAINABILITY

- Embrace Sustainability in Organisation Culture
- Capitalise on Technology and Information
- Strengthen the Core
- Build Regional Global Connectivity
- Foster High Performance Partnership

The Group's continued success in maintaining a sustainable business and generating long-term shareholder value is influenced by several internal and external factors. Each material factor presents unique risks and opportunities to our organisation and is a key consideration in our approach to formulate strategies and execution as it substantially influences the assessments and decisions of our stakeholders. We regularly review these factors to assess their impacts on our business model over a near, medium and long-term period.

Recognising COVID-19 as a test of resilience and preparedness, sustainability issues have become more critical than before. The uncertainties caused by the pandemic have changed the Group's business operations during the financial year, with significant impact on the policy. While the Group was able to operate during the Movement Control Order at a lower capacity, several key activities planned for the year were either halted or disrupted. The Group had implemented more stringent hygiene standards and operational procedures to comply with the government pandemic-induced regulations and to ensure business continuity in the new normal. Priority is given to safeguard the well-being of the customers, employees and other stakeholders such as business associates who are in close contact with us.

Even before the COVID-19 pandemic, sustainability was already gaining importance on our corporate agenda. Today, investing in Environmental, Social and Governance Policy is driven by irreversible forces as we continue to integrate these factors as a core strategic imperative to our business.

Service & Product Quality

Technology

Management

Talent

ECONOMIC	ENVIRONMENT	SOCIAL
Sustaining our economy Delivering sustainable returns to our shareholders Delivering quality services and products to achieve customers' satisfaction	Conserving our environment Protecting and preserving the environment	Building a resilient workforce Ensuring a positive workplace for our employees Serving our community Contributing to the well-being of the community around us

OUR SCOPE OF REPORTING

This Sustainability Report serves to provide an overview of the strategies, initiatives, performance and achievements in relation to the Group's sustainability journey for the financial year 2021. It covers a holistic report on our four core divisions which are aviation & defence, energy, land systems and marine. These four core divisions have a wide footprint that spans from Malaysia to Singapore, Australia, China, the Middle East and United Kingdom, where the Group holds a controlling interest .

SUSTAINABILITY REPORT

DESTINI

AVIATION & DEFENCE

- Maintenance, repair & overhaul ("MRO") for the armed forces and civil airline aircraft and helicopters
- Supplies aviation safety and survival - related equipment
- Aircraft search, rescue and salvage
- MRO for civil airline components

ENERGY

- LNG supply
- Renewable energy engineering, procurement, construction, installation and commissioning
- Oil field decommissioning and well plug abandonment
- Tubular handling equipment and running services for oil and gas exploration and production
- Bucking services and hammer services for well drilling
- Provides thru-tubing workover /completion systems and a variety of thru-tubing packer systems for remedial wellbore operations

LAND SYSTEMS

- Assembles, fabricates, refurbishment and MRO for:
  - Vehicles for armed forces, police and other government agencies
  - Security vehicles for commercial use
  - Motor trollies, wagons and road-rail vehicles for the rail sector
  - Rail systems
- Supplies of electronic equipment, surveillance and tracking systems, spare parts, components and accessories

MARINE

- Manufactures lifeboats, fast rescue boats, davit systems and hooks
- Provides safety and survival-related equipment MRO for government and maritime agencies, locally and globally

SUSTAINABILITY GOVERNANCE

Corporate Governance

The Group's sustainability governance framework supports the Group's progress and response to future challenges. Effective sustainable governance and management structure are vital to ensure integration of the Group's sustainability strategies and commitments into its business agenda and operations. A robust management system is also key in sustaining the Group's endeavours.

At Destini, we believe that good governance play a key role in achieving the Group's objectives to deliver our sustainability targets moving forward.

The Board acknowledges that risk management and internal control are integral to our corporate governance and that it is responsible for establishing a sound risk management framework and internal control system as well as to ensure their adequacy and effectiveness. The review of the adequacy and effectiveness of the risk management framework and the system of internal control is delegated by the Board to the Risk Management Committee. The Group's performance is also tracked with the assistance of the Nomination and Remuneration Committee.

Board of Directors

Oversees the Group's sustainability initiatives, and endorses the proposed sustainability initiatives and material sustainability matters related to the Group

Audit Committee

- Reviews the Company's processes for produces timely and accurate financial data, and internal controls as well as oversees all risk management activities

Nomination and Remuneration Committee

- Oversees matters related to proposing suitable new candidates for appointment to fill the seats of Board Members and Senior Management.
- Assists the Board in developing and establishing competitive remuneration policies and packages.

Risk Management Committee

- Assists the Board in overseeing all risk management activities within the Group and review the efficiency and effectiveness of the internal controls within the Group.

The responsibility of the Board to promote and embed sustainability in the Group includes overseeing the following:

- Stakeholders engagement.
- Materiality assessment and identification of sustainability risks and opportunities relevant to us.
- Management of material sustainability risks and opportunities.

Ethical Business Practices

The Board recognise the importance of ethical business conduct across the Group's operations to maintain our stakeholders' trust. Our businesses are conducted with integrity through good governance as mentioned by our Code of Ethics and Conduct. To demonstrate our commitment towards excellence in corporate governance, the Group has maintained ethical policies that provide guiding principles on employee conduct when acting on behalf of Destini.

To enhance corporate transparency, the Group's corporate policies are publicly available on the Group's corporate website and our employee portal, which includes the Anti-Bribery and Anti-Corruption Policy as well as Whistle Blowing Policy that provides all stakeholders a guide and a direct channel for reporting instances of misconduct that contradict to our Code of Ethics and Conduct and/or other non-compliance offences. Any updates or amendments to the policies will be communicated to employees via the Group's email and employee portal.

All new hires are also required to attend an onboarding session on Corporate Liabilities under Section 17A of the MACC act. This action taken to increase awareness about potential workplace unethical actions namely corruption and bribery. Good governance is the bedrock of our business, led by ethical business practices and integrity. We have embedded the highest standards of governance in our business not only by complying with the law but through processes and directives that continue to reinforce our principles.

SUSTAINABILITY REPORT

STAKEHOLDERS ENGAGEMENT

We at Destini acknowledge the importance of maintaining regular and effective communication with our stakeholders, and through timely engagements, it has allowed us to understand their concerns and expectations. These findings are instrumental to the formulation of our business strategies and play a critical role in achieving sustainable growth.

Having identified the engagement areas of our stakeholders, the Group's engagement method with stakeholders as illustrated below is a continuous and ongoing process.

STAKEHOLDERS	ENGAGEMENT METHODS	ENGAGEMENT AREA
Shareholders	• Annual & Extraordinary General Meetings • Investors presentations • Press releases • Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Share price performance • Dividend policy • Return on investments
Government	• Compliances to laws and regulations	• Operation regulations • Listing Requirements • Companies Act • Labour law • Taxations • Occupational Safety and Health Act, 1994 • Factories and Machinery Act 1997 • Factories and Machinery (Electric Passenger and Goods Lift) Regulation 1970
Board of directors	• Board meetings	• Corporate strategy • Corporate governance
Employees/Union	• Technical and skills trainings • Performance appraisal • Team building activities • Employee engagement activities (events) • Dialogues between employers and employees	• Occupational safety & health • Remuneration policy • Career development • Performance review • Fair employment practices
Financial insitutions	• Bursa announcements • Quarterly report • Annual report • Timely update on corporate website	• Financial and operational performance • Interest/Profit payment
Customers	• Regular meetings • Marketing activities • Sponsorship activities	• Customer satisfactions • After-sales services • Quality assurance • Innovative services and products
Suppliers and Agents	• Regular meetings • Quality audit on services and products • Contract negotiation	• Services and products' quality • Legal compliance
Communities & Non Governmental Organisation	• Conferences and Dialogues	• Socioeconomics development
Societal Communities	• Community events	• Social contribution • Job opportunities • Donation and financial aid
Analyst/Media	• Annual & Extraordinary General Meetings • Press conferences and media releases • Interview	• Financial and operational performance • General announcements • Face-to-face or e-mail interview

MATERIAL SUSTAINABILITY MATTERS

ECONOMIC

Economic scenario remains as our core element based on current global market condition. The Group has taken great level of measure to identify the critical sustainability risks and opportunities which influences the Group's strategy and objectives. To achieve sustainable development of the marketplace, the Group endeavours to carry out activities to promote responsible practices among our shareholders and our customers where high ethical standards in the respective areas are consistently applied.

Shareholders

In line with good corporate governance and transparent business practices, we constantly review our policy to ensure the Group is managed effectively and ethically with adequate control mechanisms to manage risks and deliver accountability and sustainability. Good corporate governance practices translate into better business performance and create sustainable value for the Group and its stakeholders.

The Board recognises the importance of communication with its shareholders and investors through general open dialogues and a planned investor relations programme which includes the AGM, where shareholders are encouraged to ask questions to the Board and Executive Management on business operations, and the financial performance and position of the Group. The programmes are also not limited to roadshows, regular analyst and fund manager briefings. These sessions are typically hosted by the Strategic Planning Department, Corporate Affairs Department and Executive Directors.

The Group's corporate website www.destinigroup.com also provide a link on investor relations where quarterly and annual financial statements, announcements, financial information, annual reports, circulars/statements to shareholders and other pertinent information are uploaded on a timely basis.

Customers & Products

We recognise that keeping customers satisfied is key factor to the success of the Group's business. For our customers, we will supply quality services and products which meet their satisfaction and expectations through continuous improvements in technology, processes and services. In order to ensure that our products are of consistent standard and quality, our management has internally established a Regulatory, Safety and Quality Assurance Department to establish, check and continuously improve our products and services in compliance with Statutory and/or Regulator bodies, Standard Certifying Agency, Customer and/or Original Equipment Manufacturer ("OEM"). This is also to ensure that we are able to achieve, sustain and continuously improve the business relevant standard that directly impacts business continuity.

Engagement channels such as meetings, emails and phone calls with our customers are fully utilised to get deeper understanding of their needs. Our business goals are to develop and sell our products and services that appeal to our customers. We will maintain our competitive advantage by ensuring prompt delivery, price competitiveness and consistent quality.

SUSTAINABILITY REPORT

AVIATION & DEFENCE

In terms of quality control, our aviation and defence operations is accredited by several quality standard certifications in relation to:
a) Safety and survival equipment;
b) Electronics, avionic and electro-mechanical equipment;
c) Aircraft ejection system
d) Auto-mechanical, crash & salvage and firefighting equipment for aerospace, marine and defence industries
e) Electro-mechanical and survival systems for special force
f) Regulator, compressed gas cylinder and oxygen system

These includes certifications include:
- Quality Management System per ISO 9001-2015
- Safety Management System per ISO 45001:2008
- Environmental Management System per ISO14001-2016
- Compressed Gas Cylinder Requalification per DOT USA
- Authorised Maintenance Organisation by DGTA
- Authorised Maintenance Organisation by CAAM
- Martin Baker Centre of Excelence
- Survitec Aviation Certificate

It must be noted that, locally, we are an Approved Maintenance Organization for the services and maintenance of aircraft and safety and survival equipment which is certified by the Malaysian Directorate General Technical Airworthiness ("DGTA"), and also by the Civil Aviation Authority Malaysia ("CAAM").

Internationally, we are certified by Pipeline Hazardous Material Safety Agency of Department of Transport, from the United States of America as an Authorized Re-qualification Cylinder Service Station. This authorises our Group on requalification of the authorized cylinder specifications by the "hydrostatic" test method.

We are also proudly certified by several private and public authorities as an OEM authorised service centre, preferred partner or supported service centre for the maintenance of aircraft ejection seat, safety equipment and others.

ENERGY

In 2020, Destini diversified its oil and gas business into renewable energy with the award of an LNG supply license by the Malaysian Energy Commission. This in turn translated to a change in the entire divisions name which is now "Energy" to better reflect its businesses. Following that, in 2021 the Group accepted a Conditional Letter of Award from Indah Water Konsortium Sdn Bhd ("IWK") for the engineering, procurement, construction and commissioning of solar photovoltaic systems at IWK's sewerage plants in Malaysia. This move is also to reflect the industry's aims to reduce greenhouse gas emissions to net zero by the year 2050 which will see Destini pivot into renewable energy.

For the energy division, we are accredited with ISO 45001:2018 – Occupational Health and Safety Management System, ISO 9001:2015 – Quality Management System as well as OHSAS 18001:2007 – The Occupational Health & Safety Management System which is applicable for the provision of tubular handling equipment and conductor installation services for the oil and gas industry.

These certifications provide worldwide recognition and acceptance of our services . In respect of this, throughout the years, we have received several awards and appreciation letters from our business partners and associates as a token of appreciation of our services and products rendered. This includes Silver Award for HSE Achievement 2020 from Carigali-PTTEPI Operating Company Sdn Bhd for achieving commendable safety standards on an offshore project. This award showcases the strong safety culture practiced in our business organisation.

LAND SYSTEMS

While for the land systems, we are certified by the Ministry of International Trade and Industry of Malaysia for the fabrication of commercial vehicle bodies, and assembly of chassis bus and military vehicle.

We are also certified for new body construction, technical repairs and refurbishments for all types of rigid lorries, semi-trailers, tankers and busses by the Road Transport Department of Malaysia.

MARINE

For the marine segment, we are accredited with ISO 9001:2015 - Quality Management System on:

- provision of ship/boat building and ship/boat repair services; and
- inspection, repair, and service of lifeboats and davit systems.

In this respect, we are the Authorised Life Raft Service Station issued by Malaysian Marine Department in compliance to the International Maritime Organisation and/or Safety of Live at Seas Regulation.

Apart from that, internationally, our company is also certified by Lloyd's Register Group Limited as Approved Service Suppliers in servicing and maintenance of lifeboats, launching appliances, on-load release gear and davit-launched life-raft automatic release hooks.

American Bureau of Shipping, Bureau Veritas and DNV GL had been audited on our marine segment and given a satisfactory practical demonstration of our services. As such, Destini has been recognised worldwide as a qualified and trustable service provider in servicing/maintenance of lifeboats, ship repair services and shipbuilding.

We also achieved the internationally recognised ISO 45001:2018 occupational health and safety management accreditation standard which is applicable to our marine division and underlines our commitment on a safe and performance driven business.

SUSTAINABILITY REPORT

Business Model and Planning

Destini has not taken its eyes off its strategic goals of increasing its secured income base. Several new initiatives were adopted to grow its businesses organically within its core segments. This also includes finding synergies between subsidiaries to leverage on each other's capabilities. In doing so, the sustainability and growth across all of our business segments remain resilient despite the challenging operating environment.

The sustainability of Destini's businesses is strong as the Group is operating with a diversified portfolio of services and products in a high entry barrier industry and one of the major sources of revenue earnings is generated from recurring MRO services to its existing customers. Aside to that, there are many more possibilities for Destini to explore and expand its existing capabilities in the industries it has a foothold in.

The Group is also aggressively broadening its client base by staying competitive and relevant in all the industries it has operations in and all the countries it has a foothold in. This includes constantly looking to expand its services and products to the wider global market. It opens up greater opportunity for the Group to grow internationally. From the current presence which spans from Australia, China, Malaysia, Middle East, Singapore, and United Kingdom, Destini is on the blueprint to expand its current business network to the Southeast Asian countries it does not have a presence.

Moving forward, the Group will continue to expand its customer base in order to strengthen its market position coupled with expansion plans for revenue growth. The Group is currently focused on allocating the Group's resources to enhance and expand its core business. To achieve sustainability in the long run, the Group is of the view that other diversification of each core business would be able to enhance its financial performance and shareholder's value in the future.

Suppliers

Although pricing and quality are the main determinants of supplier selection, suppliers who uphold the same sustainability beliefs and best practices in their operations are among the main criteria of filtering our suppliers. Procurement Standard Operating Procedure established to reaffirm our commitment towards meeting our stakeholders' expectations with emphasis on providing consistent product quality with the applicable regulatory framework.

All procurement activities are guided by our documented procedure as prescribed by the ISO 9001:2015 Quality Management System to ensure that our suppliers comply with our purchase material specifications and satisfy our production requirements. To ensure the compliance practices of our suppliers, we evaluate the performance of our suppliers on a bi-annual basis in terms of the quality of products and services, pricing, delivery and product safety criteria.

ENVIRONMENT

Operations

We promote the responsible use of resources and the importance of environmental protection in our business practices. We recognise the potential environmental impacts of our operations and are committed to operate in a manner which minimises the negative impact towards the environment.

As a responsible corporate citizen, we remain steadfast in our commitment to sustainable development and seek to operate in a way that minimises environmental impact. We have the responsibility to protect the environment and continue to manage the environmental footprint of our business operations.

Our standard operating procedures for environmental management include:

- Preserving, conserving, minimising wastage of resources and ensuring that the work environment is free from pollution hazards;
- Complying with all acts, rules, regulations and orders of the Department of Environment; and
- Communicating clearly to all employees, customers and suppliers to instil in them the environmental awareness culture and values of our Group.

In addition to that, Destini has taken steps towards the efforts to limit and reduce carbon emissions which is reflective towards its diversification into renewable energy and is in line with the Paris 'net zero' agreement.

Waste Management

We recognise the importance of environmental protection for the long-term sustainability of our business. That being said, the Group invests in good waste management practices to comply with environmental legislations across all business operations.

Destini's operations includes work with harsh chemicals which requires the Group to have scheduled chemical wastes management that requires special handling pursuant to the Environmental Quality Act, 1974 and is in compliance with the Environmental Quality (Scheduled Wastes) Regulations, 2005. All chemical waste is managed responsibly to minimise the risk of unintended contact with the environment which can cause pollution.

In this respect, the scheduled waste will be packaged, labelled and transported in accordance with the prescribed Department of Environment guidelines and regulations. Moreover, we are also certified with ISO 14001:2015 and ISO 45001:2018 - Environmental Management System in providing MRO of safety, survival, search, rescue equipment.

Aside to that, the Group also adheres to the Environmental Quality Scheduled Waste Regulation 2005 and Inventory of Scheduled Wastes that is in compliant with oil and gas regulations.

The Group has been adopting reduce, reuse and recycle concept in its business operations. Our employees are encouraged to reduce paper usage, recycle any recyclable items and reduce wastage following the growing demand for energy and depleting natural resources. It is our continuous effort by acknowledging that the impact of paper usage to the environmental I significant, all of our employees are encouraged to prioritise electronic means and printouts shall be done on both sides or on recycled papers, and print on black colour ink, whenever is possible.

Proper disposal or reusing wastages is part of the Group's balance activities to ensure the sustainability for its business as well as for the environment. Therefore, the Group is committed to ensure all wastes are appropriately treated and stored or disposed in compliance with law and regulations in a proper manner. Waste segregation has been done by placing different bins in and around our warehouse and by setting up recycling stations in convenient locations.

SUSTAINABILITY REPORT

Energy & Water Conservation

Economic growth and progress of the business will be severely hampered if the climate change issue is not tackled. In view of this, the Group has installed and commissioned Solar Photovoltaic Panels on the roof of its headquarters in Glenmarie, Shah Alam to generate solar power for the building. With the installation of the solar power system to the building, the Group managed to reduced 21% of electricity usage compared to the year before. Solar energy creates clean, renewable power from the sun and benefits the environment as an alternative to fossil fuels. Commensurate with the Group's policy towards sustainability, we envisioned generating electricity in a safe, reliable, efficient and environmentally friendly manner in order to reduce dependence on non-renewable energy resources. By going solar, we are in support of the global call to reach net zero carbon emission by 2050, delivering clean energy, reducing demand for fossil fuel, limiting greenhouse gas emissions and shrink carbon footprints.

Other efforts we have undertaken to further reduce our carbon footprint includes the installation of LED lights which consumes less power and last for longer time. These initiatives not only reduce impact towards environment, but also cost-saving measures. We remain committed to improve efficiency in optimising electricity in a more efficient manner in the years ahead.

We strive to minimise and monitor the water usage in our operations and throughout our supply chain. We acknowledge our responsibility to use and manage water sources efficiently and sustainably. Our water management strategies focus on water use optimisation and reduce in water consumption or wastages. Also, maintenance is performed on water pipes, pumps and tanks regularly to make sure water leakage is promptly addressed to prevent water waste.

SOCIAL

In order to ensure steady, resilient growth over the long-term, we continue to implement a host of social initiatives covering human resources, safety and responsible care initiatives that are vital to our businesses. These are in line with the Group's policies and Codes of Conduct in maintaining safe and stable operations.

We are a progressive and forward-looking organisation and we recognise the importance of employee well-being, customer satisfaction and supporting the local community. Our sincere efforts to meet the needs and expectations of stakeholders helps to develop a positive culture and maintain our social license to operate within the community.

Succession Planning

A skilled workforce allows the Group to build a strong foundation for boosting employee productivity and improving company culture. For critical and leadership roles, succession planning is vital to our long-term performance as part of our Group's sustainability move. Our Nomination and Remuneration Committee will review the Group's human resources plan including the succession management framework and activities, human resources initiatives such as jobs and salary review, and the annual manpower budget. The succession planning across the Group is implemented by stages where the training programme is designed specifically for management staff.

Safe Workplace

Health and safety is equally important as other primary business objectives. The Group believes that health and safety is a compulsory entitlement for our workforce, contractors, suppliers and visitors. We ensure that the best practices for safety and health are integrated into our daily operations and activities. We also strive to provide the best measure and tools to enable our workforce to feel safe and secure in their workplace. The Group has in place a policy that highlights our commitment to:

- Prevent injury and ill health to our employees
- Ensure compliance to laws and regulations in relation to occupational safety and health;
- Require contractors to meet our occupational safety and health standards across all operations;
- Set targets and measures to drive occupational safety and health performance across the organisation; and
- Promote a culture where all employees share the commitment to prevent harm to the safety and health of our employees, contractors and the general public.

The Group is regularly engaging and educating employees to inculcate a culture of safety and compliance through safety and health training. In this context, the Group places utmost importance on compliance with all relevant health and safety laws and regulations such as Occupational Safety and Health Act, 1994 and Factory and Machinery Act, 1997, as well as Integrated Safety Management Manual approved by the Board of the Company.

Our goal is to build safety awareness and competencies with safety induction training covering various topics including, among others, chemical safety and health awareness, chemical handling, air hose safety, machine guarding, and safe work practices. The programme is designed to train employees to become fully aware of the safety and health measures and to meet the Department of Occupational Safety and Health's guidelines. Workers are equipped with safety protective wear and equipment such as ear muffs for protection against noise pollution, goggles for protection against glare, dust, water and other particles, and gloves for the handling of chemicals or other potentially hazardous materials.

All employees are accountable and responsible for adhering to the safety and health guidelines through a compulsory safety briefing conducted to all factory visitors, to add.

In an effort to address our Health and Safety concern, an Emergency Response Team is established which react and manage any incidents that may happen at our working environment. To add, the Group Hospitalization and Group Personal Accident Insurance are provided to the employees for their health and wellness benefit.

The global COVID-19 Pandemic has disrupted the supply chain and is a big red flag to global economic sentiments. The pandemic has impacted many businesses, its rippling effects differ greatly depending on types of industry, while businesses in general are facing earnings and liquidity challenges. Strict guidelines need to be adhered to protect the employees and stakeholders' well-being. The enforcement on the compliance of Standard Operating Procedure are improvised to make sure the workplace remains the safe place for our business activities. Among other steps taken are;

- The employees and visitors must undergo temperature screening before entering our premises.
- Hand sanitizer and disinfectant kit were also provided.
- The entire premises are sanitized at frequent intervals.
- Proper social distancing is emphasis to maintain at all times in the workplace.
- It is mandatory to wear a face mask in all premises.
- Conducting virtual meetings and discussions to minimise physical contact.
- Random COVID-19 RTK- Antigen Self Test screening for visitors and employees before entering premises.
- Promoting vaccination among our employees.
- Implement work from home and flexi hours policy to ensure a small crowd is maintained at the workplace.

SUSTAINABILITY REPORT

Talent Motivation and Skill Development

At Destini, we recognise and value the unique combination of talents, experiences and skills of each employee in driving our business success. We aim to promote an inclusive workforce with employees from diverse backgrounds with the skills and experience needed to bring us towards sustainable growth and provide long-term value creation to our stakeholders.

We are made up of people with vast experience and industry background. Building capability is key, hence we proactively provide opportunities for growth and development for talent in the organisation through targeted development plans and succession planning. Ensuring our long-term sustainability, we continuously invest time and effort in internal and external recruiting, upskilling, engaging and rewarding talents accordingly.

Destini empowers its people by respecting and appreciating their diverse qualities in terms of age, gender, ethnicity, religion, education and national origin for the positive exploration of human capital. As at 31 December 2021, the total number of employees stood at 493 employees (2020: 824 employees), of which 22% (2020: 20%) are female and the remaining 78% (2020: 80%) are male. The number of employees is less than the total number in 2020 due to the conclusion of contracted staff which were on a specified project basis and employees who reached retirement age. In addition to that, the Group divested non-performing assets which includes its staff to other companies. To add, the Group took prudent measures by focusing on the core business segments compared to the non-performing companies. The Group did not have to let go any of its employees during the trying times of the pandemic.

Apart from safety and promoting good health, motivation is an essential part of the Group's responsibility to our employees. The Group engages with its employees through department meetings, annual performance reviews, feedback, surveys and bulletins whereby we actively encourage our employees to participate in.

We believe in training our people to be the best that they can be. We recognise that a comfortable workplace should provide the opportunities and incentives that are essentials for the people to grow professionally and personally so that they can contribute to the company and the society as a whole.

To achieve that, we carry out constant training and internal promotions as a mean of developing and maximizing our human capital, strengthening teamwork and building loyalty among our employees as well as enriching them with better knowledge. Regular and structured trainings are provided to all levels of employees.

Corporate Social Responsibility

As we are deeply rooted in the community we operate, we actively engage in community outreach programmes and activities. We are proud of having the privilege to serve various segments of the community towards providing for social empowerment and helping to make a positive difference for people across all walks of life. We have from time to time made donations to various charitable organisation through Destini's subsidiaries. Donations that were prioritised are in relation to:

- Disaster Relief Efforts – to provide funds and support to the community who are effected by natural disasters.
- Charity-Welfare Programmes - to fund and promote charitable events that encourage the improvement of socio-economic conditions especially to communities caught in the poverty cycle and former servicemen who have served in the armed forces.
- Religious Support - to provide support giving guidance on Islam through awareness programmes, structured classes and one-off seminars.
- Environmental Activities - to educate the community on the importance of environmental conservation as well as to enhance positive community engagement by becoming an active participant that supports sustainability initiatives.

Aside from this, we also ensure that the welfare and wellbeing of ex-servicemen who are retirees from the Air Force, Navy and Army are not neglected. It is a commitment by Destini to provide employment opportunities to ex-servicemen, ever since we commenced our business operations. We acknowledge that the ex-servicemen could contribute positively to the Group even after their retirement and that the valuable experience, skills and mastery in their industries can still be gainfully utilised. In this respect, the Group is proud that it has been a strong source of employment for these ex-servicemen for past years. This has raised the quality of life of these ex-servicemen as there is greater income stability and consequently, better and improved living standards and conditions.

During the massive floods that happened in late 2021 that caused damage to living quarters, vehicles, business premises, public assets and infrastructure in the Klang Valley, the Group provided financial aid and food donations to our employees who were affected by the flood. This further reflect the Group's focus on keeping the well-being of its workforce and addressing the needs of less fortunate among the employees.

The Group recognises the correlation between business growth and social well-being and welfare. Therefore, in fulfilling its corporate responsibilities to the community, the Group is obligated to nourish and improve the quality of its surrounding communities . The Group is focused on enhancing community sustainability through various activities and actions to promote community engagement and address the needs of less fortunate and underprivileged families.

However, in response to the COVID-19 pandemic and mandated Movement Control Order some of the planned CSR initiatives had to be scaled down. In turn, our initiatives transposed to monetary and goods donation to benefit non-profits, schools, and charitable organizations.

OUR COMMITMENT

As a responsible corporate citizen, the Group shall endeavour to undertake sustainable and responsible practices to add value to sustainable business growth, environmental stewardship and social responsibility.

Rewarding our shareholder	Sustaining long term value	Advancing our business	Investing in our human resources	Contributing to society
Dividend Policy of paying an annual dividend of between 30% - 40% subject to approval by Board of Directors	Investment in our resources to ensure long-term benefits to our various stakeholders	Reinvestment and diversification	Competitive remuneration, compensation, benefits and trainings	Continued upliftment of our society's well-being through taxes and donations

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board of Directors ("the Board") acknowledges that the practice of good corporate governance is an essential part in the Company and its subsidiaries ("the Group") continued growth and success. Hence, the Board remains committed to attaining high standards of corporate governance within the Group through its support and application of the principles and best practices set out in the Malaysian Code on Corporate Governance 2021 ("MCCG 2021") to enhance business prosperity and maximise shareholders' value.

This Statement sets out the commitment of the Board towards the MCCG 2021 and describes how the Group has applied the principles and complied with the best practice provisions as laid out in the MCCG 2021 throughout the financial year ended 31 December 2021 ("FYE 2021") pursuant Paragraph 15.25 of the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"). The Board will continuously evaluate the Group's corporate governance practices and procedures, and where appropriate will adopt and implement the best practices as enshrined in MCCG to the best interest of the shareholders of the Company. The detailed application for each practice as set out in the MCCG 2021 is disclosed in the Corporate Governance Report which is available at the Company's website at www.destinigroup.com.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

PART I – BOARD RESPONSIBILITIES

1. Board Leadership on Objectives and Goals

<u>**Strategic Aims, Values and Standards**</u>

The Board is responsible in providing the overall governance, stewardship and oversight for the direction and management of the Group. The Board sets out the strategic directions and objectives, formulating the policies and executing the key strategic action plans of the Group. The Board regularly reviews the Group's business operations, management performance and also ensure the necessary resources are in place.

In the Group, the Board and the Senior Management work cohesively to formulate and to implement the Group's business strategy. The respective roles and responsibilities of the Board and management team are clearly set out and understood to ensure accountability and ownership by both parties. The Board is responsible for the oversight and overall management of the Group including assessing and agreeing with the Group's corporate objectives, and the goals and targets to be met by management.

The management. including the Executive Chairman, Executive Directors, Group Chief Executive Officer and Group Chief Financial Officer of Destini, is responsible for managing the day-to-day running of the business activities in accordance with the direction and delegation of the Board.

The management meets regularly to discuss and resolve operational issues. The Group Chief Executive Officer briefs the Board on business performance and operations as well as the management initiatives during quarterly Board's meetings.

The Board retains full and effective control of the Group and has developed corporate objectives and position descriptions including the limits to management's responsibilities, which the management are aware of and are responsible for meeting.

The Board has a formal schedule of matters reserved to itself for decision, which includes the overall Group strategy and direction, investment policy, major capital expenditures, consideration for significant financial matters and review of the financial and operating performance of the Group.

The Board understands the principal risks of all aspects of the business that the Group is engaged in and recognises that business decisions require the incurrence of risk. To achieve a proper balance between risks incurred and potential returns to shareholders, the Board ensures that there are systems in place that effectively monitor and manage these risks view of the long-term viability of the Group.

The principal roles and responsibility assumed by the Board are as follows:

- **Review and adopt strategic plan of the Group**

  The Board plays an active role in the development of the Group's overall corporate strategy, marketing plan and financial plan. The Board is presented with the short and long-term strategy of the Group together with its proposed business plans for the forthcoming year. The Board also monitor budgetary exercise which supports the Group's business plan and budget plan.

- **Implementation of internal compliance controls and justify measure to address principle risks**

  The Board is fully alert of the responsibilities to maintain a proper risk management and internal control system. The Board's responsibilities for the Group's system of internal controls including financial condition of the business, operational, regulatory compliance as well as risk management matters.

- **To formulate and have in place an appropriate succession plan**

  The Board is responsible to formulate and have in place an appropriate succession plan encompassing the appointment, training, and determination of compensation for senior management of the Group, as well as assessing the performance of Directors and Committee members and, where appropriate, on the retirement and appointment of the members of the Board and Executive Directors.

- **Developing and implementing an investor relations program or shareholder communications policy for the Group**

  The Board recognises that shareholders and other stakeholders are entitled to be informed in a timely and readily accessible manner of all material information concerning the Company through a series of regular disclosure events during the financial year. Hence, the Company's website is the primary medium in providing information to all shareholders and stakeholders.

The Board will normally hold meetings at least four (4) times in each financial year to consider:

i) relevant operational reports from the management;
ii) reports on the financial performance;
iii) specific proposals for capital expenditure and acquisitions, if any;
iv) major issues and opportunities for the Company, if any; and
iv) quarterly financial statements for announcement to authorities.

In addition, the Board will, at intervals of not more than one (1) year:

i) approve annual financial statements, and other reports to shareholders;
ii) consider and, if appropriate, declare or recommend the payment of dividends;
iii) review the Board composition, structure and succession plan;
iv) review the Company's audit requirements;
v) review the performance of, and composition of Board committees;
vi) undertake Board and individual Board member evaluations;
vii) review Board remuneration; and
viii) review risk assessment policies and controls and compliance with legal and regulatory requirements.

The roles and responsibilities of the Independent & Non-Executive Directors and Executive Directors are clearly defined and properly segregated. All the Independent & Non-Executive Directors are independent of the Executive Directors, management and major shareholders of the Company, and are free from any business or other relationship with the Group that could materially interfere with the exercise of their independent judgement. This offers a strong check and balance on the Board's deliberations.

The Executive Directors are responsible for the overall performance and operations as well as the corporate affairs and administrations of the Group. They are assisted by the Group Chief Executive Officer and senior management personnel of the Group in managing the business activities of the Group in the manner that is consistent with the policies, standards, guidelines, procedures and/or practices of the Group and in accordance with the specific plans, instructions and directions set by the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Group Chief Executive Officer holds the principal obligations in focusing, guiding, addressing, supervising, regulating, managing and controlling as well as communicating the Company's goals and objectives, as well as all significant corporate matters, corporate restructuring plans, business extension plans and proposals. The Executive Directors and the Group Chief Executive Officer, are also responsible for proposing, developing and implementing applicable and relevant new policies and procedures.

The Independent & Non-Executive Directors of the Company play a key role in providing unbiased and independent views, advice and contributing their knowledge and experience toward the formulation of policies and in the decision-making process. The Board structure ensures that no individual or group of individuals dominates the Board's decision-making process. Although all the Directors have equal responsibility for the Company and the Group's operations, the role of the Independent Directors are particularly important in ensuring that the strategies proposed by the Executive Directors are deliberated on and have taken into account the interest, not only of the Company, but also that of the shareholders, employees, customers, suppliers and the community.

The Board has defined its Board Charter, and Code of Conduct and Ethics setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed and its commitment of fair practices to its stakeholders, which is available on the Company's website at www.destinigroup.com.

Separation of positions of Chairman and Group Chief Executive Officer

The Board is chaired by an Independent Non-Executive Chairman, namely Tan Sri Dato' Sri Rodzali Bin Daud until 15 September 2021 who had resigned as Independent Non-Executive Chairman. On the same day, Dato' Rozabil @ Rozamujib Bin Abdul Rahman was re-designated as an Executive Chairman of the Company from his post as President & Group Chief Executive Officer.

From 15 September 2021, the Executive Chairman, is primarily responsible for the vision and strategic planning of the Group and to provide leadership and ensure effective conduct of the Board. He ensures the adequacy and effectiveness of the Board's governance process and acts as a facilitator at Board meetings to ensure all Directors participate and deliberated at all Board meetings and that no Board member dominates discussion.

Encik Muhayuddin Bin Musa holds the role of Group Chief Executive Officer since 15 September 2021. He implements the Group's strategies, policies and decision adopted by the Board and is supported by two (2) Executive Directors. He has extensive and experience in the businesses of the Group and has shown great commitment and exercised due care in managing the operations of the Group's businesses in the best interest of the shareholders.

The roles of the Executive Chairman and the Group Chief Executive Officer are clearly defined and segregated, to ensure appropriate balance of power and authority, increased accountability and enhanced capacity of the Board for independent decision-making. The Board believes that for its current size, it is more expedient for the two roles to be held by the different person there are pertinent checks and balance to ensure no one person in the Board has unfettered powers to make major decisions for the Company unilaterally.

Qualified and Competent Company Secretaries

The Board is supported by qualified and competent Company Secretaries who are responsible to ensure that the Company's Constitution, procedures and policies and regulations are complied with. The Board is regularly updated and advised by the Company Secretaries on any new statutory and regulatory requirements in relation to their duties and responsibilities. The Board recognises that the Company Secretaries are suitably qualified and capable of carrying out the duties required. The Board is satisfied with the service and support rendered by the Company Secretaries in discharge of their functions.

The Company Secretaries attend all Board and Board Committees meetings and ensure that meetings are properly convened, and that accurate and proper records of the proceedings and resolutions passed are taken and maintained accordingly.

Board Committees

In discharging its fiduciary duties, the Board has delegated specific tasks to the following four (4) Board Committees:

a) Audit Committee ("AC");
b) Nomination and Remuneration Committee ("NRC");
c) Risk Management Committee ("RMC"); and
d) Option Committee.

All the Board Committees have its own terms of reference and has the authority to act on behalf of the Board within the authority as lay out in the terms of reference. These Committees are formed in order to enhance business and operational efficiency as well as efficacy. The Chairman of the respective Committees will report to the Board the outcome of the Committees meetings for the Board's considerations and approvals. The Board retains full responsibility for the direction and control of the Company and the Group.

Access to Information and Advice

Unless otherwise agreed, notice of each meeting confirming the venue, time, date and agenda of the meeting together with relevant Board papers shall be forwarded to each director no later than seven (7) days before the date of the meeting.

This is to ensure that Board papers comprising of due notice of issues to be discussed and supporting information and documentations were provided to the Board sufficiently in advance. Furthermore, Directors are given sufficient time to read the Board paper and seek for any clarification as and when they may need advice or further explanation from management and Company Secretaries. The deliberations of the Board in terms of the issues discussed during the meetings and the Board's conclusions in discharging its duties and responsibilities are recorded in the minutes of meetings by the Company Secretaries.

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

In addition, all Directors have direct access to the advice and services of the Company Secretaries who are responsible to ensure the Board's meeting procedures are adhered to and that applicable rules and regulatory are complied with.

External advisers are invited to attend meetings to provide insights and professional views, advice and explanation on specific items on the meeting agenda, when required. Senior management team from different business units are also invited to participate at the Board meetings to enable all Board members to have equal access to the latest updates and developments of business operations of the Group presented by the senior management team. The Chairman of the Board Committees, namely, the Audit Committee, Risk Management Committee and Nomination and Remuneration Committee briefs the Board on matters discussed as well as decisions taken at the meetings of their respective Board Committees meetings.

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

The proceedings and relevant resolutions passed at the Board meeting are duly recorded by the Company Secretaries, and properly documented and filed in the Minutes Book maintained at the Registered Office of the Company.

2. Demarcation of Responsibilities

Board Charter

As part of governance process, the Board has formalised and adopted the Board Charter. This Board Charter sets out the composition and balance, roles and responsibilities, operation and processes of the Board and to ensure that all Board members acting on behalf of the Company are aware of their duties and responsibilities as Board members.

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The Board will review the Board Charter from time to time to ensure that the Board Charter remains consistent with the Board's objectives, current law and practices. The Board Charter is available at the Company's website at www.destinigroup.com.

3. Good Business Conduct and Corporate Culture

Code of Conduct and Ethics

The Board is committed in maintaining a corporate culture, which engenders ethical conduct. The Board has formalised the Code of Conducts and Ethics which summarises what the Company must endeavour to do proactively in order to increase corporate value and which describes the areas in daily activities that require caution in order to minimise any risks that may occur. The Code of Conduct and Ethics provides guidance for Directors regarding ethical and behavioural considerations and/or actions as they address their duties and obligations during the appointment.

The Board adopted a Code of Conduct and Ethics and will review the Code of Conduct and Ethics when necessary to ensure it remains relevant and appropriate. The details of the Code of Ethics and Conduct are available for reference at the Company's website at www.destinigroup.com.

Whistle-blowing Policy

The Board has a Whistle-blowing Policy which provides an avenue and mechanism to all employees of the Group and members of the public to voice genuine concerns of any possible suspected breach of business conduct and malpractices impacting the interest of the Group.

The main objectives of the policy are:

i) Be committed to the Company's business ethics of Honesty, Integrity and Transparency;
ii) To provide a transparent and confidential process for all parties to give information on non-compliances to the Code of Conduct and Ethics, or any misconduct regardless of his or her position, to an independent party to investigate the allegations and take the appropriate actions; and
iii) To uphold the moral duty being a Company by protecting the interest of all its stakeholders.

The details of the Whistle-blowing Policy are available for reference at the Company's website at www.destinigroup.com.

Stakeholders, who have suspected fraud, misconduct or any integrity concerns, are encouraged to fill up a Whistle Blowing Report Form and email to:

Attention	:	Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
Designation	:	Audit Committee Chairperson / Independent & Non-Executive Director
Email	:	suzana.sulaiman@destinigroup.com

Destini Berhad Anti-Bribery and Corruption Policy

On 19 June 2020, the Company has adopted the "Destini Group Anti-Bribery and Corruption Policy" that sets out the Company's principles and stance and adequate procedures against bribery and corruption activities in the conduct of its business. The Destini Group Anti-Bribery and Corruption Policy provide guidance to the employees and business partners towards eliminating acts of bribery and corruption in the conduct of the Company's business and affairs and such policy is published on the Company's website at www.destinigroup.com.

PART II – BOARD COMPOSITION

4. Board's objectivity

Board Composition and Balance

As of the date of this Statement, our Board consists of seven (7) members, which comprises of one (1) Executive Chairman, two (2) Executive Directors, one (1) Non-Independent & Non-Executive Director and three (3) Independent & Non-Executive Directors in compliance with the Paragraph 15.02 of the Listing Requirements. The Profile of the Board members are set out in this Annual Report.

The current composition of the Board provides an effective Board with a mix of industry specific knowledge, broad based business and commercial experience together with independent judgement on matters of strategy, operations, resources and business conduct.

The Board has identified Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman as a representative of other members of the Board to share any concerns of Directors to the Group Chief Executive Officer on any issues of the Group and perform as the alternative contact person for shareholder communication.

Tenure of Independent Directors and Policy of Independent Director's Tenure

Currently, the Board does not have a policy on the tenure for Independent Directors as the Board is of the view that a term of more than nine (9) years may not necessarily impair independence and judgement of an Independent Director and therefore the Board does not deem it appropriate to impose a fixed term limit for Independent Directors at this juncture.

However, as recommended by Practice 5.3 of the MCCG 2021 provides that the tenure of an independent director does not exceed a term limit of nine (9) years. Based on the review of the Board's composition and assessment of individual Directors, the Board is of the view that the independence of the Independent Non-Executive Directors of the Company should not be determined solely or arbitrary by their tenure of service. The Board is confident that the current Board is able to exercise objective judgment on business and corporate affairs in the presence of the Independent Non-Executive Directors.

As at the date of this statement, Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman and Dato' Che Sulaiman Bin Shapie have served the Board for a cumulative nine (9) years since they was appointed as Independent Non-Executive Director of the Company on 8 January 2013. The Board has proposed to retain her as Independent Non-Executive Director of the Company and is of the view that the tenure has neither impacted nor compromised the independent judgement of Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman.

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman ("Professor Datin Dr Suzana") and Dato' Che Sulaiman Bin Shapie have served as Independent Non-Executive Directors of the Company since 8 January 2013. The Board through the NRC has carried out the necessary assessment and recommend that they continue to act as Independent Non-Executive Directors of the Company based on the following:

a) Professor Datin Dr Suzana and Dato' Che Sulaiman Bin Shapie are able to exercise independent judgment and act in the best interest of the Company. They have effectively applied their experience and knowledge to discharge their duties and responsibilities as Directors of the Company.

b) They participate actively and contribute positively during deliberations at board meetings.

c) They are in compliance with the relevant criteria and provisions in the Listing Requirements of Bursa Securities on independent directors.

Their profile are set out in the Board of Directors Profile section of the 2021 Annual Report. The Board will be seeking for shareholders' approval at the 18th AGM to retain them as an Independent Non-Executive Directors of the Company via a two-tier voting pursuant to the recommendation of the MCCG 2021.

New Candidates for Board Appointment

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

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

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In general, the process for the appointment of director to the Board is as follows:

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

Factors considered by the NRC when recommending a person for appointment as a director include:

i) Skills, knowledge, expertise and experience;
ii) Professionalism and Integrity;
iii) The merits and time commitment required for a Non-Executive Director to effectively discharge his or her duties to the Company;
iv) The outside commitments of a candidate to be appointed or elected as a Non-Executive Director and the need for that person to acknowledge that they have sufficient time to effectively discharge their duties; and
v) The extent to which the appointee is likely to work constructively with the existing directors and contribute to the overall effectiveness of the Board.

During the financial year under review, there were two (2) new appointment of directors as recommended by the NRC, which are Syaiful Hafiz Bin Moamat Mastam as Non-Independent & Non-Executive Director and Puan Norzilah Binti Mohammed who was re-designated from Group Deputy Chief Executive Officer to an Executive Director of the Company on 26 March 2021 respectively.

Boardroom Diversity

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of MCCG 2021 to the establishment of boardroom and workforce gender diversity policy. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity. The Board recognises diversity in the boardroom as an essential component of a good corporate governance.

Currently, our Board members comprise of one (2) female directors. In line with the country's aspirational target of 30% representation of women on boards, the Board may consider appointing more females onto the Board in future to bring about a more diverse perspective.

The existing Directors' age distribution falls within the respective age group and are as follows:

Age Group	31-40	41-50	51-60	61 & above
Number of Directors	1	2	3	1

The current diversity in the race/ethnicity and nationality of the existing Directors are as follows:

Number of Directors	Race/Ethnicity				Nationality	
	Malay	Chinese	Indian	Others	Malaysian	Foreign
	7	0	0	0	7	0

Time Commitment and Directorship in Other Public Listed Companies

All the Directors are required to devote sufficient time and efforts to carry out their responsibilities. Each Director is expected to commit time as and when required to discharge the relevant duties and responsibilities, besides attending meetings of the Board and Board Committees.

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

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

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

Board Meetings

The Board held four (4) meetings during the financial year ended 31 December 2021. The details of Directors' attendances are set out below:

Name of Directors	No. of meetings attended
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	4/4
Syaiful Hafiz Bin Moamat Mastam (Appointed on 26.03.2021)	3/3
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	4/4
Dato' Che Sulaiman Bin Shapie	4/4
Dato' Mohd Zahir Bin Zahur Hussain	4/4
Abdul Rahman Bin Mohamed Rejab	4/4
Norzilah Binti Mohammed (Appointed on 26.03.2021)	3/3
Tan Sri Dato' Sri Rodzali Bin Daud (Resigned on 15.09.2021)	3/3
Mohd Shihabuddin Bin Mukhtar (Resigned on 26.03.2021)	0/1
Ismail Bin Mustaffa (Resigned on 26.03.2021)	1/1

The Board is satisfied with the level of time commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out herein above.

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

Continuing Education Programs

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All Directors appointed to the Board have attended the Mandatory Accreditation Program ("MAP") as prescribed by Bursa Securities. The Board acknowledges that continuous training is essential in keeping the Directors abreast with changes in law and regulations, business environment and corporate governance developments, besides enhancing professionalism and knowledge in enabling them to discharge their duties more effectively. Although the Board does not have a policy requiring each Director to attend a specific number and types of training sessions each year, the Directors are encouraged to evaluate their own training needs on a continuous process and determine the relevant programs / seminar / conferences that would enhance their knowledge to enable the Directors to discharge their responsibility more effectively.

The Board has undertaken an assessment of the training needs of each of each Director and ensured that all the Directors undergo the necessary training program to enable them to effectively discharge their duties.

Details of seminars / conferences / training programmes attended by the Board members during the financial year as listed below:

NAME OF DIRECTOR	DATE	DETAILS Seminars/Conferences/Trainings Attended	VENUE
Syaiful Hafiz Bin Moamat Mastam	14 Dec 2021	Bengkel MKD Asset Reclassification	Ministry of Finance, Putrajaya
	4-6 Oct 2021	Khazanah Megatrends Forum 2021	Online
	28 Jul 2021	Mandatory Accreditation Programme for Directors	Online
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	9-10 Dec 2021	Strategic Planning Workshop for Institute of Quality and Knowledge Advancement (InQKA)	ILD, Bandar Enstek, UiTM
	18 Nov 2021	Conference of Heads of Academic Departments (CHAD) 2021 Recalibrating Education in An Endemic Landscape	Online – Webex
	25 Aug 2021	How Finance Professionals Can Prepare for Real World Challenges and Use Data More Effectively for Decision Making	Online
	25 Aug 2021	Effective Finance Strategies in a Post Pandemic World (APAC CPD 2021)	Online
	16-17 Aug 2021	Asia-Pacific Management Accounting Association (APMAA) 2021 Summer Webinar entitled "Digital Transformation in Accounting and Finance".	Online
	21 July 2021	Academic Research for Impact (2nd Webinar)	Online
	8 July 2021	4th Session: Training Collaboration Between UiTM & INTEC Title: Future of Accounting in Data Analytics Workshop	Online
	7 July 2021	3rd Session of Training Collaboration Between UiTM & INTEC	Online
	7 July 2021	3th Session: Training Collaboration Between UiTM & INTEC Title: Introduction to Integrated Reporting & Its Current Practices in Malaysian	Online
	18 Feb 2021	Competent Leadership and Management Interview	Online
Norzilah Binti Mohammed	26-28 Jul 2021	Mandatory Accreditation Programme (MAP)	Online
	12 Mar 2021	LNG Market, Today and In the Future - MALAYSIAN GAS ASSOCIATION	Online
Dato' Che Sulaiman Bin Shapie	6 Dec 21	Practical Consideration for Audit Committee Members.	Online

Save as disclosed above, other Directors of the Company were not able to select any suitable training programmes to attend during the financial year due to their busy work schedule. However, they have constantly been updated with relevant reading materials and technical updates, which will enhance their knowledge and equip them with the necessary skills to effectively discharge their duties as Directors of the Company.

During the financial year under review, the Directors was updated on recent developments in the areas of statutory and regulatory requirements from the briefing by the External Auditors, the Internal Auditors and the Company Secretaries during the Committee and/or Board meetings and suitable training and education programmes were identified for their participation from time to time.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") was established comprising exclusively of Independent & Non-Executive Directors.

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

Chairman
Dato' Che Sulaiman Bin Shapie
(Independent & Non-Executive Director)
(Appointed on 15 November 2021)

Member
Professor Datin Dr Suzana Binti Sulaiman
@ Mohd Suleiman
(Independent & Non-Executive Director)
(Appointed on 15 November 2021)

Dato' Mohd Zahir Bin Zahur Hussain
(Independent & Non-Executive Director)

The NRC meets when required and is entrusted, among others, with assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis, reviewing the performance of the Directors and examining the remuneration packages and other benefits of the Directors.

The Terms of Reference of the NRC can be viewed at the Company's website at www.destinigroup.com.

The NRC shall meet at least once a year and as frequently as may be required and the quorum for a meeting of the NRC shall consist of not less than two (2) members, majority of members present must be Independent & Non-Executive Directors.

During the financial year under review, the summary of activities undertaken by the NRC included the following:

i) Reviewed the effectiveness of the Board, as a whole, Board Committees and individual Directors and make appropriate recommendation to the Board;
ii) Reviewed and recommended the re-election of Directors at the forthcoming Annual General Meeting in accordance with the Company's Constitution;
iii) Reviewed and recommended the payment of Directors' fees and other benefits payable to the Directors;
iv) Reviewed and recommend the continuation office for Independent Non-Executive Directors, namely Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman and Dato' Che Sulaiman Bin Shapie at the forthcoming Annual General Meeting pursuant to the recommendation of MCCG;
v) Recommended the resignation of Encik Mohd Shihabuddin Bin Mukhtar as the Non- Independent and Non-Executive Director of the Company and a member of Option Committee to the Board for acceptance;
vi) Reviewed and recommended the appointment of Encik Syaiful Hafiz Bin Moamat Mastam as the Non-Independent Non-Executive Director;
vii) Reviewed and recommended the Directors' Fees and Meeting Allowance Package for Encik Syaiful Hafiz Bin Moamat Mastam Hussain as the Non-Independent Non-Executive Director;
viii) Recommended the resignation of Encik Ismail bin Mustaffa as an Executive Director of the Company in view of his re-designation designation to head the marine division in Singapore to the Board for acceptance;

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ix) Reviewed and recommended the re-designation of Puan Norzilah Binti Mohammed from Group Deputy Chief Executive Officer to an Executive Director of the Company and appointment as a Chief Executive Officer of Destini Oil Services Sdn. Bhd.;

x) Reviewed and recommended the re-designation of Dato' Rozabil @ Rozamujib Bin Abdul Rahman from President and Group Chief Executive Officer to an Executive Chairman of the Company to the Board for approval;

xi) Reviewed and recommended the appointment of Muhayuddin bin Musa as the Group Chief Executive Officer and his remuneration package to the Board for approval.

Option Committee

The Option Committee was established on 27 February 2014 comprising the following members:

Chairman
Dato' Rozabil @ Rozamujib Bin Abdul Rahman
(Executive Chairman)

Members
Syaiful Hafiz Bin Moamat Mastam
(Non-Independent & Non-Executive Director)
(Appointed on 26 March 2021)

Dato' Che Sulaiman Bin Shapie
(Independent & Non-Executive Director)

The functions of the Option Committee is to administer the implementation of the Employee Share Option Scheme ("ESOS") in accordance with the objectives and regulations set out in the By-Laws, make rules and regulations or impose such terms and conditions in such manner as it deems fit and with such powers and duties as are conferred upon it by the Board.

The ESOS approved by the shareholders of the Company at the Extraordinary General Meeting held on 10 February 2014, is the only share option issuance scheme in existence during the financial year.

5. Overall Board Effectiveness

Evaluation for Board, Board Committees and Individual Directors

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

The criteria used by the NRC in evaluating the performance of individual, including contribution to interaction, integrity, competency and time commitment of the members of the Board and Board Committees in discharging their duties, are in a set of questionnaires. The independence of Independent Directors is assessed based on their relationship with the Group and their involvement in any significant transactions with the Group including their ability to exercise independent judgement at all times and based on the criteria set out in the Listing Requirements. The Board did not engage any external party to undertake an independent assessment of the Directors.

All assessments and evaluations carried out will be documented and minuted by the Company Secretary. The results of all assessment and comments by Directors are summarised and deliberated at the NRC meeting and thereafter reported to the Board for deliberation.

Based on the assessment conducted for the financial year 2021, the Board and the NRC were satisfied with the current size, composition as well as the mix of qualifications, skills and experience among the Board and Board Committees members and the level of independence demonstrated by all the Independent Directors and each of them continues to fulfil the definition of independence as set out in the Listing Requirements.

Re-election of Directors

The procedure on the re-election of directors by rotation is set out in the Company's Constitution. An election of Directors shall take place each year at the AGM of the Company, where one-third (1/3) of the Directors for the time being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third shall retire from office and be eligible for re-election. All Directors shall retire from office at least once in every three (3) years but shall be eligible for re-election. The Directors to retire shall be the Directors who have been serving in office for the longest duration since their appointment or last re-election. Any Director appointed during the year is required to retire and seek re-election by shareholders at the next AGM following his appointment.

At the forthcoming 18th AGM, Dato' Rozabil @ Rozamujib Bin Abdul Rahman and Dato' Che Sulaiman Bin Shapie are due for retirement by rotation and being eligible, have offered themselves for re-election.

Upon review, the NRC was satisfied with the performance of the abovementioned Directors and recommended their re-election to the Board for approval. The Board has in turn, recommended the same to be considered by the shareholders at the forthcoming 18th AGM of the Company.

PART III – REMUNERATION

6. Level and Composition of Remuneration

Nomination and Remuneration Committee

The Nomination and Remuneration Committee ("NRC") was established comprising exclusively of Independent & Non-Executive Directors.

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

Chairman
Dato' Che Sulaiman Bin Shapie
(Independent & Non-Executive Director)
(Appointed on 15 November 2021)

Member
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Appointed on 15 November 2021)

Dato' Mohd Zahir Bin Zahur Hussain
(Independent & Non-Executive Director)

The NRC meets when required and is entrusted, among others, with assessing the balance composition of Board members, nominate the proposed Board member by looking into his skills and expertise for contribution to the Company on an ongoing basis, reviewing the performance of the Directors and examining the remuneration packages and other benefits of the Directors.

The Terms of Reference of the NRC can be viewed at the Company's website at www.destinigroup.com.

7. Remuneration of Directors and Senior Management

Directors' Remuneration

The NRC is responsible for reviewing the performance of the Executive Directors and recommending to the Board the remuneration package in line with the contributions made by them for the year. The remunerations of the Executive Directors are determined fairly based on the performance and the profitability of the Group as a whole. The Directors' remuneration is at the discretion of the Board, taking into account the comparative market rates that commensurate with the level of contribution, experience and participation of each Director. The overriding principle adopted in setting the remuneration packages for the Executive Directors by the NRC is to ensure that the Company attracts and retains the appropriate Directors of the calibre needed to run the Group successfully.

The determination of the remuneration for Non-Executive Directors is a matter of the Board as a whole. The level of remuneration for Non-Executive Directors reflects the amount paid by other comparable organisations, adjusted for the experience and levels of responsibilities undertaken by the particular Non-Executive Directors concerned. The remuneration package of Non-Executive Directors will be a matter to be deliberated by the Board, with the Director concerned abstaining from deliberations and voting on deliberations in respect of his individual remuneration. In addition, the Company also reimburses reasonable out-of-pocket expenses incurred by all the Non-Executive Directors in the course of their duties as Directors of the Company.

The aggregate annual Directors' fees and other benefits payable are to be approved by the shareholders at the AGM based on recommendations of the Board.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Details of the Directors' remuneration paid or payable to all Directors of the Company (both by the Company and the Group) for the financial year ended 31 December 2021 are as follows:

Director	Company		Group	
	Fees (RM)	Salaries and * Other emoluments (RM)	Fees (RM)	Salaries and * Other emoluments (RM)
Tan Sri Dato' Sri Rodzali Bin Daud (resigned on 15 September 2021)	18,000	16,000	85,000	16,000
Dato' Rozabil @ Rozamujib Bin Abdul Rahman (re-designated as Executive Chairman on 15 September 2021)	Nil	962,000	Nil	962,000
Mohd Shihabuddin Bin Mukhtar (resigned on 26 March 2021)	7,500	2,000	7,500	2,000
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	30,000	15,000	30,000	15,000
Dato' Che Sulaiman Bin Shapie	60,000	11,000	60,000	11,000
Dato' Mohd Zahir Bin Zahur Hussain	37,500	10,500	37,500	10,500
Abdul Rahman Bin Mohamed Rejab	Nil	242,500	Nil	242,500
Ismail Bin Mustaffa (resigned on 26 March 2021 due to re-designation to head the marine division in Singapore)	Nil	422,000	Nil	422,000
Syaiful Hafiz Bin Moamat Mastam (appointed on 26 March 2021)	22,500	4,000	22,500	4,000
Norzilah Binti Mohammed (appointed on 26 March 2021)	Nil	458,000	Nil	458,000

* Other emoluments include the meeting allowances and other benefits and allowance payable to the Directors' of the Company

Remuneration of Senior Management

The aggregate remuneration paid to the Senior Management of the Group during the financial year ended 31 December 2021 analysed into bands of RM50,000 are as follows:

Range of Remuneration	Number of Senior Management
RM100,001 to RM150,000	2
RM150,001 to RM200,000	1
RM200,001 to RM250,000	3
RM250,001 to RM300,000	3
RM300,001 to RM350,000	1
RM350,001 to RM400,000	0
RM400,001 to RM450,000	0

Details of total remuneration received by the senior management are not disclosed in this report as the Board is of the view that the above remuneration disclosure by band satisfies the accountability and transparency aspects of the MCCG 2021.

The Board ensures that the remuneration of the Senior Management commensurate with their individual performances and level of responsibility as well as the demands, complexities and performance of the Company, with due consideration to attract, retain and motivating the Senior Management.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

PART I – AUDIT COMMITTEE

8. Audit Committee

The Audit Committee is relied upon by the Board to amongst others, provide advice in the areas of financial reporting, external audit, internal control environment and internal audit process, review of related party transactions as well as conflict of interest situation. The Audit Committee also undertakes to provide oversight on the risk management framework of the Group.

Chairperson of Audit Committee

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman, who is an Independent & Non-Executive Director, is the Chairperson of the Audit Committee. She is a member of Malaysian Institute of Accountants. The Chairperson of Audit Committee is not the Chairman of the Board as complied with the Practice 9.1 of the MCCG 2021 which stipulates that the Chairman of the Audit Committee is not the Chairman of the Board.

Composition of the Audit Committee

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

Chairperson
Professor Datin Dr Suzana Binti Sulaiman
@ Mohd Suleiman
(Independent & Non-Executive Director)

Member
Dato' Che Sulaiman Bin Shapie
(Independent & Non-Executive Director)

Dato' Mohd Zahir Bin Zahur Hussain
(Independent & Non-Executive Director)

Further details of the Composition of the Audit Committee, terms of reference and summary of activities of the Audit Committee are set out in the Audit Committee Report in this Annual Report.

Independence of the Audit Committee

The Company recognised the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the members of the Board nor the Audit Committee of the Company were former key audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least two (2) years in the event any potential candidate to be appointed as a member of the Audit Committee was a key audit partner of the external auditors of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

Assessment of Suitability and Independence of External Auditors

The Company has established a transparent arrangement with the External Auditors to meet their professional requirements.

From time to time, the External Auditors highlight to the Audit Committee and Board of Directors on matters that require the Board's attention.

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

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

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

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

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

In presenting the Audit Planning Memorandum to the Audit Committee, the External Auditors have highlighted their internal policies and procedures with respect to their audit independence and objectivity which include safeguards and procedures and independent policy adopted by the External Auditors. The External Auditors have also provided the required independence declaration to the Audit Committee and the Board for the financial year ended 31 December 2021.

The Audit Committee is satisfied with the competence and independence of the External Auditors for the financial year under review. Having regard to this, the Board approved the Audit Committee's recommendation for the shareholders' approval to be sought at the AGM on the reappointment of Messrs. UHY as the External Auditors of the Company for the financial year ending 31 December 2022.

PART II - RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

9. RISK MANAGEMENT COMMITTEE ("RMC")

The RMC was established on April 2019 comprising the following members:

Chairperson
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Independent & Non-Executive Director)
(Appointed on 15 November 2021)

Members
Dato' Mohd Zahir Bin Zahur Hussain
(Independent & Non-Executive Director)
(Appointed on 15 November 2021)

Abdul Rahman Bin Mohamed Rejab
(Executive Director)

The functions of the RMC is to oversee the risk management matters relating to the activities of the Group and assist the Board to fulfil its responsibilities with regard to risk management in order to manage the overall risk exposure of the Group. The RMC is also responsible to oversee the compliance function and monitoring the overall compliance of the Group.

Effective Risk Management and Internal Control Framework

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

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

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

The information on the Group's risk management and internal control is further elaborated in the Statement on Risk Management and Internal Control of this Annual Report.

10. Internal Audit Function

The Group has established its in-house Internal Audit Department since 2004, which reports to the Audit Committee and assists the Audit Committee to provide an independent assessment and assurance over the system of internal control of the Group to the Audit Committee and the Board.

Further details of the activities of the internal audit function are set out in the Audit Committee Report in this Annual Report.

Compliance with Applicable Financial Reporting Standards

The Board strives to provide shareholders with a balanced and meaningful evaluation of the Group's financial performance, financial position and prospects through the annual audited financial statements, interim financial reports, annual report and announcements to Bursa Securities.

The interim financial reports, annual audited financial statements and annual report of the Group for the financial year ended 31 December 2021 are prepared in accordance with the Malaysian Financial Reporting Standards, Listing Requirements and the Companies Act, 2016. The Board is assisted by the Audit Committee in overseeing the financial reporting processes and ensuring the quality of its financial reporting.

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

PART I – COMMUNICATION WITH STAKEHOLDERS

11. Continuous Communication between Company and Stakeholders

The Group values dialogue and recognises the need to communicate with its investors, thus encouraging constructive two-way communication. The Group uses several channels to appropriately inform its investors of major developments and of the operations of the Company through disclosures and announcements made to Bursa Securities, press releases, annual reports and the Board also has the option to arrange meetings with analysts or investors, if necessary.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The practice of disclosure of information is to adopt the best practices recommended in the MCCG 2021 with regard to strengthening engagement and communication with shareholders, it is not only established to comply with the Listing Requirements of Bursa Securities.

The Group also endeavours to provide additional disclosures of information on a voluntary basis, where necessary. The management believes that consistently maintaining a high level of disclosure and extensive communication is vital to shareholders and investors in making informed investment decisions. The Company strives to provide a high level of transparency reporting in order to provide value for stakeholders.

Besides the above, the Company's Annual Report, circulars and financial results are dispatched on an annual basis to the shareholders to provide an overview of the Group's business activities and performances, the Share Registrar is available to attend to administrative matters relating to shareholder interests.

Leverage on Information Technology for Effective Dissemination of Information

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

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

Shareholders and investors may also forward their queries to the Company via email to info@destinigroup.com.

Dialogue with Shareholders

In addition to the dissemination of information to shareholders and other interested parties via announcements to Bursa Securities, its website, circulars and press releases, the Board is of the view that the annual and any extraordinary general meetings as ideal opportunities to communicate with shareholders.

During general meetings, the Chairman of the Executive Chairman and the Board of the Company will brief shareholders on the Company's projects and elaborate further on proposals for which the approval of shareholders is being sought.

Whilst the Company endeavors to provide as much information as possible to its shareholders, it is also mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

PART II – CONDUCT OF GENERAL MEETINGS

12. Encourage Shareholders' Participation at General Meeting

The AGM is the principal forum for dialogue with the shareholders. As recommended by the MCCG 2021, the notice of AGM will be dispatched to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The Notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the AGM or extraordinary general meeting is accompanied by a full explanation of the effects of any proposed resolution. At the AGM, the Board will present to the shareholders with a comprehensive report on the progress and performance of the Group and the shareholders are encouraged to participate in the questions and answers session there at, which they will be given the opportunity to raise questions or seek more information during the AGM. Informal discussions will be conducted between the Directors, senior management staff, the shareholders and investors before and after the general meetings.

Apart from contacts at general meetings, there is no other formal program or schedule of meetings with investors, shareholders, stakeholders and the public currently.

However, the management has the option of calling for meetings with investors/analysts if it deems necessary. Thus far, the management is of the opinion that the existing arrangement is suffice.

Attendance of Directors at General Meetings

The tentative dates of the AGM will be discussed and fixed by the Board in advance to ensure that each of the Directors is able to make necessary arrangement to attend the planned AGM.

At the Seventeenth (17th) AGM of the Company held on 29 June 2021, all the Directors were present via remote participation to engage with shareholders by answering relevant queries and be accountable for their stewardship of the Company.

Barring any unforeseen circumstances, all Directors as well as the Chairman/Chairperson of the respective Board Committees will be present at the forthcoming 18th AGM of the Company to enable the shareholders to raise question and concerns directly to those responsible.

Poll Voting

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

Effective Communication and Proactive Engagement

The Group maintains its effective communication with shareholders by adopting timely, comprehensive, and continuing disclosures of information to its shareholders as well as the general investing public and adopts the best practices recommended by the MCCG 2021 with regards to strengthening engagement and communication with shareholders.

To this end, the Group relies on the following channels for effective communication with the shareholders and stakeholders:

i) Interim financial reports to provide updates on the Group's operations and business developments on a quarterly basis;
ii) Annual audited financial statements and annual report to provide an overview of the Group's state of governance, state of affairs, financial performance and cash flows for the relevant financial year;
iii) Corporate announcements to Bursa Securities on material developments of the Group, as and when necessary and mandated by the Listing Requirements; and
iv) Annual General Meetings.

This Statement is made in accordance with the resolution of the Board dated 25 April 2022.

ADDITIONAL COMPLIANCE INFORMATION

Utilisation of Proceeds

On 25 September 2020, UOB Kay Hian Securities (M) Sdn Bhd, on behalf of Destini, announced that Destini proposed to undertake a private placement of up to 277,255,271 new ordinary shares in Destini ("Placement Shares"), representing up to 20% of the total number of issued shares in Destini to third party investor(s) ("Private Placement").

On 3 December 2020, 139,000,000 Placement Shares at RM0.2200 per Placement Share were listed and on 8 September 2021, another 138,225,271 Placement Shares at RM0.1870 per Share were listed and quoted on 8 September 2021. The Private Placement was completed on 8 September 2021.

Total proceeds raised in the Private Placement exercise is RM50,433,735 and the status of utilization of the proceeds is as follows:-

Purpose	Proposed Utilisation (RM)	Actual Utilisation (RM)	Intended Timeframe for utilization
Working capital for new projects	50,000,000	28,247,745	Within 24 months
Working capital for existing projects	28,135,986	28,135,986	Within 24 months
Expenses	50,000	50,000	Upon completion of Private Placement
Total	**78,185,986**	**50,433,735**	

Audit and Non-Audit Fees Paid to External Auditors Audit and Non-Audit Fees Paid to External Auditors During the financial year, the amount of audit and non-audit fees paid/payable to the external auditors by the Company and the Group respectively for the financial year ended 31 December 2020 were as follows:

		Company (RM)	Group (RM)
Audit Services Rendered		125,000	662,028
Non-Audit Services Rendered			
(a)	Review of Statement on Risk Management and Internal Control	5,000	5,000

Material Contracts

There was no material contract entered into by the Company and/or its subsidiaries involving Directors' and major shareholders' interests.

Contracts Relating to Loans

There was no material contract relating to loans entered into by the Company involving Directors and major shareholders.

Recurrent Related Party Transactions of a Revenue Nature

There were no recurrent related party transactions of revenue nature entered during the financial year ended 31 December 2021.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

Paragraph 15.26(b) of the Listing Requirements of Bursa Securities specified that the Board of Directors is to provide a Statement on Risk Management and Internal Control for the Group. The Malaysian Code on Corporate Governance requires listed companies to maintain a sound system of internal controls to safeguard shareholders' investments and the Group's assets. The Board is pleased to include a statement on the state of the Group's risk management and internal control during the period under review. The statement is prepared in accordance with the Listing Requirements and as guided by the "Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers".

Risk Management

The function of Risk Management was included under the Audit Committee scope of reference. The Group has established the RMC with the primary responsibility of ensuring the effective functioning of the integrated risk management function within the Destini Group.

The RMC will assist the Board to see overall managements of all risks covering industry risk, country risk, strategic risk, financial risk, product risk, internal processes risk, people risk and information technology risks. The RMC will also review and evaluate the adequacy of overall risk management policies and procedures and ensure that there is adequate risk reporting of core business activities.

Internal Control

The Group's system of internal control includes, among others:

1. A well-defined organisational structure with clear lines of accountability and responsibilities provide a sound framework within the organisation in facilitating check and balance for proper decision making at the appropriate authority levels of management including matters that require the Board 's approval.

2. A documented delegation of authority that sets out decisions that need to be taken and the appropriate levels of management involved including matters that require the Board 's approval.

3. The Board of Directors and Audit Committee meet at least once on a quarterly basis to review and deliberate on financial reports, annual financial statements, internal audit reports and etc. Discussions with management were held to deliberate on the actions that are required to be taken to address internal control issues identified.

4. Internal policies and procedures had been established for key business units within the Group.

5. Comprehensive guidelines on employment and retention of employees are in place to ensure that the Group has a team of employees who are qualified and equipped with all the necessary knowledge, skills and abilities to carry out their responsibilities effectively.

6. Scheduled operational and management meetings are held to discuss and review the business plans, budgets, financial and operational performances of the Group. Monthly management accounts containing key financial results, operational performances and comparison of actual performance against budgets are presented to the management team for monitoring and review. The quarterly financial statements are presented to the Audit Committee and Board for their review and approval. The Board also plays an active role in discussing and reviewing the business plans, strategies, performance and risks faced by the Group.

The Board of Directors does not regularly review the internal control system of its associates and joint venture, as the Board of Directors does not have any direct control over their operations. The Group's interests are served through representations on the Boards of the respective associates and joint venture and the review of their management accounts, and enquiries thereon. These representatives also provide the Board with information and timely decision making on the continuity of the Group's investment based on the performance of the associates and joint venture.

RISK MANAGEMENT AND INTERNAL CONTROL STATEMENT

Corrective Actions

In the process of investigating the revenue and profit misstatements, the Board has gained valuable experience about the areas of weaknesses and the causes of the failure in the system of internal control. The Board has learned and benefited from this experience and is committed in its efforts to reform and re-organised the system of internal control.

The Audit Committee and the Board have reviewed the inhouse internal audit function and is satisfied with the level of independence and the competence of its staff. In order to improve the effectiveness of the internal audit function, the Board has empowered the internal auditors to exercise more influence in determination of their scope of work and the implementation of their audit strategy which includes the following:

a) Clearly defined terms of reference, authorities and responsibilities of the various committees, which include Audit Committee, Nomination and Remuneration Committee;
b) Regular and comprehensive information provided to management and the Board, covering financial performance and key business indicators;
c) A detailed budgeting process where operating units prepare budgets for the coming year which are approved both at the operating unit level and by the Board;
d) Quarterly monitoring of results by the management and appropriate action taken, when necessary; and
e) Regular visits to reporting units by the management team and, where deem appropriate, the Board.

Board Responsibility

The Board is responsible to maintain a sound system of internal controls and for reviewing its adequacy and integrity.

It includes not only financial controls but operational and compliance controls. Due to the limitations inherent in an internal control system, management has affected an internal control system designed to manage rather than eliminate the risk that may impede the achievement of the Group's business objectives.

Management Responsibility

The management is responsible for implementing the Group's strategies and day-to-day businesses. The organization structure sets out clear segregation of roles and responsibilities, lines of accountability and levels of authority to ensure effective and independent stewardship. The management assists the Board in implementing the policies approved by the Board, implementing risk control procedures and developing, operating and monitoring internal controls to mitigate and control identified risks.

Internal Audit Responsibility

The Group Internal Audit Department ("GIAD") function was set up by the Board to provide independent assurance of the adequacy of risk management, internal control and governance systems. GIAD activities are guided by an Internal Audit Charter which is approved by the Audit Committee ("AC"). The Group's internal audit function undertakes regular reviews of the Group's operations and its system of internal control. The audit plan is developed based on the risk profiles of the Group business. Internal audit findings are discussed at management level and actions are agreed in response to the internal audit recommendations. The progress of implementation of the agreed actions is being monitored by GIAD through follow up reviews.

GIAD's scope of coverage encompasses all business and support units, including subsidiaries that do not have their own audit units. The selection of the units to be audited from the audit universe is based on an annual audit plan that is approved by the AC. The annual audit plan is developed based on assessment of risks, exposures and strategies of the company.

Units that are assessed to be high risk are subject to an annual audit, while those that are assessed to be medium or low risk are subject to a cycle audit. GIAD also undertakes investigations into alleged fraud by staff, customers or third parties and recommends appropriate improvements to prevent recurrence and actions against persons responsible.

The Audit Report is the final product of an audit assignment, which provides the scope of audit work performed, a general evaluation of the system of internal controls together with detailed audit observations, response of management, and comments and recommendations by GIAD for improvement. The AC reviews and evaluates any exceptions or non-compliance raised by GIAD and monitors that appropriate and prompt remedial actions are taken by the management.

The GIAD is committed to provide an independent, objective assurance and advisory services that will add value and improve the company's operations. It does this by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of the risk management, control and governance processes, in line with the conceptual framework and guidance promulgated by the Institute of Internal Auditors ("IIA") International Standards for the Professional Practice of Internal Auditing and relevant regulatory guidelines.

Review of the Statement by External Auditors

The External Auditors have reviewed this Statement on Risk Management and Internal Control for inclusion in the Annual Report of the Company for the financial year ended 31 December 2021 and reported to the Board that nothing has come to their attention that causes them to believe that this statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of the system of internal control.

Management's Assurance

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

Conclusion

For the financial year under review, there were no significant internal control deficiencies or material weaknesses resulting in material losses or contingencies requiring disclosure in the Annual report. The Board is of the view that the existing system of the risk management and internal control is adequate.

Nevertheless, the Board recognises that the system of risk management and internal control must continuously improve in line with the Group's business environment. Therefore, the Board would put in place adequate plans, where necessary, to continuously improve the Group's system of risk management and internal control.

AUDIT COMMITTEE REPORT

Composition

The present members of the Audit Committee comprise the following:

Chairperson
Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman
(Independent & Non-Executive Director)

Member
Dato' Che Sulaiman Bin Shapie
(Independent & Non-Executive Director)
Dato' Mohd Zahir Bin Zahur Hussain
(Independent & Non-Executive Director)

Attendance

The Audit Committee held four (4) meetings during the financial year ended 31 December 2021. The details of attendance of the Audit Committee members are as follows:

Name of Directors	No. of meetings attended
Professor Datin Dr Suzana Sulaiman @ Mohd Suleiman	4/4
Dato' Che Sulaiman Shapie	4/4
Dato' Mohd Zahir Bin Zahur Hussain	4/4

The Audit Committee may invite the Head of Internal Audit, the Accountant and the Company Secretary or any members of the management to attend any of its meetings as it determines.

Financial Literacy of the Audit Committee Members

Collectively, the members of the Audit Committee have the relevant experience and expertise in finance and accounting, and have carried out their duties in accordance with the Terms of Reference of the Audit Committee. The qualification and experience of the individual Audit Committee members are disclosed in the Board of Directors' Profile in this Annual Report.

Summary of Activities of the Audit Committee

The activities undertaken by the Audit Committee during the financial year ended 31 December 2021 included the following:

1. Reviewed the quarterly and year-to-date unaudited financial results before submission to the Board for consideration and approval;
2. Reviewed the external auditor's scope of work and audit plan for the year;
3. Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
4. Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;
5. Evaluated the performance of the external auditors for the financial year ended 31 December 2021 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the reappointment of the external auditors;
6. Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
7. Reviewed the internal audit reports presented and considered the major findings of internal audit in the Group's operating subsidiaries through the review of the internal audit reports tabled and management responses thereof and ensuring significant findings are adequately addressed by management;
8. Reviewed the effectiveness of the Group's system of internal control;
9. Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
10. Reviewed related party transactions and conflict of interest situation that may arise within the Company or the Group;

11. Reviewed the Company's compliance with the Listing Requirements, applicable Approved Accounting Standards and other relevant legal and regulatory requirements;
12. Reported to the Board on its activities and significant findings and results; and
13. Reviewed the Audit Committee Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report.

Terms of Reference

The Terms of Reference of the Audit Committee which laid down its duties and responsibilities are accessible via the Company's website at www.destinigroup.com.

Internal Audit Function

The Group has established its in-house Internal Audit Department since 2004, which reports to the Audit Committee and assists the Audit Committee in reviewing the effectiveness of the internal control and risk management systems within the Group whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. With the internal audit function being put in place, remedial action can be taken in relation to weaknesses identified and noted in the systems and controls of the respective operating units. The setting up of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations. The scope of internal audit covers the audit of all units and operations, including subsidiaries as stated in the letter of engagement.

The Internal Audit Department of the Group has a total of five (5) professional staff and it is led by Mr. Khairul Rizal Bin Osman as the Head of Internal Audit. Mr. Khairul Rizal holds a Bachelors Degree in Business Administration from Mara University of Technology and a Diploma in Banking Studies from the same university. He is a Certified in Internal Auditing for Financial Institutions ("CIAFIN"), has an Associate Qualification in Islamic Finance ("AQIF"). and a Lead Auditor Intergrated Management System ("IMS") ISO9001, ISO 14001 & ISO 45001 Exemplar Global Certified. The Internal Audit Department of the Group performs its duties in accordance with standards set by relevant professional bodies, namely Institute of Internal Auditors.

The internal auditors monitor and report on the system of internal control. They work on a plan agreed with the Audit Committee and support the Audit Committee in discharging its duties and responsibilities, giving assurance that adequate, efficient and effective internal control systems are in place.

The cost incurred for the internal audit function in respect of the financial year is approximately RM399,845.58.

During the financial year under review, the following activities were carried out by the internal audit department in discharging its responsibilities.

Summary of Activities of the Internal Audit Function:

1. Reviewed the existing systems, controls, procedures and risk assessment of various operating units within the Group;
2. Provided recommendations to assist the various operating units and the Group in accomplishing its internal control and risk management requirements by suggesting improvements to the effectiveness of such control processes;
3. Followed up with management on the implementation of the agreed audit recommendations; and
4. Present the Internal Audit Plan for the year for review and evaluate by the Audit Committee.

The Audit Committee and the Board agreed that the internal audit review was done in accordance with the audit plan and the coverage is adequate.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

Principal Activities

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

Financial Results

	Group RM	Company RM
Profit/(Loss) for the financial year	2,464,505	(13,055,125)
Attributable to:		
Owners of the Parent	3,008,893	(13,055,125)
Non-controlling interests	(544,388)	-
	2,464,505	(13,055,125)

Reserves and Provisions

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

Dividends

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

Issue of Shares and Debentures

During the financial year, the Company issued 138,255,271 ordinary shares pursuant to the private placement exercises at issue price of RM0.187 per share amounting to RM25,853,735 on 8 September 2021.

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

There was no issuance of debentures during the financial year.

Options Granted Over Unissued Shares

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

Directors

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

Dato' Rozabil @ Rozamujib Bin Abdul Rahman *	
Dato' Che Sulaiman Bin Shapie *	
Professor Datin Dr. Suzana Bt. Sulaiman @ Mohd Suleiman *	
Abdul Rahman Bin Mohamed Rejab *	
Dato' Mohd Zahir Bin Zahur Hussain	
Norzilah Binti Mohammed	(appointed w.e.f. 26.03.2021)
Syaiful Hafiz Bin Moamat Mastam	(appointed w.e.f. 26.03.2021)
Mohd Noor Bin Hussen	(resigned on 26.03.2021)
Tan Sri Dato' Sri Rodzali Bin Daud *	(resigned on 15.09.2021)

The Directors who held office in the subsidiaries (excluding Directors who are also Directors of the Company) since the beginning of the financial year up to the date of this report:

Othman Bin Ahmad
Hasbullah Bin Hassin
Kabol Bin Surat
Fahredza Bin Muhamad
Zainuri Bin Zainal
Mohamad Najib Bin Saad
Dato' Harrison Bin Hassan
Bernard Johan Te Beek
Dato' Abd Aziz Bin Sheikh Fadzir
Christopher John Wright
Muhayuddin Bin Musa
Yuzainorita Binti Mohd Yusof
Bukhari Bin Mohamed
Mohd Rani Hisham Bin Samsudin
Mohamed Suhaimi Bin Yaacob
Ismail Bin Mustaffa
Chew Hian Tat

* *Director of the Company and of its subsidiaries*

DIRECTORS' REPORT

Directors (Cont'd)

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

Directors' Interests in Shares

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

	Number of ordinary shares			
	At 1.1.2021	**Bought**	**Sold**	**At 31.12.2021**
Interests in the Company				
Direct Interests				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman	105,126,500	-	-	105,126,500
Abdul Rahman Bin Mohamed Rejab	100,000	-	-	100,000
Indirect Interests				
Dato' Rozabil @ Rozamujib Bin Abdul Rahman ^	218,413,445	15,021,200	(20,000,000)	213,434,645

^ *deemed interests under Section 8 of the Companies Act, 2016 by virtue of his shareholdings in BPH Capital Sdn. Bhd., Zaleeha Capital Sdn. Bhd., R Capital Sdn. Bhd. and Utarasama Marine Sdn. Bhd.*

By virtue of his interests in the shares of the Company, Dato' Rozabil @ Rozamujib Bin Abdul Rahman is also deemed interested in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest under Section 8 of the Companies Act, 2016.

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

Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 35(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

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

Indemnity and Insurance Costs

During the financial year, the total amount of indemnity coverage and insurance premium paid for the Directors and certain officers of the Company were RM5,000,000 and RM17,235 respectively. No indemnity was given to or insurance effected for auditors of the Company.

Other Statutory Information

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

  (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

  (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

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

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

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

  (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

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

DIRECTORS' REPORT

Other Statutory Information (Cont'd)

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

(i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year other than as disclosed in the financial statements.

(d) In the opinion of the Directors:

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

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

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Significant Events

The details of the significant events are disclosed in Note 40 to the financial statements.

Subsidiaries

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

Auditors' Remuneration

The details of the auditors' remuneration are set out in Note 29 to the financial statements.

Auditors

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

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 28 April 2022.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	ABDUL RAHMAN BIN MOHAMED REJAB

SHAH ALAM

STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the financial statements set out on pages 94 to 225 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 28 April 2022.

DATO' ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	ABDUL RAHMAN BIN MOHAMED REJAB

SHAH ALAM

STATUTORY DECLARATION

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

I, Aris Kefli Bin Mohamad Yusof (MIA Membership No: 12516), being the Officer primarily responsible for the financial management of Destini Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 94 to 225 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by)
the abovenamed at Kuala Lumpur in)
the Federal Territory on 28 April 2022)
)

ARIS KEFLI BIN MOHAMAD YUSOF

Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Destini Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit and 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 94 to 225.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current financial year. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Recognition of revenue and cost of long term contract The Group recognises revenue and cost derived from long term contract which span more than one accounting period over time using the stage of completion method. As at 31 December 2021, the revenue arising from the long term contracts represents approximately 31% of the total Group's revenue. The stage of completion is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (i.e. contracts costs incurred for works performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost). We focused on this area because the management applies significant judgement and estimates in determining the stage of completion, the extent of costs incurred and contract costs yet to be incurred, the estimated total revenue and cost for contract.	Our audit procedures included, amongst others: • Reading all key contracts to obtain an understanding of the specific terms and conditions; • Reviewing management's workings on the computation of percentage-of-completion and compared the engineers' reports and contractors' claims and certificates against stage of completion to ascertain the reasonableness of the amounts of revenue and cost recognised in the profit or loss; • Evaluating the reasonableness of the estimated total cost and cost allocation for contract in light of supporting evidence such as letters of award, approved purchase orders, quotations, tender documents and variation orders, if any; • With regards to projects whereby actual progress is behind planned progress, we understand the cause of the delays, inspected correspondences with customers and sub-contractors and corroborated key judgement applied by management as to whether provision for liquidated ascertained damages is required; • Agreeing samples of costs incurred to date to invoice and/or progress claim and assessing the adequacy of accruals of costs made; and • Assessing the adequacy and reasonableness of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Impairment on receivables and contract assets	

The Group's receivables and contract assets amounting to RM238,048,313 representing approximately 53% of the Group's total assets as at 31 December 2021.
 	
The assessment of recoverability of receivables involved judgements and estimation uncertainty in analysing historical trend in bad payment, customer concentration, customer creditworthiness and customer payment terms and adjusted for forward looking macro economic factors.
	Our audit procedures included, amongst others, the following:
	
	• Understanding on the procedures of the Group:-
	  • the Group's identification, monitoring and assessment on the impairment of receivables; and
	  • the Group's basis and justification in making accounting estimates for impairment;
	
	• Reviewing the ageing analysis of receivables and testing the reliability thereof;
	
	• Reviewing subsequent collections for major receivables and overdue amount;
	
	• Making inquiries of management regarding the action plans to recover overdue amounts;
	
	• Understanding of receivables with significant credit exposures which were significantly overdue or deemed to be in default; and
	
	• Evaluating the reasonableness and adequacy of the allowance for impairment recognised for identified exposures.

Key Audit Matters (Cont'd)

Key Audit Matters	How we addressed the key audit matters
Impairment of goodwill	
The Group has goodwill amounting to RM67,158,888 as at 31 December 2021 representing approximately 15% of the Group's total assets as at 31 December 2021.	Our procedures to address this are of focus include, amongst others, the following:
The Company has appointed an independent professional valuer to determine and reassess the recoverable amount of the CGU in accordance with MFRS 136.	• Examining management's cash flows forecast that support the impairment assessment; • Assessing the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results;
The impairment tests were significant to our audit due to the complexity of the assessment process involving significant judgements and estimation uncertainty in making key assumptions about future market and economic conditions, terminal growth rates, discount rate, etc. for value in use of CGU based on future discounted cash flows.	• Assessing the key assumptions on which the cash flows projections are based, by amongst others, comparing them against business plans, contracts with customers, historical results and market data; • Evaluating the reasonableness and consistency of key assumptions and inputs used in cash flow projection to available external industry sources of data; • Performing sensitivity analysis to stress test the key assumptions and inputs used in the impairment assessment; and • Assessing the adequacy and reasonableness of the disclosures in the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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 annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

Responsibilities of Directors for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

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

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

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, 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 6 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.

UHY
Firm Number: AF 1411
Chartered Accountants

TIO SHIN YOUNG
Approved Number: 03355/02/2024 J
Chartered Accountant

KUALA LUMPUR

28 April 2022

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Assets					
Non-Current Assets					
Property, plant and equipment	4	43,162,227	49,927,253	20,952,350	22,584,015
Right-of-use assets	5	20,625,437	29,673,629	740,752	749,261
Investment in subsidiaries	6	-	-	141,372,229	139,122,229
Investment in associates	7	-	-	-	-
Investment in joint ventures	8	-	-	-	-
Investment in securities	9	180,000	3,436,456	180,000	3,436,456
Intangible assets	10	71,199,776	71,850,620	-	-
Other receivables	11	-	1,709,775	-	-
Other investment	12	320,000	320,000	150,000	150,000
		135,487,440	156,917,733	163,395,331	166,041,961
Current Assets					
Inventories	13	12,098,726	12,563,844	-	-
Contract assets	14	97,298,184	174,252,861	-	-
Trade receivables	15	66,169,714	74,916,574	-	-
Other receivables	11	74,580,415	57,852,532	12,930,443	1,174,914
Amount due from subsidiaries	16	-	-	259,709,189	251,694,145
Amount due from joint ventures	17	500,000	500,000	-	-
Amount due from an associate company	18	6,247,881	6,247,881	-	-
Tax recoverable		3,633,497	3,196,194	-	-
Fixed deposits with licensed banks	19	20,578,083	16,937,725	2,000,000	-
Cash and bank balances		29,832,222	22,120,731	1,189,905	7,642,947
		310,938,722	368,588,342	275,829,537	260,512,006
Total Assets		446,426,162	525,506,075	439,224,868	426,553,967

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Equity					
Share capital	20	479,828,496	453,974,761	479,828,496	453,974,761
Foreign currency translation reserve	21	4,990,466	5,200,078	-	-
Accumulated losses		(323,717,042)	(326,725,935)	(60,111,967)	(47,056,842)
Equity attributable to owners of the parent		161,101,920	132,448,904	419,716,529	406,917,919
Non-controlling interests		(2,095,699)	(1,751,428)	-	-
Total Equity		159,006,221	130,697,476	419,716,529	406,917,919
Liabilities					
Non-Current Liabilities					
Lease liabilities	22	1,224,266	7,120,436	-	-
Bank borrowings	23	13,588,798	20,141,098	9,988,714	13,212,035
Tax payable		-	10,362,855	-	-
Other payables	24	739,537	458,751	-	-
		15,552,601	38,083,140	9,988,714	13,212,035
Current Liabilities					
Contract liabilities	14	19,205,728	58,219,199	-	-
Trade payables	26	77,115,461	110,219,207	-	-
Other payables	24	56,207,541	72,588,182	2,287,818	1,549,973
Amount due to subsidiaries	16	-	-	485,560	1,389,884
Lease liabilities	22	1,240,335	5,703,310	-	-
Bank borrowings	23	90,567,200	93,391,349	4,859,799	2,944,144
Redeemable preference shares	25	1,532,212	1,427,487	-	-
Tax payable		25,998,863	15,176,725	1,886,448	540,012
		271,867,340	356,725,459	9,519,625	6,424,013
Total Liabilities		287,419,941	394,808,599	19,508,339	19,636,048
Total Equity and Liabilities		446,426,162	525,506,075	439,224,868	426,553,967

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
		2021	**2020**	**2021**	**2020**
	Note	**RM**	**RM**	**RM**	**RM**
Revenue	27	173,865,949	190,125,575	-	-
Cost of sales		(112,845,682)	(186,048,386)	-	-
Gross profit		61,020,267	4,077,189	-	-
Other income		20,507,117	9,302,491	255,071	1,120,198
Administrative expenses		(69,300,920)	(110,298,770)	(11,063,354)	(12,532,263)
Net impairment losses on receivables		(1,871,641)	(12,144,489)	(402,617)	-
Net impairment losses on intangible assets, property, plant and equipment, and other assets		177,338	(72,146,812)	-	-
Finance costs	28	(5,267,532)	(11,751,063)	(915,648)	(632,872)
Profit/(Loss) before tax	29	5,264,629	(192,961,454)	(12,126,548)	(12,044,937)
Taxation	30	(2,800,124)	2,776,618	(928,577)	-
Profit/(Loss) for the financial year		2,464,505	(190,184,836)	(13,055,125)	(12,044,937)
Other comprehensive loss:					
Items that are or may be reclassified subsequently to profit or loss					
Exchange translation differences for foreign operations		(85,085)	(408,197)	-	-
Other comprehensive loss for the financial year		(85,085)	(408,197)	-	-
Total comprehensive profit/(loss) for the financial year		2,379,420	(190,593,033)	(13,055,125)	(12,044,937)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Profit/(Loss) for the financial year attributable to:					
Owners of the parent		3,008,893	(190,641,882)	(13,055,125)	(12,044,937)
Non-controlling interests		(544,388)	457,046	-	-
		2,464,505	(190,184,836)	(13,055,125)	(12,044,937)
Total comprehensive income/(loss) for the financial year attributable to:					
Owners of the parent		2,946,474	(190,984,355)	(13,055,125)	(12,044,937)
Non-controlling interests		(567,054)	391,322	-	-
		2,379,420	(190,593,033)	(13,055,125)	(12,044,937)
Earnings/(Loss) per share					
Basic gain/(loss) per share (sen)	32	0.19	(14.62)		
Diluted gain/(loss) per share (sen)	32	0.19	(14.62)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Attributable to Owners of the Parent					
		Non-Distributable					
		Share Capital RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group							
At 1 January 2021		453,974,761	5,200,078	(326,725,935)	132,448,904	(1,751,428)	130,697,476
Profit/(Loss) for the financial year		-	-	3,008,893	3,008,893	(544,388)	2,464,505
Deconsolidation of subsidiaries		-	(124,527)	-	(124,527)	(77,217)	(201,744)
Exchange translation differences for foreign operations		-	(85,085)	-	(85,085)	(22,666)	(107,751)
Total comprehensive (loss)/profit for the financial year		-	(209,612)	3,008,893	2,799,281	(644,271)	2,155,010
Transaction with owners:							
Private shares placement	20	25,853,735	-	-	25,853,735	-	25,853,735
Issuance of shares by subsidiaries to non-controlling interest		-	-	-	-	300,000	300,000
		25,853,735	-	-	25,853,735	300,000	26,153,735
At 31 December 2021		479,828,496	4,990,466	(323,717,042)	161,101,920	(2,095,699)	159,006,221

		Attributable to Owners of the Parent					
		Non-Distributable					
	Note	Share Capital RM	Foreign Currency Translation Reserve RM	Accumulated Losses RM	Total RM	Non-controlling Interests RM	Total Equity RM
Group							
At 1 January 2020		388,236,871	5,542,551	(136,084,053)	257,695,369	(2,142,750)	255,552,619
(Loss)/Profit for the financial year		-	-	(190,641,882)	(190,641,882)	457,046	(190,184,836)
Exchange translation differences for foreign operations		-	(342,473)	-	(342,473)	(65,724)	(408,197)
Total comprehensive (loss)/profit for the financial year		-	(342,473)	(190,641,882)	(190,984,355)	391,322	(190,593,033)
Transaction with owners:							
Private shares placement	20	65,737,890	-	-	65,737,890	-	65,737,890
At 31 December 2020		453,974,761	5,200,078	(326,725,935)	132,448,904	(1,751,428)	130,697,476

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

		Attributable to Owners of the Parent		
		Non-Distributable		
	Note	Share Capital RM	Accumulated Losses RM	Total Equity RM
Company				
At 1 January 2021		453,974,761	(47,056,842)	406,917,919
Loss for the financial year, representing total comprehensive loss for the financial year		-	(13,055,125)	(13,055,125)
Transaction with owners:				
Issue of ordinary shares:				
- private shares placement	20	25,853,735	-	25,853,735
Total transaction with owners		25,853,735	-	25,853,735
At 31 December 2021		479,828,496	(60,111,967)	419,716,529
At 1 January 2020		388,236,871	(35,011,905)	353,224,966
Loss for the financial year, representing total comprehensive loss for the financial year		-	(12,044,937)	(12,044,937)
Transaction with owners:				
Issue of ordinary shares:				
- private shares placement	20	65,737,890	-	65,737,890
Total transaction with owners		65,737,890	-	65,737,890
At 31 December 2020		453,974,761	(47,056,842)	406,917,919

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Cash Flows From Operating Activities					
Profit/(Loss) before tax		5,264,629	(192,961,454)	(12,126,548)	(12,044,937)
Adjustments for:					
Amortisation of intangible assets	10	1,058,978	1,691,919	-	-
Bad debts written off		-	25,032,920	-	-
Depreciation of property, plant and equipment	4	7,771,566	11,563,867	1,688,483	1,940,170
Amortisation of right-of-use assets	5	4,352,571	7,711,486	8,509	8,511
Fair value adjustment on investment in securities		-	(557,322)	-	(557,322)
Loss/(Gain) on disposal of:					
- property, plant and equipment		(106,998)	46,031	-	-
- investment in securities		606,436	-	606,436	-
- subsidiaries		(14,786,634)	-	-	-
Impairment loss on:					
- Trade receivables		1,717,970	3,306,919	-	-
- Other receivables		425,307	-	402,617	-
- Intangible assets		-	38,255,132	-	-
Derecognition arising from termination of lease agreement		(278,516)	(511,082)	-	-
Modification of lease agreement		177,906	216,171	-	-
Interest expense		5,267,532	11,751,063	915,648	632,872
Interest income		(436,947)	(250,395)	(29,343)	
Property, plant and equipment written off		101,418	37,395,316	-	2
Reversal of impairment loss on					
- Trade receivables		(563,816)	(13,631,072)	-	-
- Other receivables		(40,528)	-	-	-
- Intangible assets		(177,338)	(3,503,636)	-	-
Operating gain/(loss) before working capital changes		10,353,536	(74,444,137)	(8,534,198)	(10,020,704)

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

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Changes in working capital:					
Inventories		465,118	930,555	-	-
Contract assets/liabilities		37,941,206	(104,765,698)	-	-
Receivables		(7,810,181)	135,238,498	(11,755,529)	(227,456)
Payables		(49,203,601)	29,732,113	753,087	(944,045)
		(18,607,458)	61,135,468	(11,002,442)	(1,171,501)
Cash used in operations		(8,253,922)	(13,308,669)	(19,536,640)	(11,192,205)
Tax refunded		-	77,654	-	-
Tax paid		(2,679,991)	(1,398,234)	-	-
		(2,679,991)	(1,320,580)	-	-
Net cash used in operating activities		(10,933,913)	(14,629,249)	(19,536,640)	(11,192,205)
Cash Flows From Investing Activities					
Advance to subsidiaries		-	-	(10,265,044)	15,098,724
Interest received		436,947	250,395	29,343	-
Purchase of property, plant and equipment	4	(2,169,239)	(10,211,893)	(56,818)	(30,277)
Purchase of right-of-use assets		(58,273)	-	-	-
Proceeds from disposal of:					
- property, plant and equipment		107,000	62,780	-	-
- investment in securities		4,525,920	-	4,525,920	-
- subsidiaries		4,249,879	-	-	-
Investment in subsidiaries		-	-	-	(40,100,017)
Investment in securities		(1,875,900)	(2,449,000)	(1,875,900)	(2,449,000)
Increase in deposits pledged to licensed banks		(1,640,358)	(114,526)	-	-
Addition to intangible assets	10	(100,000)	(326,179)	-	-
Net cash from/(used in) investing activities		3,475,976	(12,788,423)	(7,642,499)	(27,480,570)

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

		Group		Company	
		2021	2020	2021	2020
	Note	RM	RM	RM	RM
Cash Flows From Financing Activities					
Repayment to subsidiaries		-	-	(904,324)	(10,525,791)
Interest paid		(5,267,532)	(11,751,063)	(915,648)	(632,872)
Net changes in term loans		(1,413,930)	(9,387,664)	(1,307,666)	(8,390,320)
Payment of lease liabilities		(4,553,032)	(7,347,077)	-	-
Proceeds from private placement	20	25,853,735	65,737,890	25,853,735	65,737,890
Net cash from financing activities		14,619,241	37,252,086	22,726,097	46,188,907
Net increase/(decrease) in cash and cash equivalents		7,161,304	9,834,414	(4,453,042)	7,516,132
Effect of exchange translation difference		2,445,290	2,142,846	-	-
Cash and cash equivalents at the beginning of the financial year		20,757,334	8,780,074	7,642,947	126,815
Cash and cash equivalents at the end of the financial year		30,363,928	20,757,334	3,189,905	7,642,947
Cash and cash equivalents at the end of the financial year comprise:					
Cash and bank balances		29,832,222	22,120,731	1,189,905	7,642,947
Fixed deposits with licensed banks		20,578,083	16,937,725	2,000,000	-
Bank overdrafts	23	(1,468,294)	(1,363,397)	-	-
		48,942,011	37,695,059	3,189,905	7,642,947
Less: Fixed deposits pledged with licensed banks		(18,578,083)	(16,937,725)	-	-
		30,363,928	20,757,334	3,189,905	7,642,947

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2021

1. **Corporate Information**

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

The registered office and the principal place of business of the Company is located at No. 10, Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, 40148 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are those of investment holding and provision of management services. The principal activities of its subsidiaries are disclosed in Note 6.

2. **Basis of Preparation**

(a) Statement of compliance

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

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

Adoption of new and amended standards

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

Amendments to MFRS 16	Covid-19-Related Rent Concessions
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4, and MFRS 16	Interest Rate Benchmark Reform - Phase 2
IFRIC Agenda Decision of MFRS123	Borrowing Costs

(a) Statement of compliance (Cont'd)

Adoption of new and amended standards (Cont'd)

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

Standards issued but not yet effective

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

		Effective dates for financial periods beginning on or after
Amendments to MFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116	Property, Plant and Equipment-Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137	Onerous Contracts-Cost of Fulfilling a Contract	1 January 2022
Amendments to MFRSs	Annual Improvements to MFRS Standards 2018-2020	1 January 2022
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023

NOTES TO THE FINANCIAL STATEMENTS

2. **Basis of Preparation (Cont'd)**

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective (Cont'd)

		Effective dates for financial periods beginning on or after
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128	Sales or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs when they become effective.

The assessment on the effects and impact of the adoption of above new standard, amendments to published standards and interpretation is still being assessed but the management does not expect the initial application of the above mentioned MFRSs to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

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

NOTES TO THE FINANCIAL STATEMENTS

2. **Basis of Preparation (Cont'd)**

(c) Significant accounting judgements, estimates and assumptions

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

Judgements

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

<u>Satisfaction of performance obligations in relation to contracts with customers</u>

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

The Group recognises revenue over time in the following circumstances:

(a) The customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

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

(c) The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

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

NOTES TO THE FINANCIAL STATEMENTS

2. **Basis of Preparation (Cont'd)**

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

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

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

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

The Group and the Company include the renewal period as part of the lease term for leases of land and building with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Key sources of estimation uncertainty

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

Useful lives / depreciation of property, plant and equipment and right-of-use ("ROU") assets (Note 4 and Note 5)

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

NOTES TO THE FINANCIAL STATEMENTS

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

<u>Impairment of goodwill on consolidation</u>

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value-in-use is disclosed in Note 10.

<u>Impairment of intangible assets</u>

Determining whether the intangible assets are impaired requires an estimation of the recoverable amount, which is the higher of fair value less costs to sell and the value in use of the cash generating units to which intangible assets have been allocated. The fair value less costs to sell and value in use calculation requires the Group to estimate the fair value of the intangible assets and future cash-flows expected form the cash-generating units and an appropriate discount rate in order to calculate the present value of the future cash flows. As the assessment involved significant estimates and is based on both forecasted financial and non-financial information, management has to exercise judgment in estimating the recoverable amounts of these assts. The carrying amount of the intangible assets are disclosed in Note 10.

<u>Inventories valuation</u>

A review is made periodically of inventory for excess inventory, obsolescence and decline in net realisable value below cost and an allowance is recorded against the inventory balance for any such decline. The review requires management to estimate future demand for the products. In any case, the realisable value represents the best estimate of the recoverable amount and is based on the most reliable evidence available at the reporting date and inherently involves estimates regarding the future expected realisable value. The benchmarks for determining the amount of allowance or write-down include ageing analysis, technical assessment and subsequent events. In general, such an evaluation process requires significant judgement and materially affects the carrying amount of inventories at the reporting date. Possible changes in these estimates could result in revisions to the valuation of inventory. Details of inventories are disclosed in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

<u>Determination of transaction prices</u>

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

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

<u>Impairment of property, plant and equipment and right-of-use ("ROU") assets</u>

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

<u>Provision for expected credit loss of financial assets at amortised cost</u>

The Group and the Company review the recoverability of its receivables, include trade and other receivables, amounts due from subsidiaries, joint ventures, and associate company at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group and the Company use judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 11, 15, 16, 17 and 18 respectively.

NOTES TO THE FINANCIAL STATEMENTS

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

Revenue from construction contracts

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

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on input method by reference to the cost incurred to date bear to the total estimated cost and take into account the nature of activities and its associated risks.

The details of construction contracts are disclosed in Note 14.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies of the carrying value of recognised and unrecognised deferred tax assets.

Income taxes

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

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. As at 31 December 2021, the Group has tax recoverable of RM3,633,497 (2020: RM3,196,194) and tax payable of RM25,998,863 (2020: RM25,539,580) respectively. The Company has tax payable of RM1,886,448 (2020: RM540,012).

NOTES TO THE FINANCIAL STATEMENTS

2. **Basis of Preparation (Cont'd)**

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

Key sources of estimation uncertainty (Cont'd)

Fair values of financial instruments

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. Details of the assumptions used are given in the Note 38(c) regarding financial assets and liabilities. In applying the valuation techniques management makes maximum use of market inputs, and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the end of the reporting period.

Impairment of investment in subsidiaries

Investment in subsidiaries is stated at cost less accumulated impairment losses in the Company's statement of financial position. The investment is reviewed for impairment whenever there is any indication that these assets may be impaired. If any such indication exists, the recoverable amount (i.e. the higher of the fair value less cost to sell and value in use) of the asset is estimated to determine the amount of impairment loss.

The Company has carried out review on impairment of investment in subsidiaries and the Directors are of the opinion that no additional allowance for impairment loss is necessary. As such, the investment is stated at cost less any impairment losses. The carrying amount of investment in subsidiaries is disclosed in Note 6.

Discount rate used in leases

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies**

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements.

(a) Basis of consolidation

(i) Subsidiaries

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

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(i) Subsidiaries (Cont'd)

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

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

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

(ii) Changes in ownership interests in subsidiaries without change of control

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(a) Basis of consolidation (Cont'd)

(iii) Goodwill on consolidation

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

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

(b) Investments in associate and joint venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in an associate or joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of associate's or joint venture's profit or loss for the period in which the investment is acquired.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(b) Investments in associate and joint venture (Cont'd)

An associate or a joint venture is equity accounted for from the date on which the investee becomes an associate or a joint venture. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate or joint venture after the date of acquisition. When the Group's share of losses in an associate or a joint venture equals or exceeds its interest in the associate or joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Profits or losses resulting from upstream and downstream transactions between the Group and its associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the associate or joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the associates and joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirements of MFRS 136 *Impairment of Assets* are applied to determine whether it is necessary to recognise any additional impairment loss with respect to its net investment in the associate or joint venture. When necessary, the entire carrying amount of the investment is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value-in-use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(c) Foreign currency translation

(i) Foreign currency transactions and balances

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

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

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

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date, except for goodwill and fair value adjustments arising from business combinations before 1 January 2012 (the date of transition to MFRS) which are treated as assets and liabilities of the Company. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(c) Foreign currency translation (Cont'd)

(ii) Foreign operations (Cont'd)

Foreign currency differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve ("FCTR") in equity. However, if the operation is a non-wholly owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. The policy of recognition and measurement of impairment losses is in accordance with Note 3(n)(i).

(i) Recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

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

(i) Recognition and measurement (Cont'd)

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

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

Buildings	33-50 years
Leasehold properties and industrial land	Over the remaining lease periods
Furniture and fittings	1 - 10 years
Office equipment	5 - 10 years
Yard infrastructure, machinery and equipment	1 - 10 years
Motor vehicles	1 - 10 years
Renovation	1 - 10 years
Computers and software	3 - 5 years

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

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

(iii) Depreciation (Cont'd)

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

(e) Leases

(i) As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, any accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The right-of-use asset is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

Leasehold properties and industrial land	Over the remaining lease period
Land use rights	Over the remaining lease period
Office and apartments	1 - 6 years
Machinery and equipment	1 - 20 years
Motor vehicles	3 - 5 years

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(e) Leases (Cont'd)

(i) As 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 rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or terminate option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than USD5,000 or RM20,000 each when purchased new.

(ii) As lessor

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

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(f) Intangible assets

(i) Internally-generated intangible assets - research and development costs

Research costs are expensed as incurred. Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- the technical feasibility of completing the intangible asset so that the asset will be available for use or sale;
- its intention to complete and its ability and intention to use or sell the asset;
- how the asset will generate future economic benefits;
- the availability of resources to complete; and
- the ability to measure reliably the expenditure during development.

The amount initially recognised for internally–generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure in recognised in profit or loss in the period in which it is incurred.

Following initial recognition of the development expenditure as an asset, the asset is carried at cost less any accumulated amortisation and accumulated impairment losses. Amortisation of the asset begins when development is complete and the asset is available for use. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis.

(ii) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair values at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(f) Intangible assets (Cont'd)

(iii) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation methods are reviewed at the end of each reporting date, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

(iv) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

See accounting policy Note 3(n)(i) to the financial statements on impairment of non-financial assets for intangible assets.

(g) Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at FVTPL, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiaries, associate company and joint venture, deposits, cash and bank balances.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(g) Financial assets (Cont'd)

(a) Financial assets at amortised cost

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

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

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

(b) Fair value through other comprehensive income

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

(c) Financial assets at fair value through profit or loss

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(g) Financial assets (Cont'd)

(c) Financial assets at fair value through profit or loss (Cont'd)

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

All financial assets, except for those measured at FVTPL and equity investments measured at FVOCI, are subject to impairment.

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

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group or the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and

- the amount initially recognised less cumulative amortisation.

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

(j) Offsetting of financial instruments

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

(k) Inventories

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

Inventories which comprise raw materials, spare part and consumables, work-in-progress and finished goods are stated at the lower of cost and net realisable value.

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(l) Construction contracts

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

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

Revenue and profits for construction contracts are recognised over time when the customer simultaneously receives and consumes the benefits from the construction; the construction service create or enhance an asset or a combination of assets which the customer controls or the construction service does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

The Group measures the entity's progress towards complete satisfaction of a performance obligation satisfied over time on the basis of direct measurements of the value transferred by the entity to the customer.

Contract asset under current assets in the statements of financial position is the right to consideration for goods or services transferred to the customers where contract liability under current liabilities in the statements of financial position is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. When there is objective evidence of impairment, the amount of impairment is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract assets.

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdraft and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits, if any.

(n) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

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

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

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amounts of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(n) Impairment of assets (Cont'd)

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

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

(ii) Financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(o) Share capital

(i) Ordinary shares

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

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

(ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distribution within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(p) Provisions

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

Provisions are reviewed at each end of the reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(q) Employee benefits

(i) Short term employee benefits

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

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

(ii) Defined contribution plans

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employee Provident Fund ("EPF"). Some of the Group's foreign subsidiaries also make contributions to their respective countries' statutory pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group and the Company have no further payment obligations.

(iii) Equity-settled share-based payment transaction

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(r) Revenue recognition

(i) Revenue from contracts with customers

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

The Group and the Company recognise revenue from the following major sources:

(a) Revenue from construction contracts and project works

The revenue from construction contracts is measured based on the transaction prices net of expected liquidated ascertained damages ("LAD") payment. LAD is determined based on the expected value method.

The Group recognises revenue from construction contracts and project works over time by reference to the progress towards complete satisfaction at the end of the reporting period when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts and project works is measured at the transaction price agreed under the construction contracts and project works.

Progress towards complete satisfaction is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation (i.e. contracts costs incurred for works performed to date) relative to the total expected inputs to the satisfaction of that performance obligation (i.e. total estimated contract cost), that best depict the Group's performance in transferring control of goods or services.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously has recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(r) Revenue recognition (Cont'd)

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

(a) Revenue from construction contracts and project works (Cont'd)

The Group provides warranties for general repairs of defects existed at the time of sale and do not give rise to a separate performance obligation. These assurance-type warranties are accounted for under MFRS 137 *Provision, contingent Liabilities and Contingent Assets*, please refer to accounting policy on warranty provisions in Note 3(p) to the financial statements.

(b) Sale of goods

Revenue is measured at the fair value of consideration received or receivable, net of returns and allowances, trade discount and volume rebates. Revenue from sale of goods is recognised when the transfer of significant risk and rewards of ownership of the goods to the customer which is at point in time upon the delivery of goods to the customers and customer acceptance, recovery of the consideration is probable and unconditional, the associated costs and possible return of goods can be estimated reliably, and there is no continuing management involvement with the goods. No significant element of financing is deemed present as the sales are made with a credit terms ranging from 1 to 90 days which are consistent with market practice.

At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those products expected to be returned. At the same time, it has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group does not have such contract terms with its customers on right of return.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due.

(c) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(r) Revenue recognition (Cont'd)

(ii) Rental income

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

(iii) Interest income

Interest income is recognised on a time-proportion basis using the effective interest method.

(iv) Management fee

Management fee is recognised on accrual basis when services are rendered.

(s) Borrowing costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(t) Income taxes

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(u) Segments reporting

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

(v) Contingencies

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

(w) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

When the grant relates to an expense item, it is recognised in profit or loss over the period necessary to match them on a systematic basis to the costs that it is intended to compensate.

NOTES TO THE FINANCIAL STATEMENTS

3. **Significant Accounting Policies (Cont'd)**

(x) Fair value measurement

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

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

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

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

NOTES TO THE FINANCIAL STATEMENTS

4. Property, Plant and Equipment

	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Yard infrastructure, machinery and RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
Group										
2021										
At cost										
At 1 January 2021	12,063,260	11,908,758	3,645,432	886,467	4,795,083	67,114,430	5,625,325	18,897,981	3,407,958	128,344,694
Additions	-	-	75,202	-	95,838	1,375,075	157,359	441,772	23,993	2,169,239
Transfer from right-of-use assets	-	-	-	-	-	-	1,409,986	-	-	1,409,986
Disposals	-	-	-	-	(3,000)	-	(366,204)	-	(8,236)	(377,440)
Written off	-	-	-	-	-	(1,431,281)	(85,994)	(46,572)	-	(1,563,847)
Deconsolidation of subsidiaries	-	-	-	(196,205)	(161,303)	(8,373,995)	(118,784)	(193,121)	(50,105)	(9,093,513)
Exchange differences	-	-	233,502	-	-	557,349	44,628	39,620	-	875,099
At 31 December 2021	12,063,260	11,908,758	3,954,136	690,262	4,726,618	59,241,578	6,666,316	19,139,680	3,373,610	121,764,218
Accumulated depreciation										
At 1 January 2021	-	1,784,740	1,706,416	553,502	3,281,269	48,650,794	4,491,936	13,132,939	2,817,616	76,419,212
Charge for the financial year	-	259,733	253,697	35,442	461,716	4,513,557	226,370	1,895,071	125,980	7,771,566
Transfer from right-of-use assets	-	-	-	-	-	-	1,409,985	-	-	1,409,985
Disposals	-	-	-	-	(2,999)	-	(366,204)	-	(8,235)	(377,438)
Written off	-	-	-	-	-	(1,371,312)	(73,266)	(17,851)	-	(1,462,429)
Deconsolidation of subsidiaries	-	-	-	(49,494)	(86,219)	(5,310,011)	(118,784)	(59,509)	(15,866)	(5,639,883)
Exchange differences	-	-	109,525	-	-	300,810	28,907	41,736	-	480,978
At 31 December 2021	-	2,044,473	2,069,638	539,450	3,653,767	46,783,838	5,598,944	14,992,386	2,919,495	78,601,991

NOTES TO THE FINANCIAL STATEMENTS

4. Property, Plant and Equipment

	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Yard infrastructure, machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
Group										
2021										
Balance brought forward	12,063,260	9,864,285	1,884,498	150,812	1,072,851	12,457,740	1,067,372	4,147,294	454,115	43,162,227
Accumulated impairment										
At 1 January 2021	-	-	-	146,629	73,528	1,778,072	-	-	-	1,998,229
Deconsolidation of subsidiaries	-	-	-	(146,629)	(73,528)	(1,778,072)	-	-	-	(1,998,229)
At 31 December 2021	-	-	-	-	-	-	-	-	-	-
Carrying amount										
At 31 December 2021	12,063,260	9,864,285	1,884,498	150,812	1,072,851	12,457,740	1,067,372	4,147,294	454,115	43,162,227

NOTES TO THE FINANCIAL STATEMENTS

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Yard infrastructure, machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
Group										
2020										
At cost										
At 1 January 2020	12,063,260	9,732,170	3,458,246	1,755,839	4,958,820	81,081,434	3,625,723	45,433,806	3,562,776	165,672,074
Additions	-	2,176,588	22,270	6,000	97,650	1,191,478	179,692	6,512,366	25,849	10,211,893
Reclassification	-	-	-	(875,372)	(261,387)	1,977,605	357,578	(1,058,319)	(151,775)	(11,670)
Transfer from right-of-use assets	-	-	-	-	-	-	1,831,364	-	-	1,831,364
Disposals	-	-	-	-	-	(140,941)	(355,235)	(500)	(16,494)	(513,170)
Written off	-	-	-	-	-	(17,292,088)	-	(31,881,879)	(12,398)	(49,186,365)
Exchange differences	-	-	164,916	-	-	296,942	(13,797)	(107,493)	-	340,568
At 31 December 2020	12,063,260	11,908,758	3,645,432	886,467	4,795,083	67,114,430	5,625,325	18,897,981	3,407,958	128,344,694
Accumulated depreciation										
At 1 January 2020	-	1,416,518	1,525,007	527,152	2,780,541	48,564,998	2,730,498	14,941,490	2,678,566	75,164,770
Charge for the financial year	-	259,733	179,031	38,031	500,728	6,241,644	402,979	3,779,542	162,179	11,563,867
Reclassification	-	108,489	(113,537)	(11,681)	-	22	5,037	-	-	(11,670)
Transfer from right-of-use assets	-	-	-	-	-	-	1,831,361	-	-	1,831,361
Disposals	-	-	-	-	-	(86,018)	(365,152)	-	(15,969)	(467,139)
Written off	-	-	-	-	-	(6,239,914)	-	(5,543,975)	(7,160)	(11,791,049)
Exchange differences	-	-	115,915	-	-	170,062	(112,787)	(44,118)	-	129,072
At 31 December 2020	-	1,784,740	1,706,416	553,502	3,281,269	48,650,794	4,491,936	13,132,939	2,817,616	76,419,212

4. Property, Plant and Equipment (Cont'd)

	Freehold land RM	Buildings RM	Leasehold properties and industrial land RM	Furniture and fittings RM	Office equipment RM	Yard infrastructure, machinery and equipment RM	Motor vehicles RM	Renovation RM	Computers and software RM	Total RM
Group										
2020										
Balance brought forward	12,063,260	10,124,018	1,939,016	332,965	1,513,814	18,463,636	1,133,389	5,765,042	590,342	51,925,482
Accumulated impairment										
At 1 January/ 31 December 2020	-	-	-	146,629	73,528	1,778,072	-	-	-	1,998,229
Carrying amount										
At 31 December 2020	12,063,260	10,124,018	1,939,016	186,336	1,440,286	16,685,564	1,133,389	5,765,042	590,342	49,927,253

4. **Property, Plant and Equipment (Cont'd)**

	Freehold land RM	Buildings RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computers and software RM	Machinery and equipment RM	Total RM
Company								
2021								
At cost								
At 1 January 2021	11,713,260	9,402,170	175,137	336,943	11,984,618	780,223	36,040	34,428,391
Additions	-	-	-	3,321	39,893	13,604	-	56,818
Disposal	-	-	-	-	-	(3,879)	-	(3,879)
At 31 December 2021	11,713,260	9,402,170	175,137	340,264	12,024,511	789,948	36,040	34,481,330
Accumulated depreciation								
At 1 January 2021	-	1,708,873	81,203	149,204	9,110,029	765,035	30,032	11,844,376
Charge for the financial year	-	253,133	17,514	33,352	1,367,856	10,622	6,006	1,688,483
Disposal	-	-	-	-	-	(3,879)	-	(3,879)
At 31 December 2021	-	1,962,006	98,717	182,556	10,477,885	771,778	36,038	13,528,980
Carrying amount								
At 31 December 2021	11,713,260	7,440,164	76,420	157,708	1,546,626	18,170	2	20,952,350

NOTES TO THE FINANCIAL STATEMENTS

4. **Property, Plant and Equipment (Cont'd)**

	Freehold land RM	Buildings RM	Furniture and fittings RM	Office equipment RM	Renovation RM	Computers and software RM	Machinery and equipment RM	Total RM
Company								
2020								
At cost								
At 1 January 2020	11,713,260	9,402,170	175,137	327,803	11,973,280	774,519	36,040	34,402,209
Additions	-	-	-	9,140	11,338	9,799	-	30,277
Disposal	-	-	-	-	-	(4,095)	-	(4,095)
At 31 December 2020	11,713,260	9,402,170	175,137	336,943	11,984,618	780,223	36,040	34,428,391
Accumulated depreciation								
At 1 January 2020	-	1,455,740	63,689	115,925	7,501,861	748,260	22,824	9,908,299
Charge for the financial year	-	253,133	17,514	33,279	1,608,168	20,868	7,208	1,940,170
Written off	-	-	-	-	-	(4,093)	-	(4,093)
At 31 December 2020	-	1,708,873	81,203	149,204	9,110,029	765,035	30,032	11,844,376
Carrying amount								
At 31 December 2020	11,713,260	7,693,297	93,934	187,739	2,874,589	15,188	6,008	22,584,015

NOTES TO THE FINANCIAL STATEMENTS

4. **Property, Plant and Equipment (Cont'd)**

(a) Assets pledged as securities to financial institutions

The carrying amounts of property, plant and equipment of the Group and of the Company pledged as securities for bank borrowings as disclosed in Note 23 are:

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Freehold land	12,063,260	12,063,260	11,713,260	11,713,260
Buildings	9,864,285	10,124,018	7,440,164	7,693,297
Leasehold properties and industrial land	1,884,498	1,939,016	-	-
	23,812,043	24,126,294	19,153,424	19,406,557

As at 31 December 2021, the remaining lease period of the leasehold properties and industrial land of the Group and of the Company are 53 years and 85 years, which are expired on 2073 and 2105 respectively.

(b) The aggregate costs for the property, plant and equipment of the Group and of the Company acquired under cash payments.

NOTES TO THE FINANCIAL STATEMENTS

5. **Right-of-Use Assets**

Group	**Leasehold properties and industrial land RM**	**Machinery and equipment RM**	**Motor vehicles RM**	**Land right use RM**	**Office and apartments RM**	**Total RM**
2021						
At cost						
At 1 January 2021	21,160,273	503,337	4,856,643	1,954,723	15,403,827	43,878,803
Additions	1,539,417	-	838,565	-	3,081,424	5,459,406
Derecognition arising from termination of lease agreement	(1,242,778)	-	(194,000)	-	(13,187,089)	(14,623,867)
Transfer to property, plant and equipments	-	-	(1,409,986)	-	-	(1,409,986)
Written off	-	-	-	(3,402)	-	(3,402)
Deconsolidation of subsidiaries	(98,991)	-	(981,155)	-	(5,199,156)	(6,279,302)
Exchange differences	22,339	-	24,295	124,415	223,146	394,195
At 31 December 2021	21,380,260	503,337	3,134,362	2,075,736	322,152	27,415,847

NOTES TO THE FINANCIAL STATEMENTS

5. **Right-of-Use Assets (Cont'd)**

Group	Leasehold properties and industrial land	Machinery and equipment	Motor vehicles	Land right use	Office and apartments	Total
	RM	RM	RM	RM	RM	RM
2021						
Accumulated depreciation						
At 1 January 2021	3,275,713	191,114	3,937,040	403,499	6,386,874	14,194,240
Charge for the financial year	1,448,645	73,006	217,893	40,844	2,572,183	4,352,571
Derecognition arising from						-
termination of lease agreement	(1,223,445)	-	(43,650)	-	(7,216,821)	(8,483,916)
Transfer to property, plant and equipments	-	-	(1,409,985)	-	-	(1,409,985)
Written off	-	-	-	(3,402)	-	(3,402)
Deconsolidation of subsidiaries	(90,270)	-	(426,751)	-	(1,488,540)	(2,005,561)
Exchange differences	41,594	-	10,041	26,372	68,456	146,463
At 31 December 2021	3,452,237	264,120	2,284,588	467,313	322,152	6,790,410
Accumulated impairment						
At 1 January/ 31 December 2021	-	-	10,934	-	-	10,934
Deconsolidation of subsidiaries	-	-	(10,934)	-	-	(10,934)
At 1 January/ 31 December 2021	-	-	-	-	-	-
Carrying amount						
At 31 December 2021	17,928,023	239,217	849,774	1,608,423	-	20,625,437

NOTES TO THE FINANCIAL STATEMENTS

5. **Right-of-Use Assets (Cont'd)**

Group	Leasehold properties and industrial land RM	Machinery and equipment RM	Motor vehicles RM	Land right use RM	Office and apartments RM	Total RM
2020						
At cost						
At 1 January 2020	21,768,533	6,578,711	5,587,654	1,865,888	16,533,512	52,334,298
Additions	385,722	89,107	317,517	-	2,085,284	2,877,630
Reclassification	-	-	1,081,681	-	(1,081,681)	-
Transfer to property, plant and equipments	-	-	(1,831,364)	-	-	(1,831,364)
Derecognition arising from termination of lease agreement	(1,115,449)	(6,164,481)	-	-	-	(7,279,930)
Modification to lease terms	-	-	(298,276)	-	(2,106,995)	(2,405,271)
Exchange differences	121,467	-	(569)	88,835	(26,293)	183,440
At 31 December 2020	21,160,273	503,337	4,856,643	1,954,723	15,403,827	43,878,803

NOTES TO THE FINANCIAL STATEMENTS

5. **Right-of-Use Assets (Cont'd)**

Group	**Leasehold properties and industrial land RM**	**Machinery and equipment RM**	**Motor vehicles RM**	**Land right use RM**	**Office and apartments RM**	**Total RM**
2020						
Accumulated depreciation						
At 1 January 2020	3,052,328	1,300,381	4,795,297	347,844	4,368,123	13,863,973
Charge for the financial year	1,423,850	1,203,996	759,131	38,715	4,285,794	7,711,486
Reclassification	-	-	405,284	-	(405,284)	-
Transfer to property, plant and equipments	-	-	(1,831,361)	-	-	(1,831,361)
Derecognition arising from termination of lease agreement	(1,313,799)	(2,313,263)	-	-	-	(3,627,062)
Modification to lease terms	-	-	(190,566)	-	(1,834,721)	(2,025,287)
Exchange differences	113,334	-	(745)	16,940	(27,038)	102,491
At 31 December 2020	3,275,713	191,114	3,937,040	403,499	6,386,874	14,194,240
Accumulated impairment						
At 1 January/ 31 December 2020	-	-	10,934	-	-	10,934
Carrying amount						
At 31 December 2020	17,884,560	312,223	908,669	1,551,224	9,016,953	29,673,629

NOTES TO THE FINANCIAL STATEMENTS

5. **Right-of-Use Assets (Cont'd)**

Leasehold land

Company	**2021 RM**	**2020 RM**
At cost		
At 1 January	842,459	842,459
Additions	-	-
At 31 December	842,459	842,459
Accumulated depreciation		
At 1 January	93,198	84,687
Charge for the financial year	8,509	8,511
At 31 December	101,707	93,198
Carrying amount		
At 31 December	740,752	749,261

The Group and the Company lease machinery and equipment, motor vehicles, office and apartment, leasehold land and properties.

Leasehold properties and industrial land are pledged as securities for bank borrowings as disclosed in Note 23 to the financial statements.

The aggregate additional costs for the right-of-use assets of the Group during the financial year acquired under the lease liabilities and cash payments are RM5,401,133 (2020: RM2,877,630) and RM58,273 (2020: RMNil) respectively.

As at 31 December 2021 the remaining lease period of the leasehold properties and industrial land of the Group and of the Company are 52 years and 84 years, which are expired on 2073 and 2105 respectively.

The Group has land use right over a plot of state-owned land in the People's Republic of China ("PRC") where the Group's PRC manufacturing and storage reside. The land use right is not transferrable and has a remaining tenure of 37 (2020: 38 years).

The carrying amount of the Group's land use right had been pledged as securities for bank borrowings as disclosed in Note 23 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

6. Investments in Subsidiaries

	Company	
	2021	**2020**
	RM	**RM**
In Malaysia:		
At cost		
Unquoted shares	150,475,025	148,225,025
Less: Accumulated impairment losses	(19,150,002)	(19,150,002)
	131,325,023	129,075,023
Outside Malaysia:		
At cost		
Unquoted shares	10,047,206	10,047,206
	141,372,229	139,122,229

Movement in the allowance for impairment loss are as follows:

	Company	
	2021	**2020**
	RM	**RM**
At 1 January	19,150,002	18,449,996
Impairment losses recognised	-	700,006
At 31 December	19,150,002	19,150,002

NOTES TO THE FINANCIAL STATEMENTS

6. **Investments in Subsidiaries (Cont'd)**

Details of the subsidiaries are as follows:

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2021 %	Effective equity interest 2020 %	Principal activities
Destini Prima Sdn. Bhd.	Malaysia	100	100	Investment holding, and distribution and supply of defence and commercial aviation and marine equipment and accessories, contract management and Consultant to Original Equipment Manufacturers (OEMs)
Destini Armada Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation electronics safety equipment and electro-mechanical accessories
Destini Energy Sdn. Bhd.	Malaysia	100	100	Dormant
Destini Engineering Technologies Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation related cylinders that include servicing, inspection, recycling and refilling of gas and general contractors, construction of telecommunication engineering and other related services

NOTES TO THE FINANCIAL STATEMENTS

6. **Investments in Subsidiaries (Cont'd)**

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2021 %	Effective equity interest 2020 %	Principal activities
DB Infotech Sdn. Bhd.	Malaysia	100	100	Providing consultancy and solution services and implementing of high technology and computerised security systems and its related services
Destini Australia Pty. Ltd.*	Australia	100	100	Dormant
Destini Aero Teknologi Sdn. Bhd.	Malaysia	100	100	Dormant
Destini HRTC Sdn. Bhd.	Malaysia	100	100	Provides training and education consultancy services
Destini Armada Pte. Ltd.*	Singapore	100	100	Manufacturing, repair, fabricate and supply of marine and safety/ lifesaving equipments
Destini Oil Services Sdn. Bhd.	Malaysia	100	100	Provision of tubular handling, running, repair and maintenance, lease and operate drilling rigs in oil and gas industry
System Enhancement Resources & Technologies Sdn. Bhd.	Malaysia	100	100	Supplying, servicing and upkeeping army vehicles, buses and supplying motor trolley

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2021 %	Effective equity interest 2020 %	Principal activities
Destini Empire Properties Sdn. Bhd.	Malaysia	100	100	Dormant
Detrac Sdn. Bhd.	Malaysia	70	70	Research and development of mechatronic system including software customisation, repair and maintenance of electronic systems, support and consultation on system development
Land Auto Technology Sdn. Bhd.	Malaysia	100	100	Dormant
Destini Venture Sdn. Bhd.	Malaysia	100	100	Dormant
Destini First Sdn. Bhd.	Malaysia	100	100	Dormant
Destini Aviation Sdn. Bhd.	Malaysia	100	100	Maintenance, repairs and overhaul of aviation ground support safety and survival equipment
Destini Rail Sdn. Bhd.	Malaysia	100	100	Dormant
Blackstone Dagangan Pte. Ltd.*	Malaysia	70	70	Trading of coal

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2021 %	2020 %	Principal activities
Held through Destini Prima Sdn. Bhd.:				
Satang Environmental Sdn. Bhd.	Malaysia	100	100	Dormant
Satang-ICS Global Sdn. Bhd.	Malaysia	51	51	Dormant
DB Precision Sdn. Bhd.	Malaysia	100	100	Supplying calibration and cylinder services
Halaman Optima Sdn. Bhd.	Malaysia	70	70	Manufacturers, importer and exporters of safety and security products and defence equipment
Held through Destini Armada Sdn. Bhd.:				
Destini Shipbuilding And Engineering Sdn. Bhd.	Malaysia	100	100	Manufacturer of paramilitary boats and vessels and provides ship repair and marine related engineering services
Armada Delmar Sdn. Bhd.	Malaysia	100	100	Lifeboat and davit servicing business, trading in other safety equipment catered to the marine and oil and gas industries as well as servicing life raft and firefighting equipment

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2021 %	Effective equity interest 2020 %	Principal activities
Held through Destini Aviation Sdn. Bhd.:				
Safeair Technical Sdn. Bhd.	Malaysia	-	97.95	Specialise in aircraft servicing and provide technical ground handling services for commercial airlines
Held through Destini Shipbuilding And Engineering Sdn. Bhd.:				
THHE Destini Sdn. Bhd.	Malaysia	-	51	Manufacturer of paramilitary boats and vessels and provides ship repair and marine related engineering services
Held through Destini Energy Sdn. Bhd.				
Destini Upstream Sdn. Bhd.	Malaysia	100	100	Dormant
Hijau Baiduri Sdn. Bhd.*	Malaysia	100	-	Investment holding and general trading
Held through Destini Rail Sdn Bhd				
DLP Rail Sdn. Bhd.	Malaysia	100	100	Dormant
M Rail Technics Sdn. Bhd.	Malaysia	70	-	Dormant
Held through Destini Armada Pte. Ltd.:				
Vanguarde Pte. Ltd.*	Singapore	100	100	Importer and exporter of life boats and life saving appliances

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2021 %	2020 %	Principal activities
Held through Destini Armada Pte. Ltd.: (Cont'd)				
TF Corp Pte. Ltd.*	Singapore	100	100	Investment holding
AMS Marine Pte. Ltd.*	Singapore	-	70	Engineering services for marine engine and ship parts
PT Destini Marina Perkasa*	Indonesia	99.9	99.9	Provision of jetty/port operations related services to companies involved with mining activities
Held through Vanguarde Pte. Ltd.:				
Vanguarde Offshore Pte. Ltd.*	Singapore	100	100	Importer and exporter of marine equipment and accessories
Vanguard (Nantong) F.R.P. Co. Ltd.*	People's Republic of China	100	100	Manufacturing of life boats and life saving appliances
Vanguard Safety Technologies Sdn. Bhd.	Malaysia	100	100	General merchants and business in oil and gas
Vanguarde Marine Engine Pte. Ltd.	Singapore	100	100	Dormant

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

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

Name of company	Place of Business / Country of Incorporation	Effective equity interest 2021 %	2020 %	Principal activities
Held through TF Corp Pte. Ltd.:				
Techno Fibre Australia Pty. Ltd.*	Australia	100	100	Servicing the needs of Shipping and Petroleum Companies and supporting their fleets
Techno Fibre Middle East Marine Services (FZE)*	United Arab Emirates	100	100	Providing installation & maintenance of marine equipment
Techno Fibre (S) Pte. Ltd.*	Singapore	100	100	Fabrication and repair of fibre composite boats
Destini Marine Safety Solutions Ltd.*	United Kingdom	60	60	Technical testing and analysis
TF Corp Saudi Arabia Co. Ltd.*	Kingdom of Saudi Arabia	51	51	Providing installation & maintenance of marine equipment
Held through AMS Marine Pte. Ltd.:				
AMS Engineering Solutions Sdn. Bhd.	Malaysia	-	100	Building and repairing of ships, tankers and other ocean-going vessels

* *Subsidiaries not audited by UHY Kuala Lumpur*

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

(a) Material partly-owned subsidiaries

Set out below are the Group's subsidiaries that have material non-controlling interests:

Name of Company	Proportion of ownership interests and voting rights held by non-controlling interests		Profit/(Loss) allocated to non-controlling interests		Accumulated non-controlling interests	
	2021 %	2020 %	2021 RM	2020 RM	2021 RM	2020 RM
Detrac Sdn. Bhd.	30	30	(240,151)	(311,576)	(1,223,204)	(983,053)
Halaman Optima Sdn. Bhd.	30	30	(121,449)	577,370	581,194	702,643
Safeair Technical Sdn. Bhd.	-	2.05	(15,778)	(80,146)	(1,954,069)	(1,938,291)
AMS Marine Pte. Ltd.	-	30	(65,820)	(146,903)	2,106,679	2,172,499
THHE Destini Sdn. Bhd.	-	49	-	166,480	(75,393)	(75,393)
TF Corp Saudi Co. Ltd	49	49	(175,989)	(216,993)	(1,790,730)	(1,614,741)
Destini Marini Safety Solutions Ltd	40	40	214,044	474,348	250,137	36,093
					(2,105,386)	(1,700,243)
Individually immaterial subsidiaries with non-controlling interests					86,904	(51,185)
Deconsolidation of subsidiaries					(77,217)	-
Total non-controlling interests					(2,095,699)	(1,751,428)

6. **Investment in Subsidiaries (Cont'd)**

(a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations:

	Detrac Sdn. Bhd.		Halaman Optima Sdn. Bhd.		Safeair Technical Sdn. Bhd.		AMS Marine Pte. Ltd.	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
Summarised statements of financial position								
Non-current assets	217,536	400,638	11,527	16,137	-	142,479	-	11,121,890
Current assets	426,459	439,828	85,729,040	87,498,768	-	998,999	-	27,585,739
Non-current liabilities	-	-	-	-	-	(55,812)	-	(10,816,538)
Current liabilities	(3,728,664)	(3,124,630)	(85,422,763)	(86,792,272)	-	(15,069,667)	-	(23,844,316)
Net assets/(liabilities)	(3,084,669)	(2,284,164)	317,804	722,633	-	(13,984,001)	-	4,046,775
Summarised statements of profit or loss and other comprehensive income								
Revenue	-	6,000	35,627,948	-	-	2,714,211	-	18,543,454
Net (loss)/profit for the financial year	(800,505)	(1,038,587)	(404,829)	1,924,567	-	(3,909,564)	-	(489,676)
Total comprehensive (loss)/profit for the financial year	(800,505)	(1,038,587)	(404,829)	1,924,567	-	(3,909,564)	-	(542,961)

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

(a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations: (Cont'd)

	Detrac Sdn. Bhd.		**Halaman Optima Sdn. Bhd.**		**Safeair Technical Sdn. Bhd.**		**AMS Marine Pte. Ltd.**	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Summarised statements of cash flows								
Net cash from/(used in) operating activities	(8,721)	(483,960)	12,182,303	37,010,819	-	(873,057)	-	649,492
Net cash from/(used in) investing activities	-	3,284	-	-	-	(17,056)	-	(279,209)
Net cash from/(used in) financing activities	-	458,748	-	(33,462,351)	-	873,612	-	(451,103)
Net increase/(decrease) in cash and cash equivalents	(8,721)	(21,928)	12,182,303	3,548,468	-	(16,501)	-	(80,820)

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

(a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations: (Cont'd)

	THHE Destini Sdn. Bhd.		TF Corp Saudi Arabia Co. Ltd.		Destini Marine Safety Solutions Ltd	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Summarised statements of financial position						
Non-current assets	-	34,239	280,852	308,180	-	107,491
Current assets	-	41,610,067	681,454	760,351	1,365,759	2,107,274
Non-current liabilities	-	-	-	-	(889,682)	(2,141,233)
Current liabilities	-	(41,067,039)	(1,515,938)	(1,256,357)	(1,513,665)	(3,169,692)
Net assets/(liabilities)	-	577,267	(553,632)	(187,826)	(1,037,588)	(3,096,160)
Summarised statements of profit or loss and other comprehensive income						
Revenue	-	93,113,835	-	-	2,485,700	6,227,742
Net (loss)/profit for the financial year	-	339,755	(359,160)	(442,843)	214,044	1,185,870
Total comprehensive (loss)/profit for the financial year	-	339,755	(359,160)	(429,617)	214,044	1,015,072

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

(a) Material partly-owned subsidiaries (Cont'd)

Summarised financial information for the subsidiaries that have non-controlling interest that are material to the group is set out below. The summarised financial information below represents amounts before inter-company eliminations: (Cont'd)

	THHE Destini Sdn. Bhd.		TF Corp Saudi Arabia Co. Ltd.		Destini Marine Safety Solutions Ltd	
	2021 RM	2020 RM	2021 RM	2020 RM	2021 RM	2020 RM
Summarised statements of cash flows						
Net cash from/(used in) operating activities	-	(26,586,294)	(205,096)	(429,617)	345,226	796,684
Net cash from/(used in) investing activities	-	(5,465,906)	-	-	-	(25,912)
Net cash from/(used in) financing activities	-	32,062,954	205,096	-	-	-
Net increase/(decrease) in cash and cash equivalents	-	10,754	-	(429,617)	345,226	770,772

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

(b) Acquisition of subsidiaries

During the financial year

(i) On 8 April 2021, Destini Rail Sdn. Bhd., a wholly-owned subsidiary of the Company, incorporated a 70% owned subsidiary company, M Rail Technics Sdn. Bhd., with a cash subscription of RM70,000.

(ii) On 28 December 2021, Destini Berhad increase its investment in Destini Energy Sdn. Bhd. ("DESB") by capitalisation of amount due to the Company by DESB of RM2,250,000 to share capital of DESB.

(iii) On 31 December 2021, Destini Energy Sdn. Bhd., a wholly-owned subsidiary of the Company, increase its investment in Destini Upstream Sdn. Bhd., with a cash subscription of RM99,998.

In previous financial year

(i) On 20 February 2020, Destini Armada Pte. Ltd., a wholly-owned subsidiary of the Company, incorporated a 99.99% owned subsidiary company, PT Destini Marina Perkasa, with a cash subscription of Indonesian Rupiah 99,999,000 (approximately RM29,500).

(ii) On 20 May 2020, Destini Berhad incorporated a 60% owned subsidiary company, Blackstone Dagangan Pte. Ltd., with a cash subscription of Singapore Dollars 6 (approximately RM18).

(iii) On 29 December 2020, Destini Berhad increase its investment in Destini Oil Services Sdn. Bhd. ("DOS") by capitalisation of amount due to the Company by DOS of RM40,000,000 to share capital of DOS.

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiaries which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiaries and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

(c) Disposal of subsidiaries

During the financial year

(i) On 21 April 2021, Destini Shipbuilding and Engineering Sdn. Bhd., a subsidiary company of the company has disposed of 382,500 ordinary shares in THHE Destini Sdn. Bhd. ("TDSB"), an indirect subsidiary of the Company, representing 51% equity interest in TDSB to THHE Fabricators Sdn. Bhd. for a cash consideration of RM121,131.

The effect of the disposal of TDSB on the financial position of the Group as at the date of disposal was as follows:

	Group 2021 RM
Property, plant and equipment	34,239
Contract assets	9,249,085
Other receivables	847
Amount due from ultimate holding company	348,573
Cash and bank balances	11,562
Other payables	(45,221)
Amount due to intermediate holding company	(17,974)
Amount due to related companies	(9,003,844)
Net assets	577,267
Add: Non-controlling interest	75,393
Total net assets disposed	652,660
Loss on disposal	(531,529)
Proceeds from disposal	121,131
Less: Cash and bank balances disposed	(11,562)
Net cash inflow from disposal	109,569

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

(c) Disposal of subsidiaries

During the financial year

(ii) On 23 September 2021, Destini Armada Pte. Ltd., a subsidiary company of the company has disposed of 2,240,000 ordinary shares in AMS Marine Pte. Ltd. ("AMS"), an indirect subsidiary of the Company, representing 70% equity interest in AMS to Welman Pte. Ltd. for a cash consideration of SGD1,400,000.

The effect of the disposal of AMS on the financial position of the Group as at the date of disposal was as follows:

	Group 2021 RM
Property, plant and equipment	1,403,703
Right-of-use assets	4,206,794
Contract assets	9,689,668
Inventories	1,456,582
Trade receivables	12,835,231
Other receivables	2,741,416
Amount due from related companies	1,102,183
Cash and bank balances	(10,934)
Trade payables	(8,031,403)
Other payables	(5,445,534)
Amount due to related companies	(5,076,956)
Lease liabilities	(4,751,615)
Bank borrowings	(5,791,812)
Taxation	(439,183)
Net assets	3,888,140
Less: Non-controlling interest	(2,106,679)
Less: Foreign currency translation reserve	(124,527)
Total net assets disposed	1,656,934
Gain on disposal	2,518,143
Proceeds from disposal	4,175,077
Less: Cash and bank balances disposed	10,934
Net cash inflow from disposal	4,186,011

NOTES TO THE FINANCIAL STATEMENTS

6. **Investment in Subsidiaries (Cont'd)**

(c) Disposal of subsidiaries

During the financial year

(iii) On 31 December 2021, Destini Aviation Sdn. Bhd., a subsidiary company of the company has disposed of 16,733,005 ordinary shares in Safeair Technical Sdn. Bhd. ("STSB"), an indirect subsidiary of the Company, representing 97.95% equity interest in STSB to APS Biz Sdn. Bhd. for a cash consideration of RM1.

The effect of the disposal of STSB on the financial position of the Group as at the date of disposal was as follows:

	Group 2021 RM
Property, plant and equipment	17,459
Right-of-use assets	56,032
Trade receivables	81,325
Other receivables	359,772
Cash and bank balances	45,702
Trade payables	(112,521)
Other payables	(1,640,032)
Amount due to ultimate holding company	(12,246,441)
Amount due to related companies	(1,269,930)
Lease liabilities	(45,454)
Net liabilities	(14,754,088)
Add: Non-controlling interest	1,954,069
Total net liabilities disposed	(12,800,019)
Gain on disposal	12,800,020
Proceeds from disposal	1
Less: Cash and bank balances disposed	(45,702)
Net cash outflow from disposal	(45,701)

NOTES TO THE FINANCIAL STATEMENTS

7. Investment in Associates

	Group		Company	
Outside Malaysia	**2021 RM**	**2020 RM**	**2021 RM**	**2020 RM**
At cost				
Unquoted shares	315,406	315,406	-	-
Share of post acquisition reserve	(315,406)	(315,406)	-	-
	-	-	-	-

Details of the associates are as follows:

Name of company	Country of incorporation	Effective equity interests 2021 %	Effective equity interests 2020 %	Principal activities
Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C.*	Emirates of Abu Dhabi	49	49	Provides oil and gas production facilities operation and maintenance services, and onshore and offshore, oil fields and facilities services
TF Emirates Marine Services L.L.C.*	Emirates of Abu Dhabi	49	49	Engaged in the business of onshore and offshore oil and gas fields and facilities services, marine machines and equipment repairing and maintenance, repair and maintenance of engine ships

* *Associates not audited by UHY*

The offshore project that an associate, Emirates Kejuruteraan Samudra Timur Berhad Petroleum Services L.L.C. ("EKSTB") had ventured into previously has been called off during the financial year due to project feasibility and economic viability. As such, the Company is not expected to share any gain or loss in EKSTB as EKSTB is remained inactive and does not incurred any operating nor administrative cost during the financial year.

Summarised financial information of the Group's associate, TF Emirates Marine Services L.L.C. ("TFEMS") is set out below. The summarised financial information represents the amounts in the MFRS financial statements of the associates and not the Group's share of those amounts.

NOTES TO THE FINANCIAL STATEMENTS

7. **Investment in Associates (Cont'd)**

	EKSTB		TFEMS	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Summarised statements of financial position				
Non-current assets	-	-	98,721	107,053
Current assets	539,170	539,170	561,686	454,146
Current liabilities	(7,360,812)	(7,360,812)	(1,210,462)	(1,030,975)
Net liabilities	(6,821,642)	(6,821,642)	(550,055)	(469,776)
Interest in associate	49%	49%	49%	49%
Group's share of net assets /(liabilities)	-	-	-	-
Carrying value of the Group's interest in associate	-	-	-	-
Summarised statements of profit or loss and other comprehensive income				
Revenue	-	-	353,735	381,086
Net loss for the financial financial year	-	-	(62,678)	(154,744)
Total comprehensive loss for the financial year	-	-	(62,678)	(154,744)

The Group has not recognised accumulated losses related to EKSTB and TFEMS totaling RM3,534,342 (2020: RM3,534,342) and RM429,455 (2020: RM398,743) respectively, since the Group has no obligation in respect of their losses.

There are no commitment nor contingent liabilities relating to the Group's interest in the associates.

NOTES TO THE FINANCIAL STATEMENTS

8. Investment in Joint Ventures

	Group	
	2021	**2020**
In Malaysia:	**RM**	**RM**
At Cost		
Unquoted shares	1,000,001	1,000,001
Less: Share of post acquisition reserve	(1,000,001)	(1,000,001)
	-	-

Details of the joint ventures are as follows:

Name of company	Country of incorporation	Effective equity interests 2021 %	Effective equity interests 2020 %	Principal activities
Destini Avia Technique Sdn. Bhd. ("DATSB")	Malaysia	50	50	Specialise in maintenance, repair and overhaul for aircraft components and equipment catered to commercial aviation sector
Invation Aero Sdn Bhd. ("IASB")*	Malaysia	50	50	Sale of rotary wing and fixed wing aircraft, supply and provision of maintenance, repair and overhaul services and other related services

* *Joint ventures not audited by UHY*

There are no commitment nor contingent liabilities relating to the Group's interest in the joint ventures.

NOTES TO THE FINANCIAL STATEMENTS

8. **Investment in Joint Ventures (Cont'd)**

Summarised financial information of the Group's joint ventures is set out below. The summarised financial information represents the amounts in the financial statements of joint ventures and not the Group's share of those amounts.

	DATSB		IASB	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Summarised statements of financial position				
Non-current assets	364,078	642,467	-	-
Current assets	2,320,838	2,314,131	150,659	365,402
Non-current liabilities	(44,927)	(3,537,717)	-	-
Current liabilities	(4,312,035)	(2,138,093)	(2,478,047)	(2,181,804)
Net liabilities	(1,672,046)	(2,719,212)	(2,327,388)	(1,816,402)
Interest in joint ventures	50%	50%	50%	50%
Group's share of net liabilities	(836,023)	(1,359,606)	(1,163,694)	(908,201)
Carrying value of the Group's interest in joint ventures	(836,023)	(1,359,606)	(1,163,694)	(908,201)
Summarised statements of comprehensive income profit or loss and other				
Revenue	5,102,004	2,853,602	-	-
Net profit/(loss) for the financial year, representing total comprehensive income/(loss) for the financial year	1,069,366	(380,710)	(510,702)	(525,228)
Unrecognised share of profit/(losses) of joint ventures:				
The unrecognised share of profit/(losses) of joint ventures	534,683	(190,355)	(255,351)	(262,614)
Cumulative unrecognised share of losses of joint ventures	1,084,899	550,216	78,838	334,189

NOTES TO THE FINANCIAL STATEMENTS

9. Investment in Securities

	Group and Company	
	2021	**2020**
	RM	**RM**
Financial assets at fair value through profit or loss		
Quoted securities at fair value		
- Quoted shares in Malaysia	180,000	3,436,456

The quoted securities measured at fair value recurring basis and classified as level 1 of the fair value hierarchy by reference to quoted price at active market.

NOTES TO THE FINANCIAL STATEMENTS

10. **Intangible Assets**

	Software RM	Brand RM	Goodwill RM	Product technology RM	Development costs RM	Total RM
Group						
2021						
At cost						
At 1 January	326,179	1,617,000	193,498,546	6,419,625	5,212,131	207,073,481
Additions	-	-	-	-	100,000	100,000
Exchange differences	-	-	-	247,219	202,270	449,489
At 31 December	326,179	1,617,000	193,498,546	6,666,844	5,514,401	207,622,970
Accumulated amortisation						
At 1 January	32,618	539,207	-	2,337,366	3,723,529	6,632,720
Recognised in profit or loss	32,618	-	-	400,280	626,080	1,058,978
Exchange differences	-	-	-	117,439	183,687	301,126
At 31 December	65,236	539,207	-	2,855,085	4,533,296	7,992,824
Accumulated impairment losses						
At 1 January	-	1,077,793	126,339,658	1,172,690	-	128,590,141
Reversal during the financial year	-	-	-	(177,338)	-	(177,338)
Exchange differences	-	-	-	17,567	-	17,567
At 31 December	-	1,077,793	126,339,658	1,012,919	-	128,430,370
Carrying amount						
At 31 December	260,943	-	67,158,888	2,798,840	981,105	71,199,776

10. **Intangible Assets (Cont'd)**

	Software RM	Brand RM	Goodwill RM	Product technology RM	Development costs RM	Total RM
Group						
2020						
At cost						
At 1 January	-	1,617,000	193,498,546	6,746,994	5,477,922	207,340,462
Additions	326,179	-	-	-	-	326,179
Exchange differences	-	-	-	(327,369)	(265,791)	(593,160)
At 31 December	326,179	1,617,000	193,498,546	6,419,625	5,212,131	207,073,481
Accumulated amortisation						
At 1 January	-	539,207	-	2,893,418	3,847,914	7,280,539
Recognised in profit or loss	32,618	-	-	591,012	1,068,289	1,691,919
Exchange differences	-	-	-	(1,147,064)	(1,192,674)	(2,339,738)
At 31 December	32,618	539,207	-	2,337,366	3,723,529	6,632,720
Accumulated impairment losses						
At 1 January	-	1,077,793	88,084,526	3,853,576	-	93,015,895
Recognised in profit or loss	-	-	38,255,132	-	-	38,255,132
Reversal during the financial year	-	-	-	(3,503,636)	-	(3,503,636)
Exchange differences	-	-	-	822,750	-	822,750
At 31 December	-	1,077,793	126,339,658	1,172,690	-	128,590,141
Carrying amount						
At 31 December	293,561	-	67,158,888	2,909,569	1,488,602	71,850,620

NOTES TO THE FINANCIAL STATEMENTS

10. **Intangible Assets (Cont'd)**

(a) Description of the intangible assets

Brand

Brand relates to the Techno Fibre Companies brand name of which the fair value of the acquired brand name was established using a form of income approach known as Relief-From-Royalty ("RFR") method of which an independent valuation specialist had been engaged by the Group to value the brand name as part of the purchase price allocation exercise on the acquisition of the Techno Fibre Companies. The brand was fully impaired in the financial year ended 2019 when the recoverable amount arising from value in use determined by discount future cash flows was lower than the carrying amount.

Product technology

Product technology relates to the Group's new technology on the production of hyperbaric lifeboat. Due to the increased industry regulation and demand for hyperbaric lifeboats, the acquired subsidiary saw a potential for such market and hence had spent two years to develop the new technology. As part of the purchase price allocation exercise on the acquired subsidiary, the Group engaged an independent valuation specialist to value the product technology by using the cash flows projections i.e. multi-period excess earnings method ("MEEM"). In current financial year, the impairment loss on one of the product technologies amounting to RM177,338 (2020: RM3,503,636) was reversed and recognised as gain on reversal of impairment loss in profit or loss when the recoverable amount arising from value in use determined by discount future cash flows exceeded the carrying amount due to a new contract entered by a subsidiary company and a contract customer.

Development costs

Development costs related to the boats production which consist of license fees, certification fees, review fee on design, interests and workshop costs have a remaining amortisation period of 1 year.

(b) Impairment testing for cash generating units ("CGU") containing goodwill

For impairment testing, goodwill is allocated to the Group's subsidiaries which represent the lowest level of CGU level within the Group at which the goodwill is monitored for internal management proposes. The goodwill allocated to each CGU is impaired during the financial year when the recoverable amount from value in use is higher than the carrying amount.

NOTES TO THE FINANCIAL STATEMENTS

10. **Intangible Assets (Cont'd)**

(b) Impairment testing for cash generating units ("CGU") containing goodwill (Cont'd)

The aggregate carrying amount of goodwill allocated to each subsidiary is as follows:

	Group	
	2021	**2020**
	RM	**RM**
Destini Oil Services Sdn. Bhd. ("DOSSB")	67,158,888	67,158,888

The recoverable amount of the goodwill allocated to each CGU is determined based on a value-in-use, determined by discounted future cash flows. The impairment of goodwill is recognised when the recoverable amount is estimated at lower than the cost of investment. In previous financial year, the full impairment loss on goodwill allocated to subsidiaries namely DSESB amounted to RM38,255,132 due to persistent losses incurred by the CGU were recognised in the profit of loss.

The recoverable amount for DOSSB was based on its value-in-use and was determined by discounting the future cash flows generated from the continuing use of those units and was based on the following key assumptions:

(i) Cash flows were projected based on actual operating results and five years business plan for two separate sources of income which are tubular running services ("TRS") and trading in liquified natural gas ("LNG");

(ii) Revenue was projected the management's best estimate of the contract value, taking into consideration of the project timeline set out by Malaysia Petroluem Management, types of projects and scope of works to be conducted and contract sum of the letter of awards for TRS and anticipated number of shipments per year for trading in LNG;

(iii) Expenses were projected at annual increase of approximately 3% to 10% per annum;

(iv) A pre-tax discount rate of 14.11% was applied in determining the recoverable amount of the respective CGU. The discount rate was estimated based on the weighted average cost of capital of individual CGU; and

(v) A terminal growth rate of 1.86% was applied in determining the recoverable amount of the CGU, taking into consideration Malaysia's expected Consumer Price Index, the average inflation in Malaysia and other economic or external factors that may directly and indirectly affect the business of CGU.

With regards to the assessments of value-in-use of these CGUs, management believes that no reasonably possible changes in any of the key assumptions would cause the carrying values of these units to differ materially from their recoverable amounts except for the changes in prevailing operating environment which is not ascertainable.

NOTES TO THE FINANCIAL STATEMENTS

11. Other Receivables

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Non-Current Asset				
Other receivables	-	1,709,775	-	-
Current Assets				
Other receivables	35,264,984	11,088,438	12,780,818	520,156
GST receivable	4,109,488	3,908,888	294,460	294,460
Deposits				
- Suppliers (Trade)	-	172,336	-	-
- Others (Non-trade)	2,055,348	3,441,016	115,330	412,841
	2,055,348	3,613,352	115,330	412,841
Prepayments	34,442,506	40,148,986	209,991	14,996
	75,872,326	58,759,664	13,400,599	1,242,453
Less: Accumulated impairment losses	(1,291,911)	(907,132)	(470,156)	(67,539)
	74,580,415	57,852,532	12,930,443	1,174,914
	74,580,415	59,562,307	12,930,443	1,174,914

Non-current assets

This represented unsecured, non-interest bearing and is not expected to be repayable within twelve months.

Movements in allowance for impairment loss of other receivables during the financial year are as follows:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
At 1 January	907,132	17,808,583	67,539	16,968,990
Impairment loss recognised	425,307	-	402,617	-
Impairment loss reversed	(40,528)	-	-	-
Written off	-	(16,901,451)	-	(16,901,451)
At 31 December	1,291,911	907,132	470,156	67,539

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

NOTES TO THE FINANCIAL STATEMENTS

12. Other Investment

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Golf club membership	320,000	320,000	150,000	150,000

This represents investment stated at cost in a local golf club and resort, which entitles the Group's and the Company's management and staff to utilise the facilities.

13. Inventories

	Group	
	2021	**2020**
	RM	**RM**
At cost		
Spare parts and consumables	3,691,275	3,388,430
Raw materials	4,671,723	5,837,187
Work-in-progress	1,125,709	1,423,080
Finished goods	2,610,019	1,915,147
	12,098,726	12,563,844
Recognised in profit or loss:		
Inventories recognised as cost of sales	10,497,179	7,634,606

The inventories are written off when it has lost its value and cannot be sold due to damage, theft, loss, or decline in market value.

NOTES TO THE FINANCIAL STATEMENTS

14. Contract Assets/(Liabilities)

	Group 2021 RM	Group 2020 RM
Current		
Contract assets		
Construction contract	97,298,184	174,252,861
Contract liabilities		
Construction contract	19,205,728	58,219,199

The significant changes in the contract assets and contract liabilities during the financial year relating to change in measure of construction progress.

Construction contracts

	Group 2021 RM	Group 2020 RM
Contract costs incurred to date	1,216,187,328	1,732,255,739
Attributable profits	107,022,715	105,506,012
	1,323,210,043	1,837,761,751
Less: Progress billings	(1,245,117,587)	(1,721,728,089)
	78,092,456	116,033,662
Presented as:		
Contract assets	97,298,184	174,252,861
Contract liabilities	(19,205,728)	(58,219,199)
	78,092,456	116,033,662

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

The contract liabilities consist of advance billings in excess of revenue recognised overtime during the construction period.

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM14,543,110 (2020: RM230,419,533). The Group expects to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 6-24 months.

NOTES TO THE FINANCIAL STATEMENTS

15. Trade Receivables

	Group 2021 RM	Group 2020 RM
Trade receivables	97,578,192	106,739,989
Less: Accumulated impairment losses	(31,408,478)	(31,823,415)
	66,169,714	74,916,574

The Group's normal trade credit terms range from 30 to 90 days (2020: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

Movements in allowance for impairment loss are as follows:

	Group 2021 RM	Group 2020 RM
At 1 January	31,823,415	45,667,907
Impairment loss recognised	1,717,970	3,306,919
Impairment loss reversed	(563,816)	(13,631,072)
Amount written off	(1,569,091)	(3,520,339)
At 31 December	31,408,478	31,823,415

NOTES TO THE FINANCIAL STATEMENTS

15. **Trade Receivables (Cont'd)**

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group is satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

The aged analysis of trade receivables as at the end of the reporting period:

Group	**Gross amount RM**	**Loss allowance RM**	**Net amount RM**
2021			
Neither past due nor impaired	15,284,897	(206,118)	15,078,779
Past due not impaired:			
Less than 30 days	3,922,969	(86,034)	3,836,935
31 to 60 days	1,963,376	(17,878)	1,945,498
61 to 90 days	5,256,056	(100,437)	5,155,619
More than 90 days past due	43,880,199	(3,727,316)	40,152,883
	55,022,600	(3,931,665)	51,090,935
	70,307,497	(4,137,783)	66,169,714
Credit impaired:			
Individual impaired	27,270,695	(27,270,695)	-
	97,578,192	(31,408,478)	66,169,714
2020			
Neither past due nor impaired	17,698,360	(26,100)	17,672,260
Past due not impaired:			
Less than 30 days	5,481,131	(8,580)	5,472,551
31 to 60 days	3,635,975	(4,791)	3,631,184
61 to 90 days	7,807,573	(40,487)	7,767,086
More than 90 days past due	43,933,703	(3,560,210)	40,373,493
	60,858,382	(3,614,068)	57,244,314
	78,556,742	(3,640,168)	74,916,574
Credit impaired:			
Individual impaired	28,183,247	(28,183,247)	-
	106,739,989	(31,823,415)	74,916,574

NOTES TO THE FINANCIAL STATEMENTS

15. **Trade Receivables (Cont'd)**

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

As at 31 December 2021, trade receivables of RM51,090,935 (2020: RM57,244,314) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default.

The trade receivables of the Group that are individually assessed to be impaired amounting to RM27,270,695 (2020: RM28,183,247), related to customers that are in financial difficulties and have defaulted on payments. These balances are expected to be recovered through the debt recovery process.

16. **Amount Due from/(to) Subsidiaries**

	Company	
	2021	**2020**
		RM
Amount due from subsidiaries	275,180,778	267,165,752
Less: Accumulated impairment losses	(15,471,589)	(15,471,589)
	259,709,189	251,694,145
Amount due to subsidiaries	(485,560)	(1,389,884)

17. **Amount Due from Joint Ventures**

This amount represents unsecured, interest free advances and is repayable on demand.

18. **Amount Due from An Associate Company**

This represents unsecured, interest free advances and are repayable on demand.

NOTES TO THE FINANCIAL STATEMENTS

19. **Fixed Deposits with Licensed Banks**

The fixed deposits of the Group at amount of RM18,578,083 (2020: RM16,937,725) have been pledged to licensed banks as security for bankers' guarantees issued and banking facilities granted to subsidiaries as disclosed in Note 23.

The interest rates of deposits during the financial year range from 1.50% to 3.25% (2020: 1.50% to 3.25%) per annum and the maturities of deposits are 5 to 365 days (2020: 5 to 365 days) respectively.

20. **Share Capital**

	Group and Company			
	Number of shares		**Amount**	
	2021	**2020**	**2021**	**2020**
	Unit	**Unit**	**RM**	**RM**
Ordinary share with no par value				
Issued and fully paid:				
At 1 January	1,525,276,358	1,180,230,299	453,974,761	388,236,871
Issuance of shares:				
- private shares placement	138,255,271	345,046,059	25,853,735	65,737,890
At 31 December	1,663,531,629	1,525,276,358	479,828,496	453,974,761

During the financial year, the Company issued 138,255,271 ordinary shares pursuant to the private placement exercises at issue price of RM0.187 per share amounting to RM25,853,735 on 8 September 2021.

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

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

21. **Foreign Currency Translation Reserve**

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

NOTES TO THE FINANCIAL STATEMENTS

22. Lease Liabilities

	Group 2021 RM	Group 2020 RM
At 1 January	12,823,746	21,416,387
Additions	5,401,133	3,089,253
Payments	(4,553,032)	(7,347,077)
Modification to lease	(177,906)	(163,813)
Derecognition arising from termination of lease agreement	(6,418,467)	(4,163,950)
Deconsolidation of subsidiaries	(4,797,069)	-
Exchange difference	186,196	(7,054)
At 31 December	2,464,601	12,823,746
Presented as:		
Repayable within twelve months	1,240,335	5,703,310
Repayable after twelve months	1,224,266	7,120,436
	2,464,601	12,823,746

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

	Group 2021 RM	Group 2020 RM
Within one year	1,336,675	5,769,829
Between one to two years	621,420	6,697,968
Between two to five years	526,720	413,261
More than five years	179,759	83,033
	2,664,574	12,964,091
Less : Future finance charges	(199,973)	(140,345)
Present value of lease liabilities	2,464,601	12,823,746

The Group leases leasehold properties, machinery and equipment, motor vehicles, land use right, warehouse, office and apartments. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions at interest rates ranging from 2.05% to 7.36% per annum. The leases have an average tenure of between 1 to 6 years.

NOTES TO THE FINANCIAL STATEMENTS

23. Bank Borrowings

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Secured				
Bank overdrafts	1,468,294	1,363,397	-	-
Invoice financing	2,730,250	8,261,536	-	-
Term loan I	21,788	46,644	-	-
Term loan II	108,410	121,705	-	-
Term loan III	6,404,180	7,155,168	6,404,180	7,155,168
Term loan IV	1,775,149	1,636,284	1,775,149	1,636,284
Term loan V	5,222,478	2,153,253	-	-
Term loan VI	-	2,158,204	-	-
Term loan VII	6,669,184	7,364,727	6,669,184	7,364,727
Term loan VIII	79,756,265	77,359,254	-	-
Term loan IX	-	5,912,275	-	-
Total bank borrowings	104,155,998	113,532,447	14,848,513	16,156,179

NOTES TO THE FINANCIAL STATEMENTS

23. Bank Borrowings (Cont'd)

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Analysed as:				
Repayable within twelve months				
Bank overdrafts	1,468,294	1,363,397	-	-
Invoice financing	2,730,250	8,261,536	-	-
Term loan I	-	25,918	-	-
Term loan II	13,442	12,783	-	-
Term loan III	746,967	651,312	746,967	651,312
Term loan IV	392,832	392,832	392,832	392,832
Term loan V	1,739,150	-	-	-
Term loan VI	-	2,158,204	-	-
Term loan VII	3,720,000	1,900,000	3,720,000	1,900,000
Term loan VIII	79,756,265	77,359,254	-	-
Term loan IX	-	1,266,113	-	-
	90,567,200	93,391,349	4,859,799	2,944,144
Repayable after twelve months				
Term loan I	21,788	20,726	-	-
Term loan II	94,968	108,922	-	-
Term loan III	5,657,213	6,503,856	5,657,213	6,503,856
Term loan IV	1,382,317	1,243,452	1,382,317	1,243,452
Term loan V	3,483,328	2,153,253	-	-
Term loan VII	2,949,184	5,464,727	2,949,184	5,464,727
Term loan IX	-	4,646,162	-	-
	13,588,798	20,141,098	9,988,714	13,212,035
Total	104,155,998	113,532,447	14,848,513	16,156,179

NOTES TO THE FINANCIAL STATEMENTS

23. **Bank Borrowings (Cont'd)**

Term loan I
The bank borrowing of AED99,750 (equivalent to RM112,224) obtained from a local bank bears interest at rate of 7.85% per annum.

Term loan II
The term loan of RM200,000 obtained from a local bank bears interest at rate of 10.60% per annum repayable by 180 monthly installments of RM1,552 each commencing from September 2014.

The term loan is secured against fixed deposit and 70% guarantee coverage by Syarikat Jaminan Pembiayaan Bhd ("SJPP"). It is also jointly and severally guaranteed by certain Directors of the Company.

Term loan III
The term loan is secured by way of a first legal charged on a freehold land and buildings of the Company at carrying amount of RM19,153,424. Interest charged on the facility at BLR plus 1.0% per annum. The term loan is repayable by monthly installments of RM97,934 over 10 years.

Term loan IV
The term loan is secured by way of a first legal charge on a freehold land and buildings of the Company at carrying amount of RM4,814,476. Interest charged on the facility at BLR plus 1.75% per annum. The term loan is repayable by monthly installments of RM32,736 over 10 years.

Term loan V
The term loan is secured by the charge over the land use right and leasehold property of the subsidiary in People's Bank of China ("PRC"). The loan carries interest at 1.305% (2019: 1.305%) plus benchmark interest rates of the People's Bank of China and is repriced at interval of 1 month for period of 12 months from September 2021 to September 2022.

Term loan VI
The term loan with floating interest rate of 2.75% over the bank's prevailing interest rate per annum. The loan is repayable in 60 monthly installments and fully repaid in 2020. The loan is secured by:

(a) Pledge over fixed deposits ; and
(b) Pledge over the shares of a subsidiary of Destini Armada Pte. Ltd..

Term loan VII
The term loan amounted to RM50,000,000 and bears interest at rate of 1.75% per annum above the bank's cost of funds. The term loan is repayable by 30 monthly instalments commencing from May 2017.

NOTES TO THE FINANCIAL STATEMENTS

23. **Bank Borrowings (Cont'd)**

Term loan VIII
The bank borrowing-Import financing bears interest at rate of cost of fund plus 2.58% per annum and repayable by milestone payment from contract proceeds.

The bank borrowing is secured by ways of:

(a) Deed of assignment of contract proceeds and project account;
(b) Debenture incorporating fixed and floating assets;
(c) Personal guarantee by a Director and a former Director of the Company;
(d) Corporate guarantee by the Company; and
(e) Charge over shares and any future shares of the subsidiary.

Term loan IX
The term loan with fixed interest rate of 3.50% to 5.00% per annum. The loan is repayable in 60 monthly installment and fully repaid in 2025. The loan is secured by:

(a) Corporate guarantee by holding company;
(b) Charge on all sums in current account;
(c) Charge over receivables; and
(d) Personal guarantee by a Director.

Bank overdraft
Bank overdraft is secured by the following:

(a) Fixed deposit pledged to licensed banks; and
(b) Jointly and severally guarantee by certain Directors.

Invoice Financing

Invoice financing is repayable within 150 to 180 days (2020: 150 to 180 days). The facilities are secured by corporate guarantee from ultimate holding company and personal guarantee of a director

Range of interest rates during the current and prior financial year is as follows:

	Group		**Company**	
	2021	**2020**	**2021**	**2020**
	%	**%**	**%**	**%**
Bank overdrafts	5.10 - 8.25	5.10 - 8.25	-	-
Invoice financing	1.00	1.00	-	-
Term loans	3.50 - 12.90	3.50 - 12.90	6.95	6.95

NOTES TO THE FINANCIAL STATEMENTS

23. Bank Borrowings (Cont'd)

Maturity of bank borrowing is as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Within one year	90,567,200	93,391,349	4,859,799	2,944,144
Between one to two years	9,013,364	11,648,994	8,999,229	4,815,412
Between two to five years	4,541,534	8,441,254	989,485	8,396,623
More than five years	33,900	50,850	-	-
	104,155,998	113,532,447	14,848,513	16,156,179

24. Other Payables

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Non-Current Liability				
Other payables	739,537	458,751	-	-
Current Liabilities				
Other payables	44,285,131	57,018,645	2,140,598	1,400,553
GST payable	-	1,435,353		
Accruals	10,413,734	11,856,548	147,220	149,420
Provision for warranty	453,716	513,722	-	-
Customer deposits	1,054,960	1,763,914	-	-
	56,207,541	72,588,182	2,287,818	1,549,973
	56,947,078	73,046,933	2,287,818	1,549,973

Invoice financing is repayable within 150 to 180 (2020: 60 to 180) days with interest at rate of 1.00% to 1.17% (2020: 1.00 to 1.17%) per annum above the Bank's prevailing prime lending rate at 3.00% to 5.25% (2020: 5.25% to 5.50%). The facilities are secured by way of corporate guarantee by ultimate holding company, pledged deposits and a charge on all sum in the current account of the subsidiary company's bank account.

NOTES TO THE FINANCIAL STATEMENTS

25. Redeemable Preference Shares

	Group			
	Number of shares		Amount	
	2021	2020	2021	2020
	Units	Units	RM	RM
Issued and fully paid:				
At 1 January	250,000	250,000	1,427,487	1,350,901
Interest	-	-	35,647	-
Exchange difference	-	-	69,078	76,586
At 31 December	250,000	250,000	1,532,212	1,427,487

The redeemable preference shares are issued by a subsidiary, Destini Marine Safety Solutions Ltd. in August 2016. The preference shares holders are entitled to a return of 1% per annum and the shares are redeemable on 31 August 2019. Preference shares have been discounted using an effective interest rate of 10%. As at 31 December 2021, the preference shares have not been redeemed. As the redemption date is over, the Group is in discussion with the holders of the preference shares to redeem the preference shares.

The subsidiary company has the right to call for the preference shares at anytime by giving notice in accordance with the agreement.

The main features of the preference shares are as follows:

(i) The preference shares shall confer a right to a fixed non-cumulative preferential dividend at the fixed rate of GBP0.01 per annum. The preferential dividend shall rank for payment in priority to the payment of a dividend on any other shares of the subsidiary.

(ii) The preference shares shall not confer the right to any further or other participation in the profit of the subsidiary.

(iii) The preference shares will be redeemed at GBP1.00 each in a date to be determined later but not later than thirty-six (36) months from the date of issuance.

(iv) The preference shares shall rank in priority in any distribution of assets in the event of liquidation, dissolution or winding-up of the subsidiary.

26. Trade Payables

Credit terms of trade payables of the Group and Company ranged from 30 to 90 days (2020: 30 to 90 days) depending on the terms of the contracts.

NOTES TO THE FINANCIAL STATEMENTS

27. Revenue

	Group 2021 RM	Group 2020 RM
Revenue from contracts with customers:		
-Sales of goods	42,479,306	19,368,237
-Rendering of services	77,996,489	78,155,210
-Contract revenue	53,390,154	92,602,128
	173,865,949	190,125,575

Group 2021	Maintenance, repair, overhaul and training RM	Marine construction RM	Total RM
Major goods and services:			
Sale of goods	12,823,193	29,656,113	42,479,306
Rendering of services	53,106,189	24,890,300	77,996,489
Contract revenue	46,376,682	7,013,472	53,390,154
Total revenue from contracts with customers	112,306,064	61,559,885	173,865,949
Geographical market:			
Malaysia	112,306,064	9,804,921	122,110,985
Singapore	-	51,754,964	51,754,964
Total revenue from contracts with customers	112,306,064	61,559,885	173,865,949
Timing of revenue recognition:			
At a point in time	43,830,531	54,546,413	98,376,944
Over time	68,475,533	7,013,472	75,489,005
	112,306,064	61,559,885	173,865,949

NOTES TO THE FINANCIAL STATEMENTS

27. **Revenue (Cont'd)**

Group 2020	**Maintenance, repair, overhaul and training RM**	**Marine construction RM**	**Total RM**
Major goods and services:			
Sale of goods	19,368,237	-	19,368,237
Rendering of services	76,491,392	1,663,818	78,155,210
Contract revenue	54,087,492	38,514,636	92,602,128
Total revenue from contracts with customers	149,947,121	40,178,454	190,125,575
Geographical market:			
Malaysia	105,994,756	40,178,454	146,173,210
Singapore	43,952,365	-	43,952,365
Total revenue from contracts with customers	149,947,121	40,178,454	190,125,575
Timing of revenue recognition:			
At a point in time	59,728,880	1,663,818	61,392,698
Over time	90,218,241	38,514,636	128,732,877
	149,947,121	40,178,454	190,125,575

28. **Finance Costs**

	Group		**Company**	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Interest expenses on:				
Bank overdrafts	53,088	201,590	-	-
Invoice financing	260,806	286,324	-	-
Lease liabilities	778,760	927,751	-	-
Term loans	3,455,846	10,324,982	915,648	632,872
Others	719,032	10,416	-	-
	5,267,532	11,751,063	915,648	632,872

NOTES TO THE FINANCIAL STATEMENTS

29. Profit/(Loss) Before Tax

Profit/(Loss) before tax is derived after charging/(crediting):

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Amortisation of:				
- Intangible assets	1,058,978	1,691,919	-	-
Auditors' remuneration				
- Statutory audits	662,028	705,383	125,000	125,000
- Non-audit services	5,000	5,000	5,000	5,000
Bad debts written off	-	25,032,920	-	-
Depreciation of:				
- Property, plant and equipment	7,771,566	11,563,867	1,688,483	1,940,170
- Right of use assets	4,352,571	7,711,486	8,509	8,511
Non-Executive Directors remuneration:				
- Fee	150,000	330,000	150,000	330,000
- Other emoluments	40,500	51,500	40,500	51,500
Fair value adjustment on investment in securities	-	(557,322)	-	(557,322)
Loss/(Gain) on disposal of:				
- property, plant and equipment	(106,998)	46,031	-	-
- investment in securities	606,436	-	606,436	-
- subsidiaries	(14,786,634)	-	-	-
(Gain)/Loss on foreign exchange				
- realised	(44,918)	258,774	-	-
- unrealised	(75,342)	328,674	-	-
Impairment loss on:				
- Trade receivables	1,717,970	3,306,919	-	-
- Other receivables	425,307	-	402,617	-
- Intangible assets	-	38,255,132	-	-
Grant and subsidies	(318,693)	(6,448,711)	-	-
Interest income from:				
- Licensed banks	(436,947)	(250,395)	(29,343)	-
Derecognition arising from termination of lease agreement	(278,516)	(511,082)	-	-
Modification of lease agreement	177,906	216,171	-	-

NOTES TO THE FINANCIAL STATEMENTS

29. **Profit/(Loss) Before Tax (Cont'd)**

Profit/(Loss) before tax is derived after charging/(crediting) (Cont'd):

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Property, plant and equipment written off	101,418	37,395,316	-	-
Reversal of impairment loss on:				
- Trade receivables	(563,816)	(13,631,072)	-	-
- Other receivables	(40,528)	-	-	-
- Intangible assets	(177,338)	(3,503,636)	-	-
Lease expenses related to term leases:				
- Equipment	65,589	79,747	-	-
- Motor vehicles	43,901	20,697	-	-
- Premises	134,586	237,069	-	-

30. **Taxation**

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Tax expenses recognised in profit or loss				
Current year provision:				
- Malaysian income tax	123,045	-	-	-
- Underprovision in prior years	2,677,079	51,128	928,577	-
	2,800,124	51,128	928,577	-
Deferred tax (Note 31):				
Origination and reversal of temporary differences	-	(3,404,481)	-	-
Underprovision in prior years	-	576,735	-	-
	-	(2,827,746)	-	-
	2,800,124	(2,776,618)	928,577	-

NOTES TO THE FINANCIAL STATEMENTS

30. **Taxation (Cont'd)**

Malaysian income tax is calculated at the statutory tax rate of 24% of the estimated assessable profit for the financial year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Profit/(Loss) before tax	5,264,629	(192,961,454)	(12,126,548)	(12,044,937)
Taxation at statutory tax rate of 24%	1,263,511	(46,310,749)	(2,910,372)	(2,890,785)
Effects of tax rates in other countries	580,416	1,051,251	-	-
Income not subject to tax	(1,736,224)	(2,874,941)	(4,176)	(133,757)
Expenses not deductible for tax purposes	858,253	16,233,199	754,134	1,039,110
Utilisation of previously unrecognised deferred tax assets	(4,625,196)	(1,434,609)	-	-
Deferred tax assets not recognised	3,782,285	29,931,368	2,160,414	1,985,432
Under provision of deferred tax in prior year	-	576,735	-	-
Under provision of income tax expense in prior years	2,677,079	51,128	928,577	-
	2,800,124	(2,776,618)	928,577	-

The Group and the Company have the following unutilised tax losses and unabsorbed capital allowances available to carry forward to offset against future taxable profits. The said amounts are subjected to approval by the tax authorities.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Unutilised tax losses	140,894,882	143,884,070	23,175,909	14,248,788
Unabsorbed capital allowances	14,084,635	14,576,302	455,090	393,645
	154,979,517	158,460,372	23,630,999	14,642,433

NOTES TO THE FINANCIAL STATEMENTS

30. **Taxation (Cont'd)**

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the unutilised tax losses can be carried forward for a maximum period of ten consecutive years of assessment. The unutilised tax losses accumulated up to year of assessment 2018 can be carried forward for another ten consecutive years of assessment until year of assessment 2028. The other temporary differences do not expire under current tax legislation.

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Unutilised losses to be carried forward until:				
- Year of assessment 2028	6,503,392	9,492,580	-	-
- Year of assessment 2029	68,432,766	68,432,766	7,107,084	7,107,084
- Year of assessment 2030	55,850,701	55,850,701	7,141,704	7,141,704
- Year of assessment 2031	10,108,023	10,108,023	8,927,121	-
	140,894,882	143,884,070	23,175,909	14,248,788

31. **Deferred Taxation**

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
At 1 January	-	2,827,745	-	-
Recognised in profit or loss (Note 30)	-	(2,827,745)	-	-
At 31 December	-	-	-	-

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Deferred tax liabilities	2,007,738	3,573,481	30,906	33,611
Deferred tax assets	(2,007,738)	(3,573,481)	(30,906)	(33,611)
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

31. **Deferred Taxation (Cont'd)**

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

Group	**Accelerated capital allowances RM**
Deferred tax liabilities	
At 1 January 2021	3,573,481
Recognised in profit or loss	(1,565,743)
At 31 December 2021	2,007,738
At 1 January 2020	3,693,552
Recognised in profit or loss	(120,071)
At 31 December 2020	3,573,481

Group	**Unutilised tax losses RM**	**Unabsorbed capital allowances RM**	**Total RM**
Deferred tax assets			
At 1 January 2021	(2,603,401)	(970,080)	(3,573,481)
Recognised in profit or loss	1,441,903	123,840	1,565,743
At 31 December 2021	(1,161,498)	(846,240)	(2,007,738)
At 1 January 2020	(296,255)	(569,552)	(865,807)
Recognised in profit or loss	(2,307,146)	(400,528)	(2,707,674)
At 31 December 2020	(2,603,401)	(970,080)	(3,573,481)

NOTES TO THE FINANCIAL STATEMENTS

31. **Deferred Taxation (Cont'd)**

	2021 RM	2020 RM
Company		
Deferred tax liabilities		
Accelerated capital allowances		
At 1 January	33,611	-
Recognised in profit or loss	(2,705)	33,611
At 31 December	30,906	33,611
Deferred tax liabilities		
Unabsorbed capital allowances		
At 1 January	(33,611)	-
Recognised in profit or loss	2,705	(33,611)
At 31 December	(30,906)	(33,611)

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

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Unutilised tax losses	133,068,734	134,004,723	23,175,909	14,248,788
Unabsorbed capital allowances	13,546,710	13,074,335	326,314	251,710
Other deductible temporary differences	21,863,500	24,912,018	-	-
	168,478,944	171,991,076	23,502,223	14,500,498

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

NOTES TO THE FINANCIAL STATEMENTS

32. Earnings/(Loss) Per Share

Basic gains/(loss) per shares

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

	Group	
	2021 RM	2020 RM
Gain/(Loss) attributable to ordinary shareholders	3,008,893	(190,641,882)
Weighted average number of ordinary shares in issue	1,568,576,086	1,304,261,573
Basic gains/(loss) per ordinary shares (in sen)	0.19	(14.62)

Diluted gains/(loss) per share

The Group and the Company have no dilution in their loss per ordinary share as there are no dilutive potential ordinary shares. There have been no other transactions involving ordinary shares or potential ordinary shares since the end of the financial year and before the authorisation of these financial statements.

33. Staff Costs

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries, wages and other emoluments	27,677,475	40,561,470	5,458,187	4,985,782
Social security contribution	239,044	346,054	30,510	36,902
Defined contribution plan	2,187,848	3,937,582	606,535	582,607
Other benefits	3,835,606	3,585,369	34,693	338,266
	33,939,973	48,430,475	6,129,925	5,943,557

NOTES TO THE FINANCIAL STATEMENTS

33. Staff Costs (Cont'd)

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

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Executive Directors				
Company's Directors				
Salaries and other emoluments	2,081,714	1,369,340	2,081,714	1,369,340
Defined contribution plan	249,408	150,660	249,408	150,660
	2,331,122	1,520,000	2,331,122	1,520,000
Executive Directors				
Subsidiaries' Directors				
Salaries and other emoluments	281,265	1,450,063	-	-
Defined contribution plan	11,229	31,932	-	-
	292,494	1,481,995	-	-
Executive Directors				
Company's Directors	2,331,122	1,520,000	2,331,122	1,520,000
Subsidiaries' Directors	292,494	1,481,995	-	-
	2,623,616	3,001,995	2,331,122	1,520,000

NOTES TO THE FINANCIAL STATEMENTS

34. **Reconciliation of Liabilities Arising from Financing Activities**

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

Group	At 1 January RM	Financing cash flows (i) RM	Foreign exchange adjustments RM	Others (ii) RM	At 31 December RM
2021					
Term loans	104,101,634	(1,413,930)	-	-	102,687,704
Lease liabilities	12,823,746	(4,553,032)	186,196	(5,992,309)	2,464,601
	116,925,380	(5,966,962)	186,196	(5,992,309)	105,152,305
2020					
Term loans	113,489,298	(9,387,664)	-	-	104,101,634
Lease liabilities	21,416,387	(7,347,077)	(7,054)	(1,238,510)	12,823,746
	134,905,685	(16,734,741)	(7,054)	(1,238,510)	116,925,380

	At 1 January RM	Financing cash flows (i) RM	At 31 December RM
Company			
2021			
Term loans	16,156,179	(1,307,666)	14,848,513
2020			
Term loans	24,546,499	(8,390,320)	16,156,179

(i) The financing cash flows include the net amount of proceeds from or repayment of lease liabilities, term loans and subsidiaries in the statements of cash flows.

(ii) Others include addition, modification of lease agreement, derecognition arising from termination of lease agreement and deconsolidation of subsidiaries in the statements of cash flows.

NOTES TO THE FINANCIAL STATEMENTS

35. **Related Party Disclosures**

(a) Identifying related parties

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

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel include all the Directors of the Group and certain members of senior management and chief executive officers of major subsidiaries of the Group.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements.

(c) Compensation of key management personnel

Remuneration of Directors and other members of key management personnel are as follows:

	Group		Company	
	2021	**2020**	**2021**	**2020**
	RM	**RM**	**RM**	**RM**
Short-term employees benefits				
- Salaries and other emoluments	2,403,479	2,819,403	2,122,214	1,369,340
- Fees	150,000	330,000	150,000	330,000
- Defined contribution plan	260,637	182,592	249,408	150,660
	2,814,116	3,331,995	2,521,622	1,850,000

NOTES TO THE FINANCIAL STATEMENTS

36. Segment Information

The Group has three reportable segments, as described below, which are the Group's strategic business units. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports at least on a quarterly basis. The following summary describes the main business segments and respective business activity of each segment of the Group's reportable segments:

Maintenance, repair, overhaul and training	Maintenance, repair and overhaul of aviation, automobile and safety and tabular handling equipment and providing training for the use of safety equipment
Marine construction	Shipbuilding, and restoration and maintenance of vessels

Performance is measured based on segment profit before taxation, interest, depreciation and amortisation, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer, who is the Group's chief operating decision maker. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Segment assets

The total of segment asset is measured based on all assets of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total asset is used to measure the return of assets of each segment.

NOTES TO THE FINANCIAL STATEMENTS

36. **Segment Information (Cont'd)**

2021	**Maintenance, repair, overhaul and training RM**	**Marine construction RM**	**Total segment RM**	**Adjustments and eliminations RM**	**Consolidated RM**
Revenue					
External customers	112,306,064	61,559,885	173,865,949	-	173,865,949
Inter-segment sales	35,074,547	-	35,074,547	(35,074,547)	-
Total revenue	147,380,611	61,559,885	208,940,496	(35,074,547)	173,865,949
Results					
Interest income	96,044	340,903	436,947	-	436,947
Finance costs	(3,781,795)	(1,485,737)	(5,267,532)	-	(5,267,532)
Depreciation of property, plant and equipment	(7,628,881)	(142,685)	(7,771,566)	-	(7,771,566)
Amortisation of intangible assets	(32,618)	(1,026,360)	(1,058,978)	-	(1,058,978)
Depreciation of right-of-use assets	(1,027,317)	(3,325,254)	(4,352,571)	-	(4,352,571)
Other non-cash items	(139,720,300)	(58,257,930)	(197,978,230)	47,390,610	(150,587,620)
(Loss)/Profit before taxation	(4,714,256)	(2,337,178)	(7,051,434)	12,316,063	5,264,629
Taxation	(2,013,524)	(786,600)	(2,800,124)	-	(2,800,124)
Segment (loss)/profit	(6,727,780)	(3,123,778)	(9,851,558)	12,316,063	2,464,505
Segment assets	822,363,226	209,886,543	1,032,249,769	(585,823,607)	446,426,162
Included in the measurement of segment assets are:					
Capital expenditure	7,193,950	434,695	7,628,645	-	7,628,645
Segment liabilities	502,496,413	309,532,565	812,028,978	(524,609,037)	287,419,941

NOTES TO THE FINANCIAL STATEMENTS

36. **Segment Information (Cont'd)**

2021	**Maintenance, repair, overhaul and training RM**	**Marine construction RM**	**Total segment RM**	**Adjustments and eliminations RM**	**Consolidated RM**
Other non-cash income/(expenses)					
Gain/(Loss) on disposal of:					
- property, plant and equipment	106,998	-	106,998	-	106,998
- investment in securities	(606,436)	-	(606,436)	-	(606,436)
- subsidiaries	12,800,020	1,986,614	14,786,634	-	14,786,634
Impairment loss on:					
- Trade receivables	(1,717,970)	-	(1,717,970)	-	(1,717,970)
- Other receivables	(425,307)	-	(425,307)	-	(425,307)
Property, plant and equipment written off	-	(101,418)	(101,418)	-	(101,418)
Reversal of impairment loss on:					
- Trade receivables	-	563,816	563,816	-	563,816
- Other receivables	40,528	-	40,528	-	40,528
- Intangible assets	-	177,338	177,338	-	177,338

NOTES TO THE FINANCIAL STATEMENTS

36. **Segment Information (Cont'd)**

2020	**Maintenance, repair, overhaul and training RM**	**Marine construction RM**	**Total segment RM**	**Adjustments and eliminations RM**	**Consolidated RM**
Revenue					
External customers	149,947,121	40,178,454	190,125,575	-	190,125,575
Inter-segment sales	5,500	-	5,500	(5,500)	-
Total revenue	149,952,621	40,178,454	190,131,075	(5,500)	190,125,575
Results					
Interest income	250,395	-	250,395	-	250,395
Finance costs	(2,512,080)	(9,238,983)	(11,751,063)	-	(11,751,063)
Depreciation of property, plant and equipment	(8,097,782)	(3,466,085)	(11,563,867)	-	(11,563,867)
Amortisation of intangible assets	(1,691,919)	-	(1,691,919)	-	(1,691,919)
Amortisation of right-of-use assets	(7,355,493)	(355,993)	(7,711,486)	-	(7,711,486)
Fair value adjustment on investment in securities	557,322	-	557,322	-	557,322
Other non-cash items	(248,314,423)	(114,716,241)	(363,030,664)	11,854,253	(351,176,411)
Loss before taxation	(117,211,359)	(87,598,848)	(204,810,207)	11,848,753	(192,961,454)
Taxation	2,776,618	-	2,776,618	-	2,776,618
Segment loss	(114,434,741)	(87,598,848)	(202,033,589)	11,848,753	(190,184,836)
Segment assets	868,225,339	142,412,805	1,010,638,144	(485,132,069)	525,506,075
Included in the measurement of segment assets are:					
Capital expenditure	6,154,633	6,934,890	13,089,523	-	13,089,523
Segment liabilities	588,381,376	221,837,337	810,218,713	(415,410,114)	394,808,599

NOTES TO THE FINANCIAL STATEMENTS

36. **Segment Information (Cont'd)**

2020	Maintenance, repair, overhaul and training RM	Marine construction RM	Total segment RM	Adjustments and eliminations RM	Consolidated RM
Other non-cash income/(expenses)					
Loss on disposal of property, plant and equipment	(46,031)	-	(46,031)	-	(46,031)
Impairment loss on:					
- Trade receivables	(3,306,919)	-	(3,306,919)	-	(3,306,919)
- Intangible assets	-	-	-	(38,255,132)	(38,255,132)
Bad debts written off	(16,556,456)	(8,476,464)	(25,032,920)	-	(25,032,920)
Property, plant and equipment written off	(11,057,412)	(26,337,904)	(37,395,316)	-	(37,395,316)
Reversal of impairment loss on trade receivables					
- Trade receivables	13,055,971	575,101	13,631,072	-	13,631,072
- Intangible assets	3,503,636	-	3,503,636	-	3,503,636
Unrealised loss/(gain) on foreign exchange	90,042	(418,716)	(328,674)	-	(328,674)

NOTES TO THE FINANCIAL STATEMENTS

36. **Segment Information (Cont'd)**

(a) Adjustments and eliminations

Capital expenditure consists of additions of property, plant and equipment, intangible assets and including assets from the acquisition of subsidiaries.

Inter-segment revenues and transactions are eliminated on consolidation.

(b) Geographical segments

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		**Non-current assets**	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Group				
Malaysia	122,110,985	146,173,210	122,455,706	131,081,496
Singapore	51,754,964	43,952,365	13,031,734	25,836,237
	173,865,949	190,125,575	135,487,440	156,917,733

Non-current assets information presented above consist of the following items as presented in the statements of financial position:

	2021 RM	**2020 RM**
Group		
Property, plant and equipment	43,162,227	49,927,253
Right-of-use assets	20,625,437	29,673,629
Investment in securities	180,000	3,436,456
Intangible assets	71,199,776	71,850,620
Other receivables	-	1,709,775
Other investment	320,000	320,000
	135,487,440	156,917,733

NOTES TO THE FINANCIAL STATEMENTS

36. **Segment Information (Cont'd)**

(c) Major customer

The following is the major customer with revenue 10% equal or more than ten percent of Group revenue:

	Revenue		
	2021	**2020**	
	RM	**RM**	**Segment**
Customer A	7,013,472	41,249,085	Marine construction
Customer B	45,823,281	48,573,058	Aviation & Defence
	52,836,753	89,822,143	

37. **Contingent Liabilities**

	Group	
	2021	**2020**
	RM	**RM**
Unsecured		
Corporate guarantee		
Corporate guarantee given to licensed banks for banking facilities granted to subsidiaries	129,324,531	99,324,531

38. **Financial Instruments**

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of financial instruments are measured, and how income and expense, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	At FVTPL RM	At Amortised Cost RM	Total RM
Group			
2021			
Financial Assets			
Investment in securities	180,000	-	180,000
Trade receivables	-	66,169,714	66,169,714
Other receivables and deposits	-	36,028,421	36,028,421
Amount due from joint venture	-	500,000	500,000
Amount due from an associate company	-	6,247,881	6,247,881
Fixed deposits with licensed banks	-	20,578,083	20,578,083
Cash and bank balances	-	29,832,222	29,832,222
	180,000	159,356,321	159,536,321
Financial Liabilities			
Trade payables	-	77,115,461	77,115,461
Other payables	-	56,493,362	56,493,362
Lease liabilities	-	2,464,601	2,464,601
Bank borrowings	-	104,155,998	104,155,998
Redeemable preference shares	-	1,532,212	1,532,212
	-	241,761,634	241,761,634
Company			
2021			
Financial Assets			
Investment in securities	180,000	-	180,000
Other receivables and deposits	-	12,425,992	12,425,992
Amount due from subsidiaries	-	259,709,189	259,709,189
Fixed deposits with licensed banks	-	2,000,000	2,000,000
Cash and bank balances	-	1,189,905	1,189,905
	180,000	275,325,086	275,505,086
Financial Liabilities			
Other payables	-	2,287,818	2,287,818
Amount due to subsidiaries	-	485,560	485,560
Bank borrowings	-	14,848,513	14,848,513
	-	17,621,891	17,621,891

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(a) Classification of financial instruments (Cont'd)

	At FVTPL RM	At Amortised Cost RM	Total RM
Group			
2020			
Financial Assets			
Investment in securities	3,436,456	-	3,436,456
Trade receivables	-	74,916,574	74,916,574
Other receivables	-	15,504,433	15,504,433
Amount due from joint venture	-	500,000	500,000
Amount due from an associate company	-	6,247,881	6,247,881
Fixed deposits with licensed banks	-	16,937,725	16,937,725
Cash and bank balances	-	22,120,731	22,120,731
	3,436,456	136,227,344	139,663,800
Financial Liabilities			
Trade payables	-	110,219,207	110,219,207
Other payables	-	79,359,394	79,359,394
Lease liabilities	-	12,823,746	12,823,746
Bank borrowings	-	105,270,911	105,270,911
Redeemable preference shares	-	1,427,487	1,427,487
	-	309,100,745	309,100,745
Company			
2020			
Financial Assets			
Investment in securities	3,436,456	-	3,436,456
Other receivables	-	865,458	865,458
Amount due from subsidiaries	-	251,694,145	251,694,145
Cash and bank balances	-	7,642,947	7,642,947
	3,436,456	260,202,550	263,639,006
Financial Liabilities			
Other payables	-	1,549,973	1,549,973
Amount due to subsidiaries	-	1,389,884	1,389,884
Bank borrowings	-	16,156,179	16,156,179
	-	19,096,036	19,096,036

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group and of the Company operations whilst managing its financial risks, including credit, liquidity, foreign currency, interest rate and market price risks. The Group and the Company operate within clearly defined guidelines that are approved by the Board and the Group's and of the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's and the Company's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and financial guarantees given to banks for credit facilities granted to subsidiaries. There are no significant changes as compared to prior periods.

The Group and the Company have adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(i) Credit risk (Cont'd)

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represent the Group's and the Company's maximum exposure to credit risk except for financial guarantees provided to banks for banking facilities granted to certain subsidiaries. The Company's maximum exposure in this respect is RM111,428,300 (2020: RM111,916,489), representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. There was no indication that any subsidiary would default on repayment as at the end of the reporting period.

Financial guarantee

The Group provides secured bankers' guarantee in favour of the local authorities for purpose of securing development projects. The maximum exposure of credit risk amounted to RM129,324,531 (2020: RM99,324,531). There was no indication that the guarantee will be called upon.

Intercompany loan advances

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 period, the maximum exposure to credit risk is represented by their carrying amounts in the statements of financial position.

As at the end of the reporting period, there was no indication that the loans and advances to the subsidiaries are not recoverable. The Company does not specifically monitor the ageing of current advances to the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk is managed with the objective of meeting business obligations on a timely basis. The Group and the Company finance their liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2021						
Non-derivative financial liabilities						
Trade payables	77,115,461	-	-	-	77,115,461	77,115,461
Other payables	56,493,362	-	-	-	56,493,362	56,493,362
Lease liabilities	1,336,675	621,420	526,720	179,759	2,664,574	2,464,601
Bank borrowings	91,333,741	9,554,207	4,604,456	33,900	105,526,304	104,155,998
Redeemable preference shares	1,532,212	-	-	-	1,532,212	1,532,212
	227,811,451	10,175,627	5,131,176	213,659	243,331,913	241,761,634

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group						
2020						
Non-derivative financial liabilities						
Trade payables	110,219,207	-	-	-	110,219,207	110,219,207
Other payables	79,359,394	-	-	-	79,359,394	79,359,394
Lease liabilities	5,769,829	6,697,968	413,261	83,033	12,964,091	12,823,746
Bank borrowings	86,050,539	12,391,373	10,581,401	54,775	109,078,088	105,270,911
Redeemable preference shares	1,427,487	-	-	-	1,427,487	1,427,487
	282,826,456	19,089,341	10,994,662	137,808	313,048,267	309,100,745

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	1 - 2 years RM	2 - 5 years RM	> 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company						
2021						
Non-derivative financial liabilities						
Other payables	2,287,818	-	-	-	2,287,818	2,287,818
Amount due to subsidiaries	485,560	-	-	-	485,560	485,560
Bank borrowings	5,621,518	9,535,583	1,043,468	-	16,200,569	14,848,513
Corporate guarantee *	129,324,531	-	-	-	129,324,531	-
	137,719,427	9,535,583	1,043,468	-	148,298,478	17,621,891
2020						
Non-derivative financial liabilities						
Other payables	1,549,973	-	-	-	1,549,973	1,549,973
Amount due to subsidiaries	1,389,884	-	-	-	1,389,884	1,389,884
Bank borrowings	3,884,947	5,552,609	10,525,529	-	19,963,085	16,156,179
Corporate guarantee *	99,324,531	-	-	-	99,324,531	-
	106,149,335	5,552,609	10,525,529	-	122,227,473	19,096,036

* *Based on the maximum amount that can be called for under the financial guarantee contract.*

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar ("USD"), Euro ("EUR"), Singapore Dollar ("SGD"), Pound Sterling ("GBP"), Chinese Renminbi ("RMB"), United Arab Emirates Dirham ("AED"), Thai Baht ("THB"), Canadian Dollar ("CAD"), Myanmar Kyat ("KYAT") and Norwegian Krone ("NOK").

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

Exposure to foreign currency risk

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities which have RM functional currency at the end of the reporting period are as follows:

	Denominated in			
	USD	**EUR**	**GBP**	**NOK**
	RM	**RM**	**RM**	**RM**
Group				
2021				
Trade receivables	1,823,054	-	-	-
Cash and bank balances	151,299	-	-	-
Trade payables	(8,831,232)	(11,387,948)	-	-
2020				
Trade receivables	54,654	-	-	-
Cash and bank balances	67,915	-	-	-
Trade payables	(7,352,657)	(8,689,520)	(4,688,276)	526,661

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Exposure to foreign currency risk (Cont'd)

The carrying amounts of the Group's foreign currency denominated financial assets and financial liabilities which have SGD functional currency at the end of the reporting period are as follows: (Cont'd)

	Denominated in						
	USD	**EUR**	**GBP**	**RMB**	**AED**	**MYR**	**AUD**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**	**RM**
Group							
2021							
Trade receivables	4,206,279	308,814	486,299	180,487	2,430,988	6,778	331,266
Cash and bank balances	18,163	-	2,375,514	8,765	569,034	87,659	395,582
Trade and other payables	(2,083,907)	(62,919)	(598,159)	(2,634,458)	(520,277)	(132,205)	(436,622)
2020							
Trade receivables	2,809,385	51,565	479,094	244,037	1,899,911	6,678	326,358
Trade and other payables	(1,932,593)	(50,048)	(435,331)	(3,636,461)	(756,460)	(1,159,075)	(30,414)

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Currency risk sensitivity analysis

Foreign currency risk arises from Group entities mainly have RM and SGD functional currencies. The exposure to currency risk of Group entities other than RM and SGD functional currencies is not material and hence, sensitivity analysis is not presented.

The following demonstrates the sensitivity of the Group's profit after tax to a reasonably possible change in the USD, EUR, SGD, GBP, CAD, THB, KYAT and NOK exchange rates against RM as well as in the USD, EUR, GBP, RMB, AED, MYR and AUD exchange rates against SGD, with all other variables held constant:

	Change in currency rate	Effect on profit before tax RM
Group		
2021		
USD/SGD	Strengthened 10%	214,054
	Weakened 10%	(214,054)
EUR/SGD	Strengthened 10%	24,590
	Weakened 10%	(24,590)
GBP/SGD	Strengthened 10%	226,365
	Weakened 10%	(226,365)
RMB/SGD	Strengthened 10%	(244,521)
	Weakened 10%	244,521
AED/SGD	Strengthened 10%	247,975
	Weakened 10%	(247,975)
MYR/SGD	Strengthened 10%	(3,777)
	Weakened 10%	3,777
AUD/SGD	Strengthened 10%	29,023
	Weakened 10%	(29,023)
USD/RM	Strengthened 10%	(685,688)
	Weakened 10%	685,688
EUR/RM	Strengthened 10%	(1,138,795)
	Weakened 10%	1,138,795

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Foreign currency risk (Cont'd)

Currency risk sensitivity analysis

The following demonstrates the sensitivity of the Group's loss after tax to a reasonably possible change in the USD, EUR, SGD, GBP, CAD, THB, KYAT and NOK exchange rates against RM as well as in the USD, EUR, GBP, RMB, AED, MYR and AUD exchange rates against SGD, with all other variables held constant: (Cont'd)

	Change in currency rate	**Effect on loss before tax RM**
Group		
2020		
USD/SGD	Strengthened 10%	87,679
	Weakened 10%	(87,679)
EUR/SGD	Strengthened 10%	152
	Weakened 10%	(152)
GBP/SGD	Strengthened 10%	4,376
	Weakened 10%	(4,376)
RMB/SGD	Strengthened 10%	(339,242)
	Weakened 10%	339,242
AED/SGD	Strengthened 10%	114,345
	Weakened 10%	(114,345)
MYR/SGD	Strengthened 10%	(115,240)
	Weakened 10%	115,240
AUD/SGD	Strengthened 10%	29,594
	Weakened 10%	(29,594)
USD/RM	Strengthened 10%	(723,009)
	Weakened 10%	723,009
EUR/RM	Strengthened 10%	(868,952)
	Weakened 10%	868,952
GBP/RM	Strengthened 10%	(468,828)
	Weakened 10%	468,828
NOK/RM	Strengthened 10%	52,666
	Weakened 10%	(52,666)

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group and the Company manage the interest rate risk of its deposits with licensed financial institutions by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group and the Company manage its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group and the Company constantly monitor its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group and the Company do not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's and of the Company's financial instruments that are exposed to interest rate risk are as follows:

	2021 RM	**2020 RM**
Group		
Fixed rate instruments		
Financial liabilities	2,464,601	12,823,746
Floating rate instruments		
Financial liabilities	104,155,998	113,532,447
Company		
Floating rate instruments		
Financial liabilities	14,848,513	16,156,179

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risks (Cont'd)

(a) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 0.25% interest rate at the end of the reporting period would have increased the Group' and the Company's profit/(loss) before tax by RM260,390 (2020: RM283,831) and RM37,121 (2020: RM40,390) respectively, arising mainly as a result of higher interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Market price risk

Market price 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 prices (other than interest or foreign exchange rates).

The Group and the Company are exposed to equity price risk arising from its investment in quoted instrument. This investment is listed on Bursa Malaysia and is classified as fair value through profit or loss.

Management of the Group and the Company monitors the value of the equity investments by considering the movements in the quoted price. The buy and sell decisions are approved by the Risk Management Committee of the Group.

Market price risk sensitivity analysis

At the reporting date, if the stock indices had been 10% higher/lower, with all other variables held constant, the Group's and the Company's loss before tax would have been RM18,000 (2020: RM343,646) lower/higher, arising as a result of higher/lower fair value gain on held for trading investment in equity instrument.

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

The carrying amounts of short-term receivables and payables, cash and cash equivalents and short-term borrowings approximate their fair value due to the relatively short-term nature of these financial instruments and/or insignificant impact of discounting.

	Fair value of financial instruments carried at fair value				**Total**	**Carrying**
	Level 1	**Level 2**	**Level 3**	**Total**	**fair value**	**amount**
	RM	**RM**	**RM**	**RM**	**RM**	**RM**
Group						
2021						
Financial Asset						
Investment in securities	180,000	-	-	180,000	180,000	180,000
2020						
Financial Asset						
Investment in securities	3,436,456	-	-	3,436,456	3,436,456	3,436,456
Company						
2021						
Financial Asset						
Investment in securities	180,000	-	-	180,000	180,000	180,000
2020						
Financial Asset						
Investment in securities	3,436,456	-	-	3,436,456	3,436,456	3,436,456

NOTES TO THE FINANCIAL STATEMENTS

38. **Financial Instruments (Cont'd)**

(c) Fair values of financial instruments (Cont'd)

The carrying amount of long-term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

The fair value of lease liability is estimated based on future contractual cash flows discounted at incremental borrowing rate for similar type of borrowing at the end of the reporting period.

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.

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

39. **Material Litigation**

(i) Shah Alam Sessions Court Suit No. BA-B52C-22-08/2020

Clamshell Dredging Sdn. Bhd. obtained Summary Judgement application against Destini Shipbuilding and Engineering Sdn. Bhd. ("DSE") for the sum of RM850,000 and interest at 5% per annum.

Parties reached a settlement consensus wherein DSBE shall pay RM944,865.64 via instalments. To date, DSBE have paid RM900,000 and the remaining RM44,865.64 shall be paid on 13.05.2022.

(ii) Shah Alam High Court Suit No. BA-21NCVC-65-09/2020

LHDN obtained a summary judgment for suit 65 against DSBE on 15.06.2021. Judgment sum is RM6,035,736.74 with costs of RM4,000.

LHDN issued a settlement proposal letter dated 24.03.2022, wherein suit 65, to be paid as one amount and to be settled in 7 instalments payment.

(iii) Shah Alam High Court Suit No. BA-21NCVC-64-09/2020

LHDN obtained a summary judgment for suit 64 against DSBE on 10.08.2021. Judgment sum is RM14,141,278 with costs of RM5,000.

LHDN issued a settlement proposal letter dated 24.03.2022, wherein suit 64, to be paid as one amount and to be settled in 7 instalments payment.

NOTES TO THE FINANCIAL STATEMENTS

40. **Significant Events**

Outbreak of coronavirus pandemic

As a result of the Covid-19 pandemic outbreak, the Group's businesses, result of the operation, financial position and cash flows were affected during the financial year with continuing impact in the current and subsequent periods. This has resulted in a significant decline in revenue in the current financial year and after the reporting date.

Beginning in April 2020, the Group had implemented various cost saving measures several strategic initiatives and pursued value-accretive business opportunities including a reduction in various general and administrative costs in response to current market conditions. Further, the management believes that the Group has sufficient cash to meet anticipated cash needs including cash needs for working capital for foreseeable future.

The Group has been granted by MITI for its application to continue operations in Malaysia and this has allowed the Group's business to conditionally operate at varying capacities.

At the reporting date, the Group is financially strong with a net current asset and positive shareholders' fund amounting to RM39,071,382 and RM159,006,221 respectively. Additionally, the Group carries cash and cash equivalents of RM29,832,222 as at 31 December 2021, and has no concerns in the foreseeable future.

The Group performed an assessment on the overall impact of the situation on the Group's operations and financial implications, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there is no material adverse effect on the financial statements for the financial year ended 31 December 2021. As the situation is still evolving and the uncertainty of the outcome of the current events, the Group will continuously monitor the impact of COVID-19 on its business operations and its daily activities. The Group will also be taking appropriate and timely measures in minimising the impact of the pandemic on the Group's operations and financial performance as well as the financial position for the financial year ending 31 December 2021.

NOTES TO THE FINANCIAL STATEMENTS

41. Capital Management

The Group's management manage its capital is to maintain a strong capital base and safeguard the Group's ability to continue as a going concern and maintains an optimal capital structure, so as to maximise shareholders value. The management reviews the capital structure by considering the cost of capital and the risks associated with the capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements. The gearing ratios at end of the reporting period are as follows

	2021 RM	**2020 RM**
Total loans and borrowings	102,687,704	113,385,291
Less: Deposits, bank and cash balances	(48,942,011)	(37,695,059)
Net debt	53,745,693	75,690,232
Total equity	161,101,920	132,448,904
Gearing ratio	33%	57%

There were no changes in the Group's approach to capital management during the financial year.

The Group is not subject to any externally imposed capital requirements.

42. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 28 April 2022.

LIST OF PROPERTIES OWNED
AS AT 31 DECEMBER 2021

Location	Description (sqm)	Current Use	Tenure	Age of Building	Audited Net Book Value as at 31.12.2021	Date of Acquisition
Pt 10495 (Plot T9), L/K Kawasan Perusahaan, Kampung Acheh, 32000 Sitiawan, Perak	4,049	-	Leasehold for a period of 99 years expiring on 9th May 2105 (unexpired term of about 91 years)	-	RM740,752.00	10.07.2006
Lot 61768 (No. 10), Jalan Jurunilai U1/20, Hicom Glenmarie Industrial Park, Section U1, 40150 Shah Alam, Selangor Darul Ehsan	4,180	Office and Workshop	Grant-in-perpetuity (commonly referred to as freehold)	16 years	RM14,772,259.00	04.06.2013
San Yu Town, Nantong Tongzhou City Industry Park, Jiangsu Province, China	11,608	Office and Factory	Leasehold expiring on 1 March 2059 (unexpired term of about 42 years)	7 years	RM1,943,141.00	01.01.2011
No. 10, Jln Cempedak 3, Taman Kota Masai, 81750 Masai, Johor	1,189	Office and Workshop	Freehold	7 years	RM597,533.00	20.03.2013
PN 9102, Lot 60195, Mukim Teluk Kalung, Kemaman, Terengganu	Land area: 1,797 Built up: 311	Office and Workshop	Leasehold for a period of 60 years (expiring on 22 Jan 2062)	-	RM793,613.00	09.10.2014
Open Yard-Phase II, OYP2/03/02 24007 Kemaman Supply Base (Built a yard on rented land)	14,520	Office and Yard	Rent and renew yearly	3 years	RM1,637,885.00	01.05.2013
No. 4, Jalan Kerawang U8/108, Kawasan Perindustrian Tekno Jelutong, 40150 Shah Alam, Selangor Darul Ehsan	Land area: 1,091 Built up: 663	Office and Workshop	Freehold	1 year	RM4,381,162.00	10.09.2014
Lot 15747, NKS Industrial Area, Jalan Pelabuhan Utara, 42000 Pelabuhan Klang, Selangor Darul Ehsan	Land area: 23,160 Built up: 6,361	Office and Factory	Leasehold for a period of 99 years expiring on 27 June 2073	20 years	RM13,509,590.00	01.12.2016

STATISTIC OF SHAREHOLDINGS
AS AT 31 MARCH 2022

A. Share Capital

Total Number of Shares	:	1,663,531,629
Issued Share Capital	:	RM479,827,956.56
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

B. Distribution of Shareholdings

Size of Holding	No. of Shareholders	%	No. of Shares Held	%
Less than 100	47	0.72	1,587	0.00
100 – 1,000	832	12.66	374,524	0.02
1,001 – 10,000	2,280	34.70	14,576,282	0.88
10,001 – 100,000	2,695	41.02	102,397,665	6.16
100,001 and below 5% of issued shares	713	10.85	1,145,482,738	68.86
5% and above of issued shares	3	0.05	400,698,833	24.09
Total	**6,476**	**100**	**1,663,531,629**	**100**

C. Directors' Shareholdings as at 31 March 2022

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Rozabil @ Rozamujib Bin Abdul Rahman	106,626,500	6.410	189,604,745(1)	11.398
2.	Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman	-	-	-	-
3.	Dato' Che Sulaiman Bin Shapie	-	-	-	-
4.	Abdul Rahman Bin Mohamed Rejab	100,000	0.010	-	-
5.	Dato' Mohd Zahir Bin Zahur Hussain	-	-	-	-
6.	Syaiful Hafiz Bin Moamat Mastam	-	-	-	-
7.	Norzilah Binti Mohammed	-	-	-	-

Notes:

(1) Deemed interested under Section 8 of the Companies Act 2016 by virtue of his shareholdings in BPH Capital Sdn. Bhd., R Capital Sdn. Bhd., Utarasama Marine Sdn. Bhd. and Zaleeha Capital Sdn. Bhd.

STATISTIC OF SHAREHOLDINGS

D. Substantial shareholders' Shareholdings as at 31 March 2022

No.	Name of Director	Direct Interest		Indirect Interest	
		No. of Shares	%	No. of Shares	%
1.	Dato' Rozabil @ Rozamujib Abdul Rahman	106,626,500	6.410	189,604,745[(1)]	11.398
2.	Aroma Teraju Sdn. Bhd.	200,000,000[(2)]	12.023	0	0.00
3.	Utarasama Marine Sdn. Bhd.	96,000,333	5.771	0	0.00

Notes:

(1) Deemed interested under Section 8 of the Companies Act 2016 by virtue of his shareholdings in BPH Capital Sdn. Bhd., R Capital Sdn. Bhd., Utarasama Marine Sdn. Bhd. and and Zaleeha Capital Sdn. Bhd.
(2) The ultimate shareholder of Aroma Teraju Sdn. Bhd. is the Ministry of Finance Malaysia.

E. List of 30 Largest Securities Account Holders as at 31 March 2022

NO	NAME OF SHAREHOLDERS	SHARES HELD	%
1	AROMA TERAJU SDN. BHD.	200,000,000	12.02
2	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: PLEDGED SECURITIES ACCOUNT FOR ROZABIL @ ROZAMUJIB BIN ABDUL RAHMAN	104,698,500	6.29
3	KENANGA NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR UTARASAMA MARINE SDN. BHD.	96,000,333	5.77
4	LINC SHARED SERVICES SDN. BHD.	64,398,300	3.87
5	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR ZALEEHA CAPITAL SDN. BHD.	63,467,000	3.82
6	MIRUS HOLDINGS SDN. BHD.	61,040,000	3.67
7	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : URUSHARTA JAMAAH SDN. BHD.	46,204,333	2.78
8	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR SIEW MUN WAI	40,000,000	2.40
9	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM BENG GUAN	35,000,000	2.10
10	MIDF AMANAH INVESTMENT NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LEE SOON KHEAN	35,000,000	2.10
11	KENANGA NOMINEES (ASING) SDN. BHD. BENEFICIARY : EXEMPT AN FOR GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED	34,631,600	2.08

NO	NAME OF SHAREHOLDERS	SHARES HELD	%
12	CITIGROUP NOMINEES (ASING) SDN. BHD BENEFICIARY : EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14)	32,287,600	1.94
13	KENANGA NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR DAYATAHAN SDN. BHD.	31,500,000	1.89
14	CITIGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : GREAT EASTERN LIFE ASSURANCE (MALAYSIA) BERHAD	28,279,359	1.70
15	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM NYUK SANG @ FREDDY LIM	27,078,000	1.63
16	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE	26,765,800	1.61
17	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY: LIM NYUK SANG @ FREDDY LIM	26,095,966	1.57
18	AMSEC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT - AMBANK (M) BERHAD FOR DATO' ONG CHOO MENG	24,300,071	1.46
19	TEE KIAN HENG	20,500,000	1.23
20	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR ABD AZIZ BIN SHEIKH FADZIR	20,000,000	1.20
21	KAMARUDIN BIN MERANUN	17,600,000	1.06
22	PUBLIC NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR LIM FEI NEE	16,352,400	0.98
23	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR ONG CHOO MENG	12,902,700	0.78
24	YAYASAN POK DAN KASSIM	10,760,000	0.65
25	CGS-CIMB NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR KOH CHENG KEONG	10,000,000	0.60
26	LAI HONG CHOO	9,287,200	0.56
27	ZALEEHA CAPITAL SDN. BHD.	8,767,100	0.53
28	MAYBANK NOMINEES (TEMPATAN) SDN. BHD. BENEFICIARY : PLEDGED SECURITIES ACCOUNT FOR BPH CAPITAL SDN. BHD.	8,402,112	0.51
29	PU SIANG YEN	7,843,300	0.47
30	AZLAN BIN MAN	7,695,000	0.46

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Eighteenth (18th) Annual General Meeting ("AGM") of Destini Berhad ("Destini" or "the Company") will be conducted on a fully virtual basis through live streaming and Remote Participation and Voting ("RPV") Facilities from the online meeting platform at https://web.vote2u.my (Domain Registration Numbers with MYNIC D6A471702) on Tuesday, 21 June 2022, at 10.00 a.m. or any adjournment thereof for the purpose of transacting the following businesses:

1.	To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.	(Please refer to Explanatory Note 1)
2.	To re-elect the following Directors who are retiring pursuant to Clause 115(1) of the Company's Constitution and being eligible, have offered themselves for re-election:-	
	i. Dato' Rozabil @ Rozamujib Bin Abdul Rahman	(Ordinary Resolution 1)
	ii. Dato' Che Sulaiman Bin Shapie	(Ordinary Resolution 2)
3.	To approve the payment of Directors' fees payable to directors of the Company for the financial year ending 31 December 2022 and other benefits payable of up to RM400,000.00 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 18 th AGM until the conclusion of the next Annual General Meeting of the Company.	(Ordinary Resolution 3)
4.	To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.	(Ordinary Resolution 4)

As Special Business:

5. To consider and, if thought fit, to pass the following resolutions: (Ordinary Resolution 5)

Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act"), the Constitution of the Company, the Main Market Listing Requirements ("Listing Requirements") of Bursa Malaysia Securities Berhad ("Bursa Securities"), Additional Temporary Relief Measures to Listed Corporations for COVID-19, issued by Bursa Securities on 16 April 2020 and its subsequent letter dated 23 December 2021 on the extension of implementation of the twenty per centum (20%) General Mandate and subject to the approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to issue and allot shares in the Company, at any time to such persons 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 to be issued pursuant to this resolution does not exceed 20% of the total number of issued shares of the Company (excluding treasury shares) at any point in time ("20% General Mandate"); AND THAT the Directors be and are hereby also empowered to obtain approval from the Bursa Securities for the listing and quotation of the additional shares so issued pursuant to the 20% General Mandate on Bursa Securities which would be utilised before 31 December 2022 and thereafter, the 10% general mandate will be reinstated;

AND THAT such authority shall continue to be in force until the conclusion of the next AGM of the Company."

6. **Proposed Renewal of Share Buy-Back Authority for the Purchase of Its Own Ordinary Shares** (Ordinary Resolution 6)

"THAT subject to the Act, the provisions of the Constitution of the Company, the Listing Requirements of Bursa Securities and the approvals of all relevant governmental and/or regulatory authorities, the Company be and is hereby authorised, to the fullest extent permitted by law, to purchase such amount of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company provided that:-

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

i. the aggregate number of shares purchased or held as treasury shares does not exceed 10% of the total number of issued and paid-up shares of the Company as quoted on Bursa Securities as at the point of purchase;
ii. the maximum fund to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements available at the time of the purchase, upon such terms and conditions as set out in the Circular to Shareholders dated 29 April 2022; and
iii. the Directors of the Company may decide either to retain the shares purchased as treasury shares, or cancel the shares, or retain part of the shares so purchased as treasury shares and cancel the remainder, or resell the shares, or transfer the shares or distribute the shares as dividends.

AND THAT the authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:

i. the conclusion of the next AGM at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or
ii. the expiration of the period within which the next AGM of the Company is required by law to be held; or
iii. revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first.

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 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."

7. **Retention of Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman as an Independent Non-Executive Director** (Ordinary Resolution 7)
"THAT approval be and is hereby given to Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman who has served as an Independent NonExecutive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

8. **Retention of Dato' Che Sulaiman Bin Shapie as an Independent Non-Executive Director** (Ordinary Resolution 8)
   "THAT subject to passing of Ordinary Resolution 2, approval be and is hereby given to Dato' Che Sulaiman Bin Shapie who has served as an Independent Non-Executive Director of the Company for a cumulative term of more than nine (9) years, to continue to act as an Independent Non-Executive Director of the Company until the conclusion of the next Annual General Meeting."

9. To transact any other business of the Company for which due notice shall have been given.

BY ORDER OF THE BOARD

Tan Tong Lang (MAICSA 7045482/ SSM PC No. 202208000250)
Thien Lee Mee (LS0009760/ SSM PC No. 201908002254)
Company Secretaries

Selangor Darul Ehsan
Date: 29 April 2022

Notes:

1. A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy may but need not be a member of the Company.
2. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.
3. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of 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.
4. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorised.
5. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at Share Registrar's office (Insurban Corporate Services Sdn Bhd), 149 Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the Annual General Meeting should you subsequently wish to do so.
6. For the purpose of determining a member who shall be entitled to attend the Eighteenth (18th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 14 June 2022. Only members whose name appears on the Record of Depositors as at 14 June 2022 shall be entitled to attend the said meeting or appoint proxies to attend and/or vote on his/her behalf.
7. All the resolutions set out in this Notice of Meeting will be put to vote by poll.
8. The 18th AGM will be conducted fully virtual at the Broadcast Venue, the members are advised to refer to the Administrative Guide on the registration and voting process for the Meeting.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

EXPLANATORY NOTES

1. **Audited Financial Statements for the Financial Year Ended 31 December 2021**

   The Agenda No. 1 is meant for discussion only as Section 340(1) (a) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, this Agenda item is not put forward for voting.

2. **Ordinary Resolution No. 1 & 2 : Re-election of Directors who retire by rotation in accordance with Clause 115(1) of the Company's Constitution**

   Clause 115(1) of the Company's Constitution provides that an election of Directors shall take place each year at the annual general Rotation and meeting of the Company, where one-third (1/3) of the Directors for the time Retirement of being, or, if their number is not three (3) or a multiple of three (3), then the number nearest to one-third (1/3) shall retire from office and be eligible for re- election, PROVIDED ALWAYS that Directors shall retire from office once at least in each three (3) years but shall be eligible for re-election. A retiring Director shall retain office until the close of the meeting at which he retires.

   Dato' Rozabil @ Rozamujib Bin Abdul Rahman and Dato' Che Sulaiman Bin Shapie are standing for re-election as Directors of the Company and being eligible, have offered themselves for re-election.

   For the purpose of determining the eligibility of the Directors to stand for re-election at the 18th AGM, the Nomination and Remuneration Committee ("NRC") has considered and recommended Dato' Rozabil @ Rozamujib Bin Abdul Rahman and Dato' Che Sulaiman Bin Shapie for re-election pursuant to Clause 115(1) of the Company's Constitution.

3. **Ordinary Resolution 3 : To Approve the Payment of Directors' Fees and Other Benefits Payable**

   The Directors' benefits payable comprises of meeting attendance allowances and other claimable benefits.

   In determining the estimated total amount of Directors' benefits, the Board has considered various factors, among others, the estimated claimable benefits and estimated number of meetings for the Board and Board Committees held for the period commencing from the conclusion of the 18th AGM until the next Annual General Meeting of the Company.

4. **Ordinary Resolution 5 : Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

   The proposed Ordinary Resolution 5, if passed, is a general mandate to empower the Directors to issue and allot shares up to an amount not exceeding 20% of the total number of issued share of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company.

   Bursa Securities has via their letter dated 23 December 2021 granted an extension to the temporary relief measures to listed corporations, amongst others, an increase in general mandate limit for new issues of securities to not more than 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). Pursuant to the 20% General Mandate, Bursa Securities has also mandated that the 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2022 and thereafter, the 10% general mandate will be reinstated.

Having considered the current economic climate arising from the global COVID-19 pandemic and future financial needs of the Group, the Board would like to procure approval for the 20% General Mandate, pursuant to Section 76(4) of the Companies Act, 2016 from its shareholders at the forthcoming 18th AGM of the Company.

The 20% General Mandate will provide flexibility to the Company for any possible fundraising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions. The 20% General Mandate, unless revoked or varied by the Company in general meeting, will expire at the end of the 31 December 2022.

After having considered all aspects of the 20% General Mandate, the Board is of the opinion that the adoption of the 20% General Mandate would be in the best interest of the Company and its shareholders, on the basis that it is the most optimum and cost-efficient method of fundraising for the Company.

As at the date of this Notice, no new shares were issued by the Company pursuant to the General Mandate granted to the Directors at the 17th AGM held on held on 29 June 2021 and which will be lapse at the conclusion of the 18th AGM.

5. **Ordinary Resolution 6: Proposed Renewal of Share Buy-Back Authority for the Purchase of Its Own Ordinary Shares**

The Ordinary Resolution 6, if passed, will renew the authority given to the Directors of the Company to purchase Company's shares of up to 10% of the total number of issued shares of the Company by utilising the funds allocated which shall not exceed the total amount of the retained profits of the Company based on the latest audited financial statements and/or the latest management accounts (where applicable) available at the time of purchase of the Proposed Share Buy-Back. The Company has not purchased any of its own shares since obtaining the said mandate from its shareholders at the last Seventeenth (17th) Annual General Meeting held on 29 June 2021.

Further information on the proposed renewal of authority to purchase its own shares is set out in the Circular to Shareholders dated 29 April 2022.

6. **Ordinary Resolution 7: Retention of Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman as an Independent Non-Executive Director**

Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman ("Professor Datin Dr Suzana") has served as Independent Non-Executive Director of the Company since 8 January 2013. The Board through the NRC has carried out the necessary assessment and recommend that she continue to act as Independent Non-Executive Director of the Company based on the following:

a) Professor Datin Dr Suzana is able to exercise independent judgment and act in the best interest of the Company. She has effectively applied her experience and knowledge to discharge her duties and responsibilities as Director of the Company.
b) She participates actively and contribute positively during deliberations at board meetings.
c) She is in compliance with the relevant criteria and provisions in the Listing Requirements of Bursa Securities on independent directors.

Professor Datin Dr Suzana is the Chairperson of Audit Committee and Risk Management Committee and member of NRC. Her profile is set out in the Board of Directors Profile section of the 2021 Annual Report. The Board will be seeking for shareholders' approval at the 18th AGM to retain her as an Independent Non-Executive Director of the Company via a two- tier voting pursuant to the recommendation of the MCCG 2021.

NOTICE OF EIGHTEENTH ANNUAL GENERAL MEETING

7. Ordinary Resolution 8: Retention of Dato' Che Sulaiman Bin Shapie as an Independent Non-Executive Director

Dato' Che Sulaiman Bin Shapie has served as Independent Non-Executive Director of the Company since 8 January 2013. The Board through the NRC has carried out the necessary assessment and recommend that she continue to act as Independent Non-Executive Director of the Company based on the following:

a) Dato' Che Sulaiman Bin Shapie is able to exercise independent judgment and act in the best interest of the Company. He has effectively applied her experience and knowledge to discharge his duties and responsibilities as Director of the Company.
b) He participates actively and contribute positively during deliberations at board meetings.
c) He is in compliance with the relevant criteria and provisions in the Listing Requirements of Bursa Securities on independent directors.a and provisions in the Listing Requirements of Bursa Securities on independent directors.

Dato' Che Sulaiman Bin Shapie is the Chairman of Nomination and Remuneration Committee and member of AC and Option Committee. His profile is set out in the Board of Directors Profile section of the 2021 Annual Report. The Board will be seeking for shareholders' approval at the 18th AGM to retain her as an Independent Non-Executive Director of the Company via a twotier voting pursuant to the recommendation of the MCCG 2021.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

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

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear in the Board of Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Statistics of Shareholdings of this Annual Report.

Please refer to Explanatory Note 4 for information relating to general mandate for issue of securities.

No. of ordinary shares	CDS account no. of authorised Nominee

DESTINI

PROXY FORM

FOR DESTINI BERHAD'S EIGHTEENTH (18TH) ANNUAL GENERAL MEETING

I/We ______________________________ [Full Name in Block Letters]

NRIC No. / Passport No. / Registration No. ______________________________

of ______________________________

______________________________ [Full Address],

[Email Address], ______________________________ [Contact No.] ______________________________

being a member(s) of DESTINI BERHAD ("DESTINI" OR "THE COMPANY"), hereby appoint

Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No. / Passport No.		
Full Address		
Contact No.		
Full Name in Block Letters		Proportion of shareholdings to be presented %
Email Address		
NRIC No. / Passport No.		
Full Address		
Contact No.		
		100%

or failing him/her the Chairman of the meeting as my/our proxy to vote and act on my/our behalf at the Eighteenth (18th) Annual General Meeting of Destini Berhad ("Destini" or "the Company") will be conducted on a fully virtual basis through live streaming and Remote Participation and Voting ("RPV") Facilities from the online meeting platform at https://web.vote2u.my (Domain Registration Numbers with MYNIC D6A471702) on Tuesday, 21 June 2022 at 10.00 a.m. or any adjournment thereof for the purpose of transacting the following businesses:

NO.	RESOLUTIONS	FOR	AGAINST
1.	To re-elect Dato' Rozabil @ Rozamujib Bin Abdul Rahman as Director		
2.	To re-elect Dato' Che Sulaiman Bin Shapie as Director		
3.	To approve the payment of Directors' fees payable to directors of the Company for the financial year ending 31 December 2022 and other benefits payable of up to RM400,000.00 to be divided amongst the Directors in such manner as the Directors may determine for the period commencing from the conclusion of the 18th AGM until the conclusion of the next Annual General Meeting of the Company.		
4.	To re-appoint Messrs UHY as Auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration.		
5.	**As Special Business:** Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
6.	Proposed Renewal of Share Buy-Back Authority for the Purchase of Its Own Ordinary Shares		
7.	Retention of Professor Datin Dr Suzana Binti Sulaiman @ Mohd Suleiman as an Independent Non-Executive Director		
8.	Retention of Dato' Che Sulaiman Bin Shapie as an Independent Non-Executive Director		

(Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Dated this ____________ day of ______________, 2022.

Signature: ______________________________

(If shareholder is a corporation, this form should be executed under seal)

NOTES:

1. *A member of the Company entitled to attend and vote at the meeting is entitled to appoint one or more proxies and attend and vote in his/her stead. A proxy may but need not be a member of the Company.*
2. *Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he/she specifies the proportions of his/her shareholdings to be represented by each proxy.*
3. *Where a member of the company is an exempt authorized nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of 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 authorized nominee may appoint in respect of each omnibus account it holds.*
4. *The instrument appointing a proxy shall be in writing under the hand of the appointor or of his/her attorney duly authorized in writing, or if the appointor is a corporation, either under the corporation's common seal or under the hand of an officer or attorney duly authorized.*
5. *The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at Share Registrar's office (Insurban Corporate Services Sdn Bhd), 149 Jalan Aminuddin Baki, Taman Tun Dr Ismail, 60000 Kuala Lumpur not less than 48 hours before the time appointed for holding the Annual General Meeting or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from attending, participating, speaking and voting in person at the Annual General Meeting should you subsequently wish to do so.*
6. *For the purpose of determining a member who shall be entitled to attend the Eighteenth (18th) Annual General Meeting, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 14 June 2022. Only members whose name appears on the Record of Depositors as at 14 June 2022 shall be entitled to attend the said meeting or appoint proxied to attend and/or vote on his/her behalf.*
7. *All the resolutions set out in this Notice of Meeting will be put to vote by poll.*
8. *The 18th AGM will be conducted on a fully virtual basis via the online meeting platform at https://web.vote2u.my. Members of the Company are advised to refer to the Administrative Guide on the registration and voting process for the Meeting.*

Fold this flap for sealing

AFFIX
STAMP

DESTINI BERHAD [Registration No. 200301030845 (633265-K)]
c/o Insurban Corporate Services Sdn. Bhd.
[Registration No. 198101010136 (76260-W)]
149, Jalan Aminuddin Baki
Taman Tun Dr. Ismail
60000 Kuala Lumpur

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