STELLA
HOLDINGS BERHAD
(199701004603) (420099-X)

ANNUAL REPORT 2021

CONTENTS

CORPORATE PROFILE

Stella Holdings Berhad ("Stella" or "the Company") is an investment holding company listed on the Main Market of Bursa Malaysia Securities Berhad on 17 November 1998.

The principal activities of Stella and its subsidiaries ("the Group") can be segregated into construction, property development, oil & gas support services and healthcare services.

Construction

The Group's construction arm, Mewah Kota Sdn Bhd was established as a construction company 39 years ago and was involved in small and medium sized contracts for building of schools, houses, water treatment plants, pipe laying, security fencing and piling works. From then on, the Group gradually progressed to establish itself as a reliable contractor capable of undertaking bigger and more complex engineering and infrastructure projects nationwide. It has achieved good records in terms of quality and timely completion of works undertaken, all of which attributed to its recognition as a reputable contractor and project manager.

Property Development

In 2019, Stella obtained its shareholders' approval to expand its business into property development which will complement its existing businesses of construction. Its property arm, Paramount Ventures Sdn Bhd has been restructured to undertake property development activities for the Group and has since entered into a few joint ventures for residential and mix development projects in Port Dickson, Kuantan and Kuala Selangor.

Oil & Gas Support Services

In 2013, Stella acquired Iris Synergy Sdn Bhd, a company providing support services to the oil and gas sector. Its core business is to provide solution to all water related systems in the said sector including petrochemical plant and oil rigs.

Healthcare Services

Through a joint venture cum shareholder agreement entered in 2020, Stella has ventured into healthcare services. Stella Kasih Healthcare Sdn Bhd, a 60%-owned subsidiary of Stella will be operating and managing a women and children medical centre in Putrajaya which is expected to start operation in the third quarter of 2021.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Dato' Hj Mohamad Haslah bin Mohamad Amin
Executive Chairman

Dato' Ir. Tan Gee Swan @ Tan Suan Ching
Executive Director

Dato' Lee Tian Hock
Non-Independent Non-Executive Director

Dato' Kamarulzaman bin Jamil
Senior Independent Non-Executive Director

Cik Czarina Alia binti Abdul Razak
Independent Non-Executive Director

Tuan Hj Mohamad Nor bin Abas
Independent Non-Executive Director

Encik Shahrizam bin A Shukor
Independent Non-Executive Director

GROUP CHIEF EXECUTIVE OFFICER
Mr. Ng Jun Lip

AUDIT COMMITTEE
Chairman
Encik Shahrizam bin A Shukor
Members
Dato' Kamarulzaman bin Jamil
Tuan Hj Mohamad Nor bin Abas

NOMINATION COMMITTEE
Chairman
Dato' Kamarulzaman bin Jamil
Members
Cik Czarina Alia binti Abdul Razak
Tuan Hj Mohamad Nor bin Abas

REMUNERATION COMMITTEE
Chairman
Cik Czarina Alia binti Abdul Razak
Members
Dato' Ir. Tan Gee Swan @ Tan Suan Ching
Dato' Kamarulzaman bin Jamil

RISK MANAGEMENT COMMITTEE
Chairman
Encik Shahrizam bin A Shukor
Members
Dato' Kamarulzaman bin Jamil
Tuan Hj Mohamad Nor bin Abas

SUSTAINABILITY COMMITTEE
Chairman
Dato' Hj Mohamad Haslah bin Mohamad Amin
Members
Dato' Ir. Tan Gee Swan @ Tan Suan Ching
Tuan Hj Mohamad Nor bin Abas

SHARE ISSUANCE SCHEME COMMITTEE
Chairman
Dato' Lee Tian Hock
Members
Cik Czarina Alia binti Abdul Razak
Tuan Hj Mohamad Nor bin Abas

EXECUTIVE COMMITTEE
Chairman
Dato' Hj Mohamad Haslah bin Mohamad Amin
Members
Mr. Ng Jun Lip
Mr. Tan Yu Jian
Puan Raizita binti Ahmad @ Harun
Dato' Ir. Hj Mohd Hasdillah bin Hj Hashim
Encik Mohd Azali bin Abdul Rahman
Mr. Ong Yew Soon
Professor Datuk Seri Dr. Satiadass @ Mohamad Aslan Abdullah

COMPANY SECRETARY
Ms. Yew @ Yeoh Siew Yen
(SSM PC No. 201908003496)
(MAICSA 7048094)

REGISTERED OFFICE & BUSINESS ADDRESS
No. 2 Jalan Apollo U5/190
Bandar Pinggiran Subang, Seksyen U5
40150 Shah Alam
Selangor Darul Ehsan
Tel : 603 7847 2900
Fax: 603 7845 5800
E-mail : stella@stella-holdings.com.my
Website : www.stella-holdings.com.my

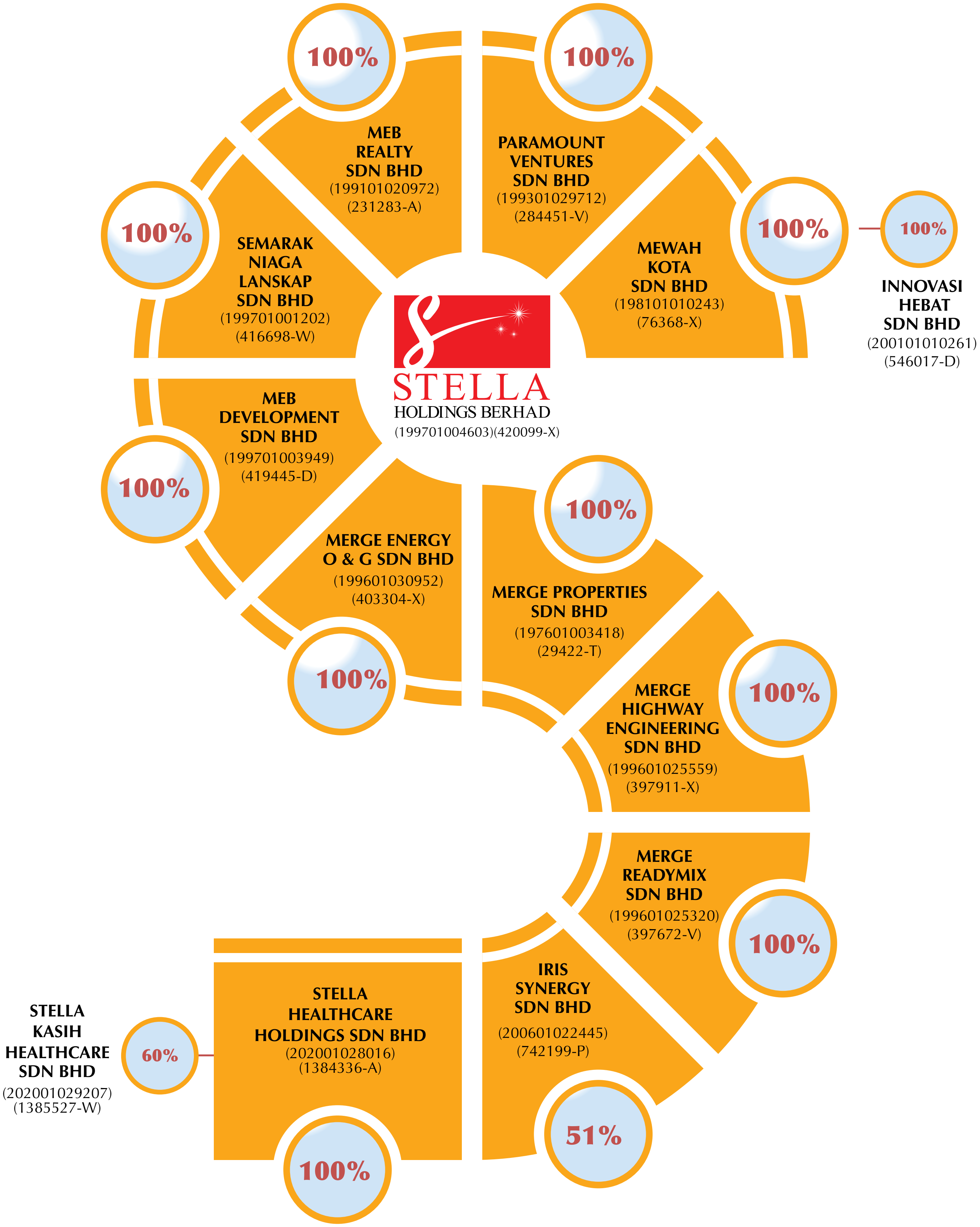
SHARE REGISTRAR
Boardroom Share Registrars Sdn Bhd
11th Floor Menara Symphony
No. 5 Jalan Prof Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor Darul Ehsan
Tel : 603 7890 4700
Fax : 603 7890 4670
E-mail : BSR.Helpdesk@boardroomlimited.com

AUDITORS
Baker Tilly Monteiro Heng PLT
Chartered Accountants
Baker Tilly Tower, Level 10, Tower 1
Avenue 5,Bangsar South City
59200 Kuala Lumpur
Tel : 603 2297 1000
Fax : 603 2282 9980

BANKERS
Malayan Banking Berhad
Maybank Islamic Berhad
AmBank (M) Berhad
AmBank Islamic Berhad
Bank Muamalat Malaysia Berhad
RHB Islamic Bank Berhad

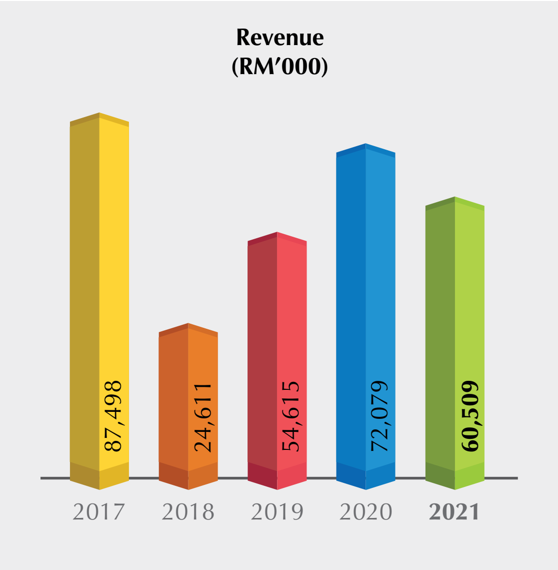
STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad
Construction Sector, Main Market
Stock Code : 5006

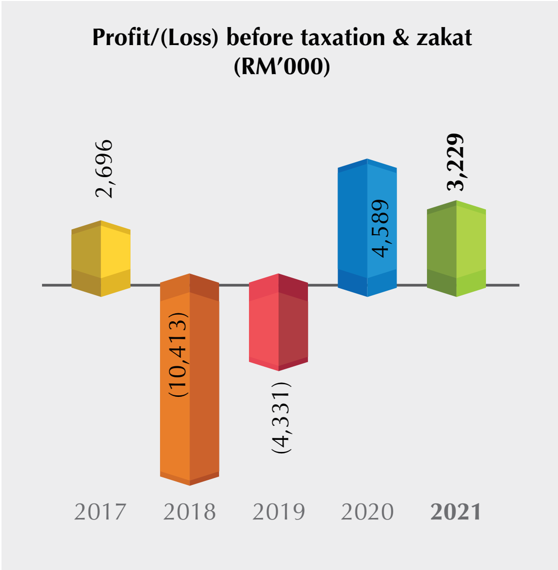
CORPORATE STRUCTURE

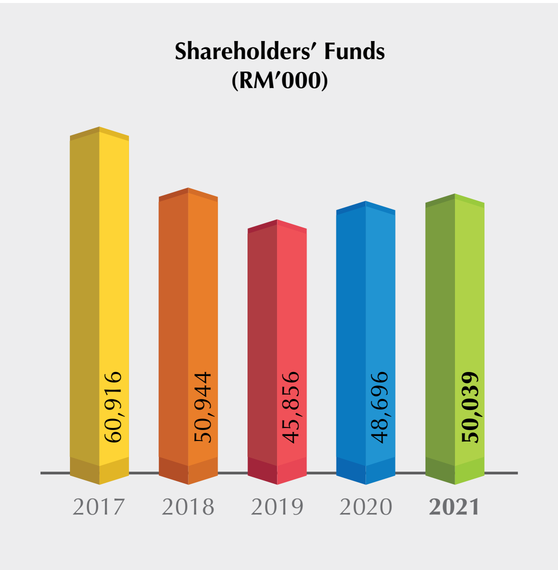


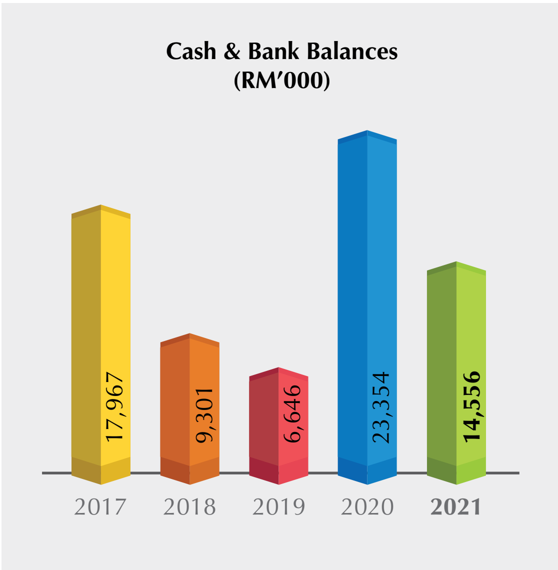
FINANCIAL HIGHLIGHTS

	Audited				
	2017 RM'000	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**
Revenue	87,498	24,611	54,615	72,079	**60,509**
Operating Profit/(Loss)	2,099	(6,571)	(3,788)	4,984	**3,502**
Profit/(Loss) before taxation & zakat	2,696	(10,413)	(4,331)	4,589	**3,229**
Retained Earnings/(Accumulated losses)	(13,796)	(23,769)	(28,857)	16,983	**18,327**
Shareholders' Funds	60,916	50,944	45,856	48,696	**50,039**
Cash & Bank Balances	17,967	9,301	6,646	23,354	**14,556**









EXECUTIVE CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors of Stella Holdings Berhad ("**Stella**" or "**the Company**"), I am pleased to present to you the Annual Report of Stella and its subsidiaries ("**the Group**") for the financial year ended 31 March 2021 ("**FYE 2021**").

Executive Chairman's Statement (cont'd)

FINANCIAL PERFORMANCE

The year 2021 was indeed an arduous year for many businesses. Despite the market uncertainties and challenges arising from the Covid-19 pandemic, I am pleased to report that the Group has successfully recorded its second consecutive year of profitability since the new management took over at the end of 2018.

For the FYE 2021 the Group recorded revenue of RM60.51 million and profit after tax of RM3.00 million as compared to the previous financial year's revenue of RM72.08 million and profit after tax of RM3.38 million respectively.

The profit recorded in the previous financial year 2020 were derived mainly from the disposal of non-core assets and disposal of investment in an associate. The disposal exercises were timely as the proceeds arising from the disposal had strengthen the cash flow position of the Group. With the healthy cash flow, the Group was able to kick start its property development segment which has since became the major contributor to the Group.

We have completed the cleaning-up and reorganisation exercises in financial year 2020 and have then move forward to focus on our core businesses. During the year under review, amidst the challenging operating landscape, we have progress well to record a profit after tax of RM3.00 million which were mainly contributed by our property development segment.

The Group's earnings per share for FYE 2021 also improve to 4.51 sen in comparison to the previous financial year of 4.24 sen.

The Board of Directors has recommended a final single-tier dividend of 2.5 sen per ordinary share in respect of the FYE 2021.

HIGHLIGHTS DURING THE FINANCIAL YEAR

Despite the challenging operating environment faced by construction and property development players, we persevered through and did our best in optimising our earnings.

Our Group has been selective and prudently reviewing the opportunities/projects available to ensure that it only bids for projects that will provide good return to our shareholders.

On 27 August 2020, we have entered into a development rights agreement with Permodalan Negeri Selangor Berhad ("PNSB") to jointly develop a 61.65 acres of PNSB's land in Kuala Selangor into a mixed development with an estimated GDV of approximately RM248.19 million. The project is currently at the planning stage.

In line with the Group's strategy and objective to seek out potential business opportunities, Stella has on 9 October 2020, through a joint venture cum shareholders agreement ventured into healthcare services. Approval has been obtained from the Ministry of Health of Malaysia to operate a women and children's hospital in Putrajaya under Stella Kasih Healthcare Sdn Bhd, our 60%-owned subsidiary. The hospital is expected to be operational in the third quarter of 2021.

The affordable housing project in Port Dickson is expected to be completed in December 2021 and has been recording satisfactory sales since beginning of the year. As at 30 June 2021, 81% of the 257 units of double storey terrace houses have been sold.

The shareholders of the Company has on 1 April 2021 approved the establishment of a Share Issuance Scheme of up to 15% of the total number of issued shares of Stella for eligible employees and directors of the Group ("SIS"). The SIS is to recognise and reward the contribution of employees of the Group whose services are valued and considered vital to the operations and continual growth of the Group.

CORPORATE GOVERNANCE

The Board remains committed to upholding and implementing high standards of corporate governance as well as robust risk management and internal control measures throughout the Group. These elements help to ensure long-term sustainability, preserving the Company reputation and boost investors' confidence. The Group has adopted and implemented the policies and procedures on anti-corruption and whistle-blowing to promote better governance culture and ethical behavior within the Group.

Executive Chairman's Statement (cont'd)

SUSTAINABILITY

At Stella, we focus on undertaking sustainable and responsible business practices in order to deliver a positive impact to our economy, environment and to create values to our communities in which we operates in.

An update on our approach towards sustainability is presented in our Sustainability Report section of this Annual Report.

LOOKING AHEAD

Given that the pandemic is still evolving and the impact of the various movement restrictions, the market environment is expected to remain challenging to the Group for the coming financial year. The rollout of the vaccines and the extent and duration of the containment measures will be the key driver underpinning the optimism of a global and domestic recovery. The Malaysian Government has also announced multiple economic stimulus packages in order to support businesses and households from the impact of the pandemic.

We will continue to focus on our existing core business segments namely construction, property development and oil and gas support services as well as our new business venture in healthcare services. We will continue our efforts to tender for more projects from our existing clients and undertaking more marketing activities to explore new clients within peninsular Malaysia. At the same time, we are also exploring new joint ventures with private as well as government agency to undertake more property development projects.

All in all, we are optimistic about the outlook of the Group based on the exiting projects in hand, prospective contracts as well as the forthcoming contribution from our new healthcare division.

APPRECIATION

On behalf of the Board, I would like to extend my sincere thanks and gratitude to our shareholders for their trust and confidence in the Group. I would also like to convey my deep appreciation to the management and employees for their hard work, commitment and dedication as we continue to grow the Company together.

And our heartfelt appreciation to our valued customers, business associates, bankers, contractors and suppliers for their continuous support. We look forward to this continued relationship and support as we advance towards the coming financial year.

Last but not least, my special thanks to my fellow Board members for their invaluable guidance, contributions and unwavering support to the Group.

Dato' Hj Mohamad Haslah bin Mohamad Amin
Executive Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Overview Group's Business Operations

During FYE 2021, despite the unprecedented outbreak of the COVID-19 pandemic, Stella Holdings Berhad remained on course in achieving our strategic objective to sustain our business growth.

The pandemic causes unforeseen repercussions in local and global communities, impacting communities' socio-economic, well-being, national economies, industries, and businesses.

We continued to generate sustainable outcome and return within our core business segments of construction, property development and oil and gas support services. Stella further strengthened its corporate strategy by diversifying into healthcare services to operate a women and children specialist hospital in Putrajaya under Stella Kasih Healthcare Sdn Bhd. The hospital is expected to be operational in the third quarter of 2021.

Group Financial Review

Group		RM Million
Revenue	FY2021	60.51
	FY2020	72.08
PAT	FY2021	3.00
	FY2020	3.38

Construction		RM Million
Revenue	FY2021	26.18
	FY2020	62.76
PAT	FY2021	0.16
	FY2020	6.00

Property Development		RM Million
Revenue	FY2021	29.45
	FY2020	0.035
PAT	FY2021	4.25
	FY2020	(0.73)

Oil & Gas Support Services		RM Million
Revenue	FY2021	4.79
	FY2020	9.26
PAT	FY2021	0.27
	FY2020	1.10

The Group recorded a 16% decrease in revenue from RM72.08 million in FYE 2020 to RM60.51 million in FYE 2021 due to lower contributions from construction and oil & gas support services segments. However, the Group revenue was cushioned by the property development segment, which contributed 49% of the Group revenue.

The construction segment revenue declined significantly by 58%, from RM62.76 million in FYE 2020 to RM26.18 million in FYE 2021. The substantial decline in revenue is mainly due to the challenge of replenishing our order book and the progress of the projects and billings, which has been dramatically affected by the multiple phases of Movement Control Order (MCO) and stricter Standard Operating Procedure (SOP) imposed by the government. In addition, the major contributor to the segment earnings, namely the Development of Pagoh Water Treatment Plant project, has been completed during the year. Nonetheless, the newly awarded project from Sime Darby Property (Nilai) Sdn Bhd with a contract value of RM20.97 million will enhance the revenue in the next financial year.

The oil and gas support services also shown a significant decline in revenue by 48%, from RM9.26 million in FYE 2020 to RM4.79 million in FYE 2021, due to a significant decrease in crude oil prices, from an average of US$71 per barrel in May 2019 to US$36 per barrel in May 2020.

The property development segment recorded commendable revenue to the Group due to acceleration of progress on construction, billings, and loan approvals of double-story terrace affordable houses at Taman Sengkang development.

The profit after tax reduced slightly to RM3.00 million in FYE2021, from RM3.38 million in FY2020, despite a 16% decrease in revenue contribution. The Property Development segment was the major contributor to the Group's profits for FYE 2021.

The Group's total assets increased by 21% from RM82.06 million in FYE 2020 to RM99.21 in FYE 2021, arising from affordable housing at Taman Sengkang Property Development Project, which commenced development in the last quarter of FYE 2020.

During the year, the Group's total liabilities increased from RM31.16 million in FYE 2020 to RM46.58 million in FYE 2021. The rise in liability was due to an increase in bank borrowings, including term loans, revolving credits, and overdrafts, which were utilised to fund the Group's expansion and existing business activities.

Management Discussion and Analysis (cont'd)

Business and Financial Overview

Construction Segment

In FYE 2021, the construction segment recorded revenue of RM26.18 million (FYE2020: RM62.76 million) and profit after tax of RM163,350 (FYE2020: RM6 million). The substantial decline in revenue and profits mainly due to the challenge of replenishing our order book and the progress of the projects and billings which has been dramatically affected by the multiple phases of Movement Control Order (MCO) and stricter Standard Operating Procedure (SOP) imposed by the government in combating the COVID-19 pandemic. In addition, the major contributor to the segment revenue, derived from the Development of Pagoh Water Treatment Plant project, has been completed during the year.

The segment is also impacted by the increase in the price of construction materials, foreign currency, and labour costs. These costs are highly dependent on the government's policy, international and domestic market conditions, foreign currency exchange, and other outside influences. We continue to focus on completing projects within the agreed or revised timeframe to avoid Liquidated Ascertained Damages (LAD) and the loss of potential claims. We will continue to monitor the price of materials and take proactive measures to ensure the project cost to be within budget to maximise returns.

The construction segment has two ongoing projects, namely the Development of Langat 2 Water Treatment Plant and Water Reticulation System progressing at 72% completion, and Operating Leachate Water Treatment Plant maintenance work reaching completion in August 2021. Despite various challenges, we are focus on completing the job on the completion date without any cost overrun and penalty.

The segment has been awarded a project from Sime Darby Property (Nilai) Sdn Bhd with a contract value of RM20.97 million during the financial year to construct water treatment infrastructure works for 18 months. The newly awarded project is expected to enhance the revenue in the next financial year. The construction segment is actively bidding and submitting selective tenders/ proposals for a new opportunity.

Oil & Gas Support Services Segment

The oil and gas support services segment contributed revenue of RM4.79 million for FYE 2021, which declined 48% from the previous year's revenue of RM9.26 million. The division made a profit after tax of RM266,731 for FYE 2021 as compared to FYE 2020 of RM1.10 million. The declines in revenue are mainly due to the unstable crude oil prices and cautious spending on CAPEX by government.

The COVID-19 pandemic outbreak has diminished the number of projects available in the industry. Together with the effort of the government of Malaysia in combating the pandemic, both private and government sector has deferred the launching of new projects and reducing the number of potential tendering options. This results in a more competitive market and an increase in cost to secure the tender.

Despite the uncertainty in the market, the oil and gas support services segment has successfully secured multiple projects consisting of maintenance and equipment supply jobs. As of May 2021, the total value of the new work order secured is RM4.15 million, and numerous other projects expecting to be received. The crude oil price has begun to increase from US$42 per barrel in June 2020 to US$75 per barrel in June 2021. The oil and gas support services segment confident that with the increase in crude oil price, their future revenue will rebound back to last year's results or even better.

Management Discussion and Analysis (cont'd)

Property Development Segment

The property development segment reported revenue of RM29.45 million and profit after tax of RM4.25 million in FYE 2021 as compared to RM35,000 in revenue and loss after tax of RM726,000 in FYE 2020. The commendable results during these challenging times were attributed to the encouraging sales performance of the Taman Sengkang project launched in August 2020, which consists of 257 units of double-story terrace houses and five shop lots. In addition, we completed more than 60% of the construction progress and recorded an 81% take-up rate as of June 2021. The target completion of this project is the third quarter of FYE 2022.

On 27 August 2020, we entered into a development rights agreement with Permodalan Negeri Selangor Berhad ("PNSB") to develop 61.65 acres of PNSB's land in Kuala Selangor, a mixed development with an estimated GDV of RM248.19 million. The project is currently at the planning stage.

Nonetheless, property development is exposed to the risk of local property market performance. The number of residential property overhangs has increased by 3.3% between 2020 to 2021. The residential market's downward sloping trend is due to the implementation of Movement Control Order (MCO) and the increasing number of purchasers' loan rejections due to financial constraints. We believe that policies such as the reintroduction of Home Ownership Campaign (HOC), Real Property Gains Tax (RPGT) exemption, and lowering the Overnight Policy Rate to 1.75% will help to curb the downward trend of the market.

Healthcare Services Segment

On 9 October 2020, the Group has entered into a Joint Venture cum Shareholders Agreement with Kasih Holdings Sdn Bhd and Stella Kasih Healthcare Sdn Bhd. Under the joint venture, Stella Kasih Healthcare Sdn Bhd holds 60%, and Kasih Holdings Sdn Bhd has 40%.

The principal activities of Stella Kasih Healthcare Sdn Bhd are to establish, manage and operate women and children hospital, located at Putrajaya and currently under construction. It is expected to commence operation in third quarter 2021.

Kasih Hospital is our pioneer project, and future expansion is already in the discussion.

Prospect and Outlook

We expect the year 2022 to have its fair share of challenges, as our nation and business effect economic recovery and business rejuvenation on the back of the reimposition of MCO 3.0 by the government on 7 May 2021 and the phased dissemination of the COVID-19 vaccine in Malaysia since April 2021.

To continue to sustain our business growth and development, the Group will actively seek out opportunities within our core segments, namely construction, property development, oil and gas support services, and our new business venture in healthcare services. We will maintain our focus on our existing projects to ensure timely completion and high-quality project delivery to our clients. The Group will continue to participate in project proposals and upcoming tenders from our existing clients and explore new ventures with private and government agencies to undertake more property development projects.

We will also reorganize our workforce to enhance our skills and knowledge to ensure the continuous delivery of quality services for the client. On 1 April 2021, the shareholders have approved the establishment of a Share Issuance Scheme (SIS) of up to 15% of the total number of issued shares of Stella for eligible employees and directors of the Group. The SIS is to recognize and reward the contribution of employees of the Group whose services are valued and considered vital to the operations and continued growth of the Group.

Although we expect the challenges and effects of the COVID-19 pandemic to persist over the next two years, we remain focused on the execution of our strategies within our various business segments towards the Group's long-term growth and value creation prospects.

PROFILE OF DIRECTORS

DATO' HJ MOHAMAD HASLAH BIN MOHAMAD AMIN
Executive Chairman
Malaysian, Age 68, Male

Date of Appointment
29 November 2018

Board Committees Membership
Executive Committee (Chairman)
Sustainability Committee (Chairman)

Academic/Professional Qualification
Diploma in Banking, Institute of Bankers, London, United Kingdom

Board Meeting Attendance
Attended all four (4) Board meetings held in the financial year ended 31 March 2021

Experiences
Dato' Hj Mohamad Haslah started his career with Malayan Banking Berhad ("Maybank") Group in 1974. Some of the key positions held by Dato' Hj Mohamad Haslah during his 20 years with the Maybank Group were Branch Manager, Regional Manager of Maybank, Malaysia and President Director of PT Maybank Nusa International, Indonesia.

In 1995, he joined Peregrine Fixed Income Limited, Hong Kong as its Executive Director. He subsequently joined Fleet Boston, NA, Singapore as Country Director in 1999. From 2000 to 2001, he was the Financial Advisor of Pacific Plywood Holdings Limited, Hong Kong. In 2004, Dato' Hj Mohamad Haslah was appointed as the Chief Executive Officer of MBI, a Negeri Sembilan state owned entity, a position he held until 2014.

He is the Non-Independent Non-Executive Chairman of Matrix Concepts Holdings Berhad since 2 April 2012. Presently, he also sits on the board of numerous private limited companies.

Save as disclosed above, he does not hold any directorships in other public companies and listed issuers.

Profile of Directors
(cont'd)

DATO' Ir. TAN GEE SWAN @ TAN SUAN CHING
Executive Director
Malaysian, Age 65, Male

Date of Appointment
29 November 2018

Board Committees Membership
Remuneration Committee (Member)
Sustainability Committee (Member)

Academic/Professional Qualification
Bachelor's Degree in Engineering (Hons), Universiti Malaya
Corporate Member of The Institute of Engineers Malaysia
Professional Engineer registered with The Board of Engineers Malaysia

Board Meeting Attendance
Attended all four (4) Board meetings held in the financial year ended 31 March 2021

Experiences
Dato' Ir. Tan started his career as a Water Works Engineer in JKR Headquarter, Jabatan Bekalan Air in 1981. From 1983 to 2001, he worked as a Civil & Structural Engineer in Ranhill Bersekutu Sdn Bhd, Reka Professional Corp Sdn Bhd, Reka Engineering Consultant, Promo Engineering Construction Sdn Bhd and Era Baru Sdn Bhd.

From 2001 until to-date, he is the Managing Director of Mega 3 Housing Sdn Bhd, Pembinaan PLC Sdn Bhd, Westiara Development Sdn Bhd and Edenlink Sdn Bhd, which are principally involved in among others property development, building construction and project management. Dato' Ir. Tan has more than 30 years of experience in civil and structural engineering as well as property development.

He does not hold any directorships in other public companies and listed issuers.

Profile of Directors (cont'd)

DATO' LEE TIAN HOCK
Non-Independent Non-Executive Director
Malaysian, Age 63, Male

Date of Appointment
30 January 2019

Board Committees Membership
Share Issuance Scheme Committee (Chairman)

Academic/Professional Qualification
Degree in Housing, Building and Planning, Universiti Sains Malaysia

Board Meeting Attendance
Attended all four (4) Board meetings held in the financial year ended 31 March 2021

Experiences
Dato' Lee has more than 37 years of experience in the property development industry where he had held various executive positions throughout his career. In 1992, he was the General Manager with N.S. Industrial Development Corporation Sdn Bhd and was seconded to NS Township Development Sdn Bhd where he was involved in the general management of the development of the Bandar Baru Nilai Township (now known as Putra Nilai) which covers an area of approximately 6,000 acres and with GDV of approximately RM5.5 billion.

In 1995, Dato' Lee was appointed as the Managing Director of Semangat Tinggi Sdn Bhd which he assisted the development of luxurious bungalows with a total estimated GDV of RM55 million wherein 80% of bungalow units were sold during launch.

He later sold his equity interest in Semangat Tinggi Sdn Bhd and founded the Matrix Concepts Group in 1996 and was appointed as the Group Managing Director on 2 April 2012. He oversaw the maiden development of the medium cost mixed housing scheme known as Taman Bahau in Bahau, Negeri Sembilan. Taman Bahau was launched by the then Menteri Besar of Negeri Sembilan on 7 August 1997 with a GDV of approximately RM35 million. Since then, he has successfully led Matrix Concepts Group to become a reputable developer in Negeri Sembilan and Johor including two (2) major townships which are flagship developments of Matrix Concepts Group among many other mixed residential and commercial development. On 28 May 2013, he successfully listed Matrix Concepts Holdings Berhad on the Main Market of Bursa Malaysia Securities Berhad under the Property sector with a market capitalisation of RM660 million which has since grown to the current market capitalisation of RM1.6 billion. Currently, Dato' Lee is the Group Executive Deputy Chairman of Matrix Concepts Holdings Berhad.

Besides holding the posts of Advisors in numerous local charitable organisations and associations, Dato' Lee is also the President of Negri Sembilan Chinese Maternity Association, Seremban as well as the President of Pusat Hemodialisis Mawar, Seremban.

Save as disclosed above, he does not hold any directorships in other public companies and listed issuers.

Profile of Directors
(cont'd)

DATO' KAMARULZAMAN BIN JAMIL
Senior Independent Non-Executive Director
Malaysian, Age 66, Male

Date of Appointment
1 September 2015

Board Committees Membership
Nomination Committee (Chairman)
Audit Committee (Member)
Remuneration Committee (Member)
Risk Management Committee (Member)

Academic/Professional Qualification
Bachelor's Degree in Economics, Universiti Kebangsaan Malaysia

Board Meeting Attendance
Attended three (3) out of four (4) Board meetings held in the financial year ended 31 March 2021

Experiences
Dato' Kamarulzaman has extensive experience and knowledge in areas related to public services, human resource management and land administration as he had held various prominent position in his 35 years of services in various government departments/ offices, among others in the Ministry of Transport, District and Land Offices, Public Services Department and Selangor Land and Mines Office. Dato' Kamarulzaman last held position was as the Director of Land and Mines with the Selangor Land and Mines Office where he served until he retired in January 2015.

Presently he is a board member of Urus Maju Ehsan (M) Sdn Bhd, Perbadanan Wakaf Selangor since 1 February 2015 and a director of IIUM Properties (M) Sdn Bhd, the property arm of Universiti Islam Antarabangsa since 3 September 2018.

He is also one of the appeal board member (Lembaga Rayuan Negeri Selangor) of Jabatan Perancangan Bandar dan Desa Negeri Selangor, an agency under the Selangor State Government for 3 years' term effective from 1 January 2018 until 31 December 2020 and thereafter has been extended for another term from 1 January 2021 until 31 December 2023.

Dato' Kamarulzaman does not hold any directorships in other public companies and listed issuers.

Profile of Directors
(cont'd)

CZARINA ALIA BINTI ABDUL RAZAK
Independent Non-Executive Director
Malaysian, Age 49, Female

Date of Appointment
30 January 2019

Board Committees Membership
Remuneration Committee (Chairman)
Nomination Committee (Member)
Share Issuance Scheme Committee (Member)

Academic/Professional Qualification
Degree in Civil Engineering, Universiti Teknologi Malaysia
Certified Career Coach

Board Meeting Attendance
Attended all four (4) Board meetings held in the financial year ended 31 March 2021

Experiences
Cik Czarina is the Managing Director of Matiin Education Services Sdn Bhd and CZR Consulting Sdn Bhd. She has 24 years of experience in recruitment as well as human capital consulting experience from Kelly Services (M) Sdn Bhd, a multinational staffing company, and CareerXcell Sdn Bhd. Her strengths in human capital, strategic sales management and investor relations provide her a wide leverage in delivering high performance results in an equally high competitive market.

Her experience covers international and local recruitment, recruitment process outsourcing, strategic business development, workforce transformation and training management. Cik Czarina is a certified Career Coach. She was also the Board member of Majlis Amanah Rakyat (MARA) from 2010 to 2011.

Highlights of her professional experience includes delivering key account management in various human capital services and setting up a middle-east recruitment and human capital operation based in Saudi Arabia. She also led the implementation of the Graduate Employment Programme, under the Ministry of Higher Education, Ministry of Human Resource to increase the employability of the graduates and ensure placement in high value positions. The project saw a successful placement of more than 80% of the unemployed graduates.

She was involved in building and cultivating exceptionally strong investor relations for successful consulting work in Germany, London and Oman. She is currently managing Mergers & Acquisition of businesses for Japanese Investors in Malaysia.

Cik Czarina was appointed as a representative for the Commonwealth Environmental Investment Platform (CEIP) in Malaysia for her successful collaboration work with CEIP from 2014 to present. This business relation also involves CEIP sponsor Clarkslegal LLP and its connected Forbury companies which altogether increase trade and investment opportunities between the United Kingdom and Malaysia.

She also successfully managed the Leadership Talent Bench strength Analysis project, under the Ministry of Higher Education to establish the current state of leadership talent readiness among the academic workforce in Malaysia's higher education sector. She was also involved in the capacity of an Assessor for this project.

Cik Czarina does not hold any directorships in other public companies and listed issuers.

Profile of Directors
(cont'd)

TUAN HJ MOHAMAD NOR BIN ABAS
Independent Non-Executive Director
Malaysian, Age 66, Male

Date of Appointment
6 May 2019

Board Committees Membership
Audit Committee (Member)
Nomination Committee (Member)
Risk Management Committee (Member)
Sustainability Committee (Member)
Share Issuance Scheme Committee (Member)

Academic/Professional Qualification
Master in Business Administration, Ohio University, USA
Degree in Business Administration, Ohio University, USA

Board Meeting Attendance
Attended all four (4) Board meetings held in the financial year ended 31 March 2021

Experiences
Tuan Hj Mohamad Nor has an extensive experience in managing a full spectrum of human resources function with over 35 years in the management level for various reputable organisation.

His previous work experiences include as a Recruitment Manager with Malayan Banking Bhd (1981-1993), Senior Manager, Personnel, Training & Administration with Kewangan Bersatu Bhd (1993-1995), Vice President, Human Resources with Bank of Commerce Bhd (1995-1997), Senior Manager, Human Resources with Nationwide Express Courier Services Bhd (1997-2007), Senior Vice President, Human Capital Management with MNRB Holdings Bhd (2007-2010) and Senior Consultant with Mauve Associate Consulting Sdn Bhd (2011-2014). His last held position was as the Head, Group Human Resources and Administration with Matrix Concepts Holdings Bhd (2014-2019).

He does not hold any directorships in other public companies and listed issuers.

Profile of Directors
(cont'd)

SHAHRIZAM BIN A SHUKOR
Independent Non-Executive Director
Malaysian, Age 49, Male

Date of Appointment
6 May 2019

Board Committees Membership
Audit Committee (Chairman)
Risk Management Committee (Chairman)

Academic/Professional Qualification
Bachelor of Accountancy (Hons), Universiti Putra Malaysia
Member of the Malaysian Institute of Accountants
Associate Member of CPA, Australia

Board Meeting Attendance
Attended all four (4) Board meetings held in the financial year ended 31 March 2021

Experiences
Encik Shahrizam is a Chartered Accountant and has more than 25 years of auditing, accounting and corporate finance experiences across various industries. He started his career at Coopers & Lybrand in 1996 and then joined Azman, Wong Salleh & Co. in the audit and advisory services and covered industries such as construction, agriculture, manufacturing, trading, banking and finance. He then set up his own financial advisory firm, known as Westland Consulting Sdn Bhd.

Currently, he is the founder and consultant at Shahrizam Shukor & Co. Prior to that, he was the Chief Financial Officer of Seri Pacific Hotel Corporation Sdn Bhd and was previously the Chief Financial Officer of TH Travel & Services Sdn Bhd, a wholly-owned subsidiary of Lembaga Tabung Haji. Encik Shahrizam is also a Director of PDT Technique Sdn Bhd, a subsidiary of Permodalan Darul Ta'zim since 19 December 2019.

He also sits on the Board of Damansara Holdings Berhad (formerly known as Damansara Realty Berhad).

Save as disclosed above, he does not hold any directorships in other public companies and listed issuers.

Note:

Save and except for what was disclosed in this Annual Report, NONE of the Directors:-

i) have any family relationship with any Director and/or major shareholder of the Company;
ii) have any conflict of interest with the Company;
iii) have any convictions for offences (other than traffic offences) within the past 5 years; and
iv) have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

NG JUN LIP

Group Chief Executive Officer
Malaysian, Age 43, Male

Mr Ng Jun Lip was appointed as the Chief Corporate Officer of Stella Group on 1 February 2019. Subsequently, he was appointed as the Group Chief Executive Officer of Stella Group on 1 July 2020.

He graduated with Bachelor of Commerce, majoring in Accounting and Finance from Curtin University of Technology in Perth, Australia in 2000 and in 2001, he further obtained his Postgraduate Diploma in Business, majoring in Information Systems. In 2002, he obtained his Master of Business Administration from University of Western Australia in Perth, Australia.

He commenced his career as an Executive at the Corporate Finance Department in RHB Investment Bank Berhad from 2002 to 2007 in which he was involved in various corporate exercises, such as IPO, merger and acquisition, reverse takeover, debt restructuring and fund raising.

Thereafter, he joined Bun Seng Hardware Sdn Bhd as its Financial Controller in 2007 and was promoted as the Head of Finance of Bunseng Holdings Berhad, the investment holding company of Bun Seng Hardware Sdn Bhd until his resignation in May 2013.

Subsequently in June 2013, he joined Matrix Concept Holdings Berhad ("Matrix Concepts") as the Personal Assistant to the Chairman of Matrix Concepts to assist in reviewing and implementing corporate proposals, operational performance as well as investor relations of the group. He left Matrix Concept in December 2014.

He joined Cabnet Systems (M) Sdn Bhd in January 2015 as the Finance Director and assumed the position as the Executive Director/ Chief Financial Officer of Cabnet Holdings Berhad in September 2015. He left Cabnet Holdings Berhad in March 2017 and re-joined Matrix Concepts as the Executive Assistant to its Chairman in April 2017.

Mr. Ng Jun Lip does not hold any directorship in public companies and listed issuers and he currently has a direct interest of 17,000 ordinary shares in Stella.

RAIZITA BINTI AHMAD @ HARUN

Chief Financial Officer
Malaysian, Age 53, Female

Puan Raizita was redesignated as the Chief Financial Officer of Stella Group on 30 January 2019. She was the Executive Director of Stella from 1 September 2015 until 30 January 2019. Prior to her appointment as Executive Director, she was the Senior General Manager of Finance and Accounts Division, responsible for the overall financial management. Her current responsibilities including formulation of policies, corporate finance, treasury, risk management, compliances and best practices of accounting policies for Stella Group.

She graduated with Bachelor of Science in Administration (Accountancy) from California State University, Sacramento in 1990.

Puan Raizita has more than 30 years working experience and 17 years financial leadership position with Stella Group. She has advised the Board on numerous project-financing arrangements, structured debts and schemes of arrangements and represented the Company in several major corporate exercises.

She does not hold any directorship in public companies and listed issuers.

Profile of Key Senior Management (cont'd)

TAN YU JIAN

Chief Operating Officer
Malaysian, Age 39, Male

Mr Tan Yu Jian was appointed as the Chief Operating Officer of Stella Group on 1 December 2018.

He obtained his Bachelor's Degree in Electrical and Electronics Engineering from University of Tenaga Nasional, Malaysia in 2005.

After graduating in 2005, he commenced his career as a Sales Executive with Mega 3 Housing Sdn Bhd. He was involved in the project planning for the development projects of Mega 3 Housing Seremban & Melaka. Subsequently, he was promoted as a Director of Mega 3 Housing Sdn Bhd and was responsible for the setting up of branch offices in Salak Sepang and Teluk Panglima Garang, Kuala Langat in Selangor.

Mr Tan Yu Jian does not hold any directorship in public companies and listed issuers.

His father, Dato' Ir. Tan Gee Swan @ Tan Suan Ching, is the Executive Director and a major shareholder of Stella. Save as disclosed, he does not have any family relationship with any other directors and/or major shareholders of Stella.

DATO' IR. HJ MOHD HASDILLAH BIN HJ HASHIM

Chief Executive Officer of Mewah Kota Sdn Bhd, a wholly-owned subsidiary of Stella
Malaysian, Age 55, Male

Dato' Ir. Hj Mohd Hasdillah was appointed as Consultant / Project Director on 1 February 2019 and was subsequently appointed as the Chief Executive Officer of Mewah Kota Sdn Bhd on 1 May 2019.

He graduated with a Bachelor of Science in Civil Engineering from Bradley University Peoria, Illinois, Unites States of America in 1988.

Dato' Ir. Hj Mohd Hasdillah has over 30 years of extensive experience in the construction and water related industry. His expertise also includes areas in project consultancy, management, construction and housing development. He was the Managing Director of Bentara Bakti Sdn Bhd from 2006 until present. Dato' Ir. Hj Mohd Hasdillah started his career as a Site Agent with Machinda Sdn Bhd from 1989 to 1990. He then joined Asia Baru Construction Sdn Bhd as Site Engineer from 1990 to 1991. From 1993 to 1996, he was appointed as Director of Engineering in international company, Hyatt Regency Hotel Johor Bahru. Subsequent to that, Dato' Ir. Hj Mohd Hasdillah joined Kumpulan Astulin Pahang Bhd from 1996 to 2002 which was involved in housing development and constructions, where he was appointed as Executive Director for Angkasa Tulin Sdn Bhd. In 2008, he joined hGc Consulting Engineer as Principal - Civil and Structural Consulting Engineer.

Dato' Ir. Hj Mohd Hasdillah is a registered Professional Engineer with Practising Certificate (Civil) from Board of Engineers Malaysia. He is also involved in non-governmental organization (NGO), elected as the President for the Persatuan Penduduk Kiara View, Desa Sri Hartamas.

He does not hold any directorships in public companies and listed issuers.

Profile of Key Senior Management (cont'd)

MOHD AZALI BIN ABDUL RAHMAN

Managing Director of Iris Synergy Sdn Bhd ("Iris Synergy"), a subsidiary of Stella
Malaysian, Age 56, Male

Encik Mohd Azali was appointed as Managing Director of Iris Synergy on 1 January 2013 and heads Iris Synergy, responsible for the overall operation and management of Iris Synergy. He is also a shareholder of Iris Synergy.

He graduated with a Bachelor of Science in Chemistry from University of Alabama in 1987.

He started his career with Malaysia Mining Corporation ("MMC") as Project Engineer developing hydrometallurgical testing in a copper mining development. After 3 years with MMC, he joined Nalco Chemicals and GE Water in providing chemical solution for water treatment in Oil & Gas industries.

After 10 years, Encik Mohd Azali started his own private company concentrating into Oil & Gas industries. The company grows into a one stop centre for all water related requirement for Oil & Gas industries. Currently, Iris Synergy is working with reputable manufacturer and technology provider in offering the solution to the water related needs in Malaysia Oil & Gas industries.

He does not hold any directorship in public companies and listed issuers.

ONG YEW SOON

Chief Executive Officer of Paramount Ventures Sdn Bhd, a wholly-owned subsidiary of Stella
Malaysian, Age 62, Male

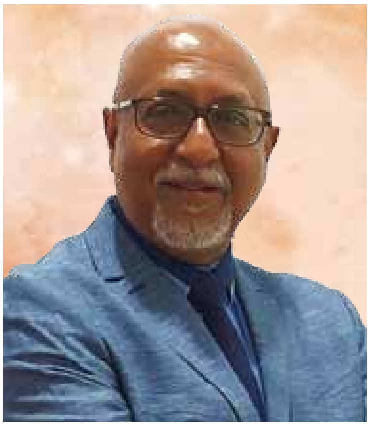
Mr Ong Yew Soon joined Stella Group as a General Manager on 10 September 2019 to head the Property Development Division of the Group. Subsequently, he was appointed as the Chief Executive Officer of Paramount Ventures Sdn Bhd on 10 September 2020.

He graduated with a Bachelor of Science (Hon) Degree in Housing, Building and Planning from Universiti Sains Malaysia in 1984. In 1999, he was admitted as an Incorporate of the Chartered Institute of Building.

Mr Ong has more than 30 years of extensive experience in property development industry, having been working in senior position overseeing various type of joint-venture development with state government and private corporations including housing estate, industrial estate, high rise condominium, office block as well as hypermarket.

He does not hold any directorship in public companies and listed issuers.

Profile of Key Senior Management (cont'd)



PROFESSOR EMERITUS DATUK SERI DR. SATIADASS @ MOHAMAD ASLAN ABDULLAH
Chief Executive Officer of Stella Kasih Healthcare Sdn Bhd, a subsidiary of Stella
Malaysian, Age 66, Male

Professor Emeritus Datuk Seri Dr. Satiadass was appointed as the Chief Executive Officer of Stella Kasih Healthcare Sdn Bhd on 1 January 2021 to head the healthcare division of the Group.

He holds a double PhD in Hospital Management, an MBA in General Management, Diploma in Hospital Administration, Higher Diploma in Administrative Management, Diploma in Business Management and a Diploma in Personnel Management.

Professor Emeritus Datuk Seri Dr. Satiadass has more than 30 years' experience in the healthcare industry, both locally and oversea (Abu Dhabi). He has worked in hospitals like Adventist Hospital Penang, Normah Medical Specialist Hospital Kuching, Hospital Pantai Air Keroh, Perak Community Specialist Hospital Ipoh, NS Chinese Maternity Hospital Seremban and Mawar Medical Centre Seremban. In the international front, he completed a 184 beds hospital (Bareen International Hospital in Abu Dhabi) started and commissioned it before returning to Malaysia. He was the Hospital Consultant for the 398 beds Matrix Specialist Hospital in Sendayan, Negeri Sembilan. His forte is in establishing and turning around hospitals.

He does not hold any directorship in public companies and listed issuers.

Note:

Save as disclosed above, NONE of the Key Senior Management:-

i) have any family relationship with any Director and/or major shareholder of the Company;
ii) have any conflict of interest with the Company;
iii) have any convictions for offences (other than traffic offences) within the past 5 years; and
iv) have any public sanction or penalty imposed by the relevant regulatory bodies during the financial year.

SUSTAINABILITY STATEMENT

At Stella, we focus on undertaking sustainable and responsible business practices in order to deliver a positive impact to our economy, environment and to create values to our communities in which we operates in. By doing so, we aim to achieve and deliver long-term sustainability values to our stakeholders. This statement focuses on the Group's material sustainability risks and opportunities, and is prepared in accordance with Part III, Practice Note 9 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Malaysia").

As such, the Group remains mindful that its activities should be carried out with high standards of corporate and social responsibility as it strives to align its businesses and engage all stakeholders in its daily operations, minimise environmental impact arising from its business operations and actions and improving the social and economic conditions of its stakeholders, employees and the communities that it operates in.

Sustainability Governance Structure

Our sustainability governance structure are as follows:-

BOARD OF DIRECTORS

SUSTAINABILITY COMMITTEE

MANAGEMENT COMMITTEE

The Board is primarily responsible for the Group's sustainability practices and performance and the Sustainability Committee is tasked to assist the Board in managing sustainability related matters.

The Sustainability Committee, comprises of three (3) board members, is entrusted with the responsibilities to incorporate sustainability considerations in the Group's business and management of economic, environmental and social risks.

The Sustainability Committee is supported by the Management Committee, comprises of heads of department/subsidiaries. The Management Committee executes, implements and monitors the sustainability considerations in the Group's business and management of economic, environmental and social risks on a day-to-day basis.

Stakeholder Engagement

Our stakeholders are defined in accordance with Bursa Malaysia's Sustainability Reporting Guide wherein stakeholders are defined as "any individuals, community and entities that may be impacted by Stella's business operation".

These stakeholders were identified through discussion with the management and the following table describe how we engage with them:

Stakeholder	Engagement channels	Areas of concern
Shareholders/Investors	General meetings; Corporate announcements; Company's website	• Financial performance • Corporate Governance
Customers	Correspondence; Meeting; Site visiting	• Product quality • Customer support
Employees	Performance appraisal; Group WhatsApp and Email; Employee Survey; Staff and management meetings; Sports club activities	• Conducive working environment • Career development • Benefits and remuneration
Contractors/Suppliers/ Consultant	Meeting; Written communication; Assessment and reviews; Site visiting	• Fair procurement • Business integrity • Timely and quality delivery
Regulators/Government/ Authorities	Meeting; Consultation; Written communication; Audit and inspection	• Compliance • Environmental friendly development
Communities	Community events and contribution	• Societal contributions • Community well being

Material Sustainability Matter

The material sustainability matters were identified based on its impact and value to the Group and to our stakeholders. The management held discussions to review the material sustainability matters which is group under the following three (3) main sustainability pillars:

Economic
Financial Performance
Procurement Practice
Corporate Governance and Compliance

Environment
Water and Energy Conservation
Waste Management

Social
Employee Welfare and Engagement
Diversity and Equal Opportunity
Health and Safety
Community Engagement

ECONOMIC : DEVELOPING A SUSTAINABLE ECONOMIC

a) Financial Performance

In order to create value and deliver long-term financial sustainability to our stakeholders, the Group is committed to manage its business in a responsible way and aligning its business processes and strategies to support sustainable development and growth.

During the year under review, the Group has ventured into healthcare services to expand its revenue and earnings stream. As the demand for healthcare is expected to grow, thus the healthcare division is expected to provide a recurring income to the Group once it begins operation.

The Group's financial results and performance are discussed in details in the Management Discussion and Analysis of this Annual Report.

b) Procurement Practice

Mewah Kota Sdn Bhd, our main construction arm has attained the ISO 9001:2015 certification for Quality Management System where procurement of materials and services are controlled to ensure that the purchased materials and services conform to the specified requirement. This is achieved by maintaining an approved list of suppliers and subcontractors while potential new suppliers and subcontractors are evaluated to ensure their ability to meet the specific requirements. Furthermore, the sub-contractors are also evaluated based on their performance at the site.

Stella is committed to work with suppliers and subcontractors who support our business in a competitive and efficient manner and who practice high ethical standards to ensure quality products and services.

The procurement department also operates within a set of standard operating procedures. The Group has also established a Tender Committee to perform check and balances in terms of quality, supply specification and pricing, amongst others.

An Anti-Corruption policy and practices has been established and put in place to ensure fair and ethical business conduct are adhered to when doing business and dealing with customers/suppliers/subcontractors etc.

Besides that, the Group will also assess the economic benefits by patronizing local businesses and local contractors within the project areas which in turn will help strengthen the local economy and encourage good relationships with the community.

c) Corporate Governance and Compliance

Our business activities are conducted based on ethical and legal standards with high level of integrity.

We will continue to maintain a high standard of corporate governance and aim to respect and abide by all legislation, regulations and guidelines as part of our efforts to practice and promote ethical business.

The Group has established an Anti-Corruption policy (guided by the Guidelines on Adequate Procedures issued pursuant to Section 17A of the MACC Act) and Whistleblowing policy which will further safeguard its business operations. All employees have been educated on the content and the implications of the Anti-Corruption policy and Whistleblowing policy.

There is no incidence of corruption, fraud or bribery reported for the financial year under review.

ENVIRONMENT: DEVELOPING A SUSTAINABLE ENVIRONMENT

a) Water and Energy Conservation

The Company is committed to manage and reduce the level of water and electricity consumption across our operations. By reducing the power consumption, this will not only reduce the cost to the Group but will also help to protect the ecosystem.

Head Office

Some of the initiatives taken to reduce water and energy consumption from daily routine are as below:-

- LED lighting are used in office premises
- Ensure lights are switched off when not in used or during lunch time
- Computer and photocopier machines are set to sleeping mode or switched off when not in use
- Daily monitoring of air-conditioning usage and adjusting the setting to ensure optimal efficiency
- Responsible use of water at our sites and offices
- Energy consumption will be recorded and monitored by the Human Resource and Administration Department ("HRAD") on a monthly basis

The HRAD is monitoring the energy and water usage for the Group and would record the consumption on a monthly basis. The monthly usage would then be reported at the monthly Management Committee meeting.

Construction Office/Site

At our construction site, the following actions are being taken to protect the environment:-

- Has established an Environmental Policy
- Environmental Management Plan is prepared to indicate specific measures in terms of environmental management efforts for the project which incorporates compliance reports, environmental monitoring on water, silt trap discharge, air and noise quality
- At our Leachate Treatment Plant, we provide treatment system and facility to treat harmful landfill leachate to acceptable condition as per the requirement stated in the Second Schedule (Regulation 13) of Environmental Quality (Control of Pollution from Solid Waste Transfer Station and Landfill) Regulations 2009 before discharging into nearby river
- Treated leachate is tested periodically by accredited laboratory and the results are keyed in DOE's Environmental Online Reporting website for continuous monitoring

Property Development Office/Site

At our project site, the following actions are being taken to protect the environment:-

- Water Quality Monitoring
  - water supply are collected from silt-trap discharge to the downstream using grab sampling technique to determine the water constituents from the project are free from other outside elements to ensure compliance with all applicable environmental law and regulation
- To minimize leakage occurrence and conservation on power and water supply in construction site by giving indicator course periodically to all workers using site working facilities
- Full compliance with all applicable environmental law regulation
- Cooperate with government agencies and local communities to enhance the protection of the environment
- Proper signage and full time Health, Safety and Environment Manager to carry out regular checking and inspection on Plants and Machinery to ensure compliance with Environmental Quality Act 1974

Sustainability Statement
(cont'd)

b) Waste Management

At Stella we strive to manage waste and schedule waste in a sustainable manner in order to protect the environment.

Head office

Some of the initiatives taken within the Group to manage waste are as below:-

- Maximize the lifespan of papers, envelopes and boxes by encouraging employees to recycle
- Encourage employees to only print in hardcopy where necessary, otherwise to use softcopy
- HRAD have implemented the E-forms for leave, payroll and claim
- Printing usage will be recorded and monitored every month by the HRAD

Construction Office/Site

At our construction site, the following actions are being taken:-

- Comply with laws and regulations imposed by Construction Industry Development Board (CIDB), Department of Environment (DOE), Ministry of Housing and Local Government, Local Authority, Land Office as well as requirement by related agencies
- Adhered to Environmental Quality Act 1974 (Act 127)
- Construction site waste is assembled at designated area. Wastes are disposed at sites approved by Local Authorities
- The Company will ensure that the contractors maximize the recovery of materials, reusing and recycling construction waste on-site whenever possible
- Further, at our Leachate Project Site:-
  - We have competent staff certified by the Director General of DOE to oversee the operation of leachate treatment system and manage the scheduled waste
    a) Certified Environmental Professional in Leachate Treatment Plant Operation (CePLTPO)
    b) Certified Environmental Professional in Scheduled waste Management (CepSWaM)
  - Our Leachate Project Site follow these regulations:
    a) Environmental Quality (Scheduled Waste) Regulations 2005
    b) Environmental Quality (Control of Pollution from Solid Waste Transfer Station and Landfill) Regulations 2009
  - Scheduled waste is stored in compatible containers, labelled and placed in dedicated storage area to prevent spillage or leakage into the environment
  - Scheduled waste is disposed periodically to prescribe premises and updated in DOE's eSWIS (Electronic Scheduled Waste Information System)
  - Inventory of scheduled waste is recorded and kept according to regulations

Property Development Office/Site

At our project site, the following actions are being taken:-

- Solid waste from the Project site would be categorized as recyclable material and non-recyclable material. Recyclable material from construction work will be collected in a solid waste container based on their types and will be sent/sold to recycling company
- All non-recyclable solid waste would be disposed as per Environmental Quality Act 1974 requirements by using proper SW sticker and consignment note
- HIRARC (Hazard Identification, Risk Assessment and Risk Control)
  - Supervisor to convey the message and HIRARC objectives to all workers and display them at the strategic area together with the work permit
- Construction site team to keep proper record on HIRARC. To register all chemical that will be used prior to entering the construction site and the chemical register data will be stored as a reference (CSDS data) and attached with the HIRARC at the worksite
- HSO to ensure no sub-standard of labelling at worksite especially for chemical container and other waste to be disposed from site by license waste disposal company in compliance with the Hazardous Chemical Regulation 1997

- Scheduled waste are manage properly so as not to cause land contamination and health impact to workers. Inspection shall be carried out on a weekly basis and scheduled waste accumulated on site shall not exceed 20 metric tonnes at one time
- Ensure compliance with the requirement of Environmental Quality Act 1974 (Act 127) and other relevant legislation on waste management
- Dissemination of waste management information to staff and contractors on an ongoing basis
- Conduct of housekeeping program to increase the awareness on open burning, implementing the knowledge of handling and storage of waste, storage design etc.

SOCIAL: DEVELOPING A SUSTAINABLE WORKPLACE AND SOCIETY

a) Employee Welfare and Engagement

Sustainable human resource management practices represent one of the main organizational strategy to survive and to prosper within the fast moving current scenario.

The recent Covid-19 pandemic have profoundly changes the working modalities, mainly introducing smart working practices that were seen to have significant consequences on workers' wellbeing. Remote working, no new project / businesses are some of the experiences that have literally shaken work processes, roles distribution, job demands and performances.

Moving from these reflections, the Group continues to develop its most valued asset; the human capital within Stella Group whose unique experiences, expertise and talent drive our ability to operate efficiently and deliver value to our stakeholders. During the year under review we have continue to develop and retain our competent team while attracting new members to Stella Group.

Among the key strategic components we have focus to improve are employee benefits and remuneration, training and development opportunities and organisational culture or esprit de corps.

Employee Remuneration and Benefits

Stella Group continues to offer competitive salary packages for all employees, which includes various employment benefits. Part of the benefits offered to its employees include Group Hospitalization and Surgery Insurance Scheme and outpatient medical treatment which is also extended to their spouse and children. Employees are further covered under a Group Personal Accident and Group Term Life Insurance.

Remuneration is based on merit where employees are duly compensated based on their respective industry related experience, professional qualifications, job performance and also seniority within the Group.

Work Life Balance

The Group continues to advocate staff to achieve a healthy work-life balance by doing activities outside of the office environment. This includes using official channels to organise various social events and sport activities for staff, in which strict SOP were being observed and complied.

To further promote better health, the Group also organised Health Screening Package for staff which was conducted by BP Diagnostic Sdn Bhd.

Communication and Interaction

Management continues to have its ear to the ground to garner feedback and solicit opinions from the workforce especially on matters pertaining to staff welfare, health and safety and other issues.

Employee engagement is initiated using a variety of mediums such as company Workplace, WhatsApp for Group and employee surveys measure.

One of the survey engagement is the *360 Degree Feedback and Employee Engagement Survey*. It is an opportunity to establish two-way communication and involved employees in the development process by giving them a direct voice to the management team.

Employee Recognition

Stella Group continues to recognise employees for professional excellence as well as long service. In FYE 2021, awards were presented to retire and long service employees. We also reward employees with zero medical leave and good attendance record.

Training and Development

We continue to emphasise training as a key component of our human resource development strategy. Training opportunities are also meant to serve as a form of reward or recognition for excellent job performance or in supporting the upward career mobility within Stella.

Overall the Group achieved 80% of the planned training for FYE 2021 according to our annual training plan.

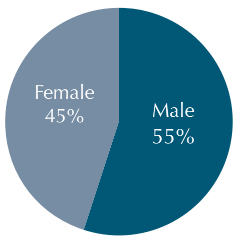
b) Diversity and Equal Opportunity

The Group practice equal employment opportunity to all individual regardless of their age, gender, ethnicity, religion, marital status or background. We do not differentiate between gender in terms of wages, promotions, rewards and access to training.

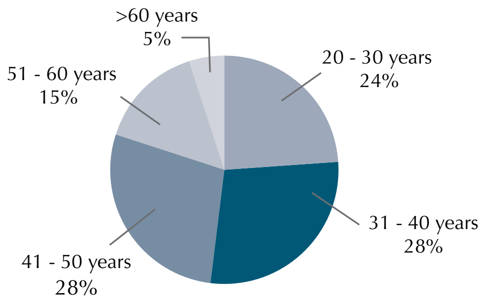
The employees are treated fairly and are given equal opportunity to perform and to voice their opinion. All the employees are able to work in a harmonious and conducive working environment

During the FYE2021, our employee profiles by gender, age and ethnicity are as follows:-

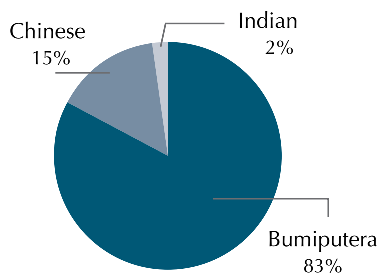
Gender



Age Group



Ethnicity



c) Health and Safety

The Group always endeavors to achieve high standards in health and safety matters across all aspects of its operations in order to ensure a safe and conducive working environment for its employees. Employees and workers are provided with relevant protective and safety equipment at the project sites. Regular safety briefing and training sessions are also provided to instill awareness on safety and health matters and to familiarize them with the appropriate response procedures in case of fire, emergency or accidents.

During the financial year under review, all our construction and project sites have reported zero accident.

Construction Office/Site

At our construction site, the following actions are being taken:-

- Has established a-group level Occupational Health & Safety Policy
- Ensure that the following requirements are complied:-
  (a) Occupational Safety and Health Act 1994
  (b) Factory and Machinery Act 2006
- Each Project site has dedicated Safety & Health Officer ("SHO") who conduct his respective duties according to the Occupational Safety and Health (Safety and Health Officer) Regulation 1997
- Safety and Health Committee ("SHC") has been established to oversee all matters related to safety and health
- SHO will inspect place of work at least once in 3 months, record observations, report and give recommendations for remedial measures to SHC
- Random audits and spot checks are conducted to make sure that staff and subcontractors are aligned with OSH policy and regulations
- Periodic trainings and safety awareness are given to employees by SHO and our Human Resource Department

Property Development Office/Site

At our project site, the following actions are being taken:-

- Has established a Safety & Health Policy Statement
  - Compliance with Safety & Health legislation (FMA1967, OSHAE 1994 etc.)
- Has a full time Safety & Health Officer at site
- Ensure safe working practices and safe operating procedure are follow in line with *Akta 520 CIDB, Akta Keselamatan dan Kesihatan Pekerjaan,1994 (Akta 514)* and *Akta Kilang and Jentera 1967 (Akta 139)*
- The Project Safety & Health Plan (PSH Plan) is applied equally to all supervisory staff and sub-contractors engaged in the project as well as all parties that are involved or affected by it
- Project Safety & Health Committee meeting, chaired by Project Manager and attended by nominated sub-contractor representatives / workers to be held at least once a month to fulfil the requirement of the laws and to enable the management, staff and workers to evaluate the safety and health matters
- The Project Safety & Health Committee meeting also instill awareness of safety and health in workers and as a tool of communication on the danger and risks at workplace and the preventive measures to be taken
- The Health and Safety Officer will conduct the Weekly Toolbox meeting, coordinate audit and review regularly the PSH Plan to ensure that it remains comprehensive, effective, update and reflects the prevailing safety requirements and provide monthly report and make recommendation to the management
- Conducting weekly workplace safety inspection especially on mosquito reproduction control by fogging, larva bait and disinfection

Safety measures taken in relation to Covid-19 outbreak

Following the outbreak of the Covid-19, the Company has followed the directive from the Ministry of Health ("MOH"), Malaysia National Security Council ("NSC") and relevant authorities to undertake the necessary preventive measures to ensure the protection of its staff. Measures such as weekly office sanitization, daily temperature checking, wearing face mask, hand sanitizing and physical distancing are practice in the head office and project sites to prevent the spread of Covid-19.

Sustainability Statement
(cont'd)

The Company also provide Covid-19 screening test for staff and have registered for the Selangor Covid-19 vaccination programme through the SelangkahVax.

Further measures taken at our construction and project sites are:-

- Have in place the Standard Operating Procedure ("SOP") which provide detailed process to carry out construction works and the conditions to be complied at the construction site together with the Contractor's responsibilities on compliance to the "Covid-19 Prevention Practice Guidelines at Construction Site" established by CIDB
- To carry out the functions and responsibilities as stated in the SOP and as per the instruction from MOH, NSC and other relevant authorities to spread the awareness of staying healthy and hygiene to prevent disease infection

d) Community Engagement

The Group also recognized that its businesses have direct and indirect impact on the communities in which it operates, and is conscious of its responsibility to act as a good corporate citizen and to reach out to the local communities where it operate.

Some of the community activities carried out by the Group through its Kelab Sukan dan Kebajikan during the financial year are as follows:

- During the Ramadhan fasting month, it has always been a tradition for the Group to distribute food which was cooked and prepared by the employees of the Group for the community. During the last Ramadhan, the Group distributed "Bubur Lambuk" to the community of Kampung Melayu Subang, including the nearby mosques and orphanages.

- Blood Donation Campaign organized by Pusat Bekalan Darah Negara and participated by our employees and nearby community.

- Program Qurban with orphanage:-
  - Yayasan Kasih Sayang, Kuala Pilah
  - Darul Asnaf Sri Sendayan
  - Rumah Amal Kasih, Kg Melayu Subang
  - Rumah Yatim Asnaf As Solihin, Banting





Conclusion

The Board believes that a balance approach to economic, environment and social areas will help to create value not only to the business but will also result in long term benefits to our employees, customers, shareholders and society at large. Moving forward we will continue to align our sustainability practices to the Group's purpose and strategies, as appropriate.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of Stella Holdings Berhad ("**Stella**" or "**Company**") acknowledges the importance of good corporate governance and is committed in ensuring that the Company and its subsidiaries ("**Group**") practices good corporate governance in line with the Malaysian Code on Corporate Governance 2017 ("**MCCG 2017**") issued by the Securities Commission of Malaysia.

This statement, which is made pursuant to paragraph 15.25 and guided by Practice Note 9 of the Main Market Listing Requirement ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Malaysia**"), sets out the extent to which the Group has applied the principles and best practices of the MCCG 2017 during the financial year 2021.

The detailed application by Stella Group for each practice as set out in the MCCG 2017 during the financial year 2021 is disclosed in the Corporate Governance Report ("**CG Report**") which is available on the Company's corporate website at www.stella-holdings.com.my. This statement is to be read together with the CG Report.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

1. Clear Roles and Responsibilities

The Board plays a key role in the governance process through its review and approval of the Group's direction and strategy, monitoring of business performance and review of the adequacy and integrity of the Group's internal control system. The Board believes that commitment to its fiduciary duties and responsibilities is critical to its goal of driving long term shareholders' value.

The Board, together with Management, reviewed the Group's strategy and the Board had satisfied itself that all appropriate considerations have been taken into account in the formulation of the Group's strategy.

In addition to strategic matters, the Board, amongst others, is also responsible for the following key matters:

- Reviewing and adopting the strategic plan for the Group
- Overseeing the conduct of the Group's business to determine whether the business is being properly managed
- Identifying principal risks and ensuring the implementation of appropriate systems to manage these risks
- Reviewing the adequacy of the Group's management information and internal control systems
- Reviewing and approving the financial results: quarterly and annually
- Ensuring the Company adheres to high standards of ethics and corporate behavior

The Board is also mindful of the importance of building a sustainable business and therefore, takes into consideration its economic, environment and social impact when developing the corporate strategy of the Group.

2. Separation of Roles between Chairman and Group Chief Executive Officer

The roles of the Chairman and Group Chief Executive Officer ("**CEO**") are separately held with each having distinct authority and responsibilities. The Board realize the importance in the separation of roles and responsibilities of the Chairman and the Group CEO as this will ensure that there is a balance of power and authority, such that there is no excessive concentration of power in the Chairman or the Group CEO.

Dato' Hj Mohamad Haslah bin Mohamad Amin is the Executive Chairman of the Board who provides strong leadership and is responsible for ensuring the adequacy and effectiveness of the Board's governance process, whilst Dato' Ir. Tan Gee Swan @ Tan Suan Ching is the Executive Director of the Company who is overseeing the development project of the Group.

The Group CEO is responsible for the effective running of the Group's operations and implementation of the Board's policies and decisions. The Board also has an effective working partnership with the Management in establishing the strategic direction of the Group. The Management is responsible for supporting and assisting the Group CEO in implementing and running the Group's day to day business.

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

I. Board Responsibilities (Cont'd)

3. Company Secretary

The Company Secretary, who is qualified and experience, provide advises to the Board on regulatory requirements and corporate governance matters to ensure that the Boards discharge their duties and responsibilities effectively.

4. Supply and Access to Information

The Directors have full and unrestricted access to all information pertaining to the Group's business and affair to enable them to discharge their duties. The Directors have access to information through the following means:

- Members of senior management attend Board and Board Committees meetings by invitation to report areas of the business within their responsibilities including financial, operational, corporate, regulatory, business development and audit matters updates, for the Board's decision making and effective discharge of the Board's responsibilities.
- The Board and Board Committees papers, which include agenda and reports relevant to the issues of the meetings are prepared and forwarded to the Directors within reasonable period before the respective meetings to enable them to receive the information in a timely manner.
- The Audit Committee meets with the Management, Internal Auditor and External Auditor regularly to review the reports regarding internal control system, financial reporting and risk management. The Audit Committee Chairman then will report to the Board.

In the furtherance of its duties, the Board is also authorised to obtained independent professional advice on specific matters, if necessary, at the Company's expense to enable the Board to discharge its functions in the decision-making process.

5. Board Charter, Code of Ethics and Whistleblowing Policy

A copy each of the Board Charter, Code of Ethics for Company Directors and Whistleblowing Policy is made available at the Group's website www.stella-holdings.com.my.

II Board Composition

1. Board Composition and Balance

During the financial year under review, the Board has seven (7) Directors, comprising the Executive Chairman, an Executive Director, a Non-Independent Non-Executive Director and four (4) Independent Non-Executive Directors which complies with Paragraph 15.02(1) of the MMLR of Bursa Malaysia.

The Board is satisfied that the current composition of Directors provides the right balance and size between Executive Directors and Non-Executive Directors with appropriate mix of relevant skills, knowledge and industry experience required to promote all shareholders' interests and to govern the Company effectively.

Board balance is achieved with the contribution of the independent non-executive directors and the fair representation of the shareholders' interests. The independent non-executive directors are able to exercise their unbiased independent judgment and views freely and do not have any business or other relationships that could interfere with their duties.

None of the Independent Directors have exceeded nine (9) years tenure as recommended by MCCG.

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

II Board Composition (Cont'd)

2. Board Committees

The Board has delegated certain responsibilities and duties to the following Committees to assist the Board in the efficient and effective discharge of its duties. Meetings of the Board Committees provide an avenue for members of the respective Committees to focus on specific issues to enable full and in-depth discussion of business operations of the Group:

- Audit Committee
- Nomination Committee
- Remuneration Committee
- Risk Management Committee
- Executive Committee
- Sustainability Committee
- Share Issuance Scheme Committee

The Board Committees exercise transparency and full disclosure in their proceedings. Where applicable, issues are reported to the Board with the appropriate recommendations by the Board Committees.

Each Board Committee operates in accordance with the written terms of reference approved by the Board.

3. Board Meetings

The Board holds at least four (4) regularly scheduled meetings annually with additional meetings convened when necessary. Senior Management staff as well as professional advisers have been invited to attend the Board meetings to provide the Board with their views and clarifications on issues raised by the Directors.

During the financial year ended 31 March 2021, there were four (4) meetings held and the details of attendance of each Director are as follows:

Name of Directors	No. of Meetings Attended
Dato' Hj Mohamad Haslah bin Mohamad Amin	4/4
Dato' Ir. Tan Gee Swan @ Tan Suan Ching	4/4
Dato' Lee Tian Hock	4/4
Dato' Kamarulzaman bin Jamil	3/4
Cik Czarina Alia binti Abdul Razak	4/4
Tuan Hj Mohamad Nor bin Abas	4/4
En Shahrizam bin A Shukor	4/4

In between Board meetings, approval on matters requiring the sanction of the Board are sought by way of circular resolutions enclosing all relevant information to enable the Board to make informed decisions. The resolutions passed by way of such circular resolutions were then noted in the next Board meetings.

The Directors are to allocate sufficient time to the Company to perform their duties effectively including being prepare for the meetings and contributing effectively to the business of the Company. They should notify the Board on any new directorships and such notification should include an indication of time that will be spent on the new appointment.

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

II Board Composition (Cont'd)

4. Policy on Gender Diversity

The Board recognizes and embraces the benefits of having a diverse Board, and sees increasing diversity at Board level as an essential element in maintaining a competitive advantage.

The Board's overriding objective in any new appointment is to select a suitable candidate with a view to achieving a high-performing Board. Appointments to the Board are based on merit, in the context of character, skills, experience and competency the Board as a whole requires to be effective.

The Board aims to have an appropriate level of diversity in the Boardroom to reflect the nature of the Company's operation and to support the achievement of the Company's objectives.

The Board supports the representation of women in the composition of the Board and currently has one (1) woman Director on the Board.

Moving forward, the Board will work towards achieving the 30% women Directors on the Board.

The Board, through the Nomination Committee, will conduct all Board appointment processes in a manner that promotes diversity.

In identifying, considering and recommending suitable persons for appointment as Directors, other than relying on the recommendation from the existing Board members, management and/or major shareholders, the Board will also explore independent sources to identify suitable qualified candidates.

In furtherance, as for employment gender diversity, the Board is of the view that there is balanced gender diversity at Executive and Managerial levels of employees in the Group during the year under review.

5. Nomination Committee

As at the date of this statement, the Nomination Committee comprises of the following three (3) members, all being Independent Directors:-

- Dato' Kamarulzaman bin Jamil (Chairman)
- Cik Czarina Alia binti Abdul Razak
- Tuan Hj Mohamad Nor bin Abas

The Nomination Committee had been given the responsibility to recommend new appointments to the Board and Board Committees of Stella. The Nomination Committee assesses the effectiveness and balance of the Board as a whole, the Committees of the Board and the contribution of each individual Director.

Summary of Activities of Nomination Committee

The Nomination Committee met once during the financial year to carry out the following activities:-

- proposed the re-election of Directors retiring in accordance with the Company's Constitution;
- reviewed and assessed the mix of skills, experience and size of the Board, contribution of each Director and effectiveness of the Board as a whole and Board Committees;
- reviewed and assessed the independence of the Independent Directors; and
- reviewed the performance and effectiveness of the Audit Committee and its members.

All assessments and evaluations carried out by the Nomination Committee were properly documented.

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

II Board Composition (Cont'd)

5. Nomination Committee (Cont'd)

Annual Board Evaluation

With regards to the Board evaluation, the Nomination Committee had reviewed and assessed the following for the financial year 2021:-

- The effectiveness of the Board and Board Committee
- The mix of skill, experience and contribution of each individual Director
- The independence of the Independent Directors

The criteria on the evaluation of the effectiveness of the Board related to, amongst others, the appropriate composition and committees in correspondence to the Board's oversight duties, the right mix of skills and experience to optimize performance and strategy, clear definition of roles and responsibilities of the Board and individual Director.

The criteria on the evaluation of the effectiveness of Board Committees related to, amongst others, whether the Board Committees have the right composition, sufficient knowledge on financial and related laws and regulations, whether the Board Committee properly discharges their responsibilities and provides appropriate report and recommendations to the Board.

Based on the evaluation carried out, the Nomination Committee and the Board concluded that overall the Board's size is conducive for effective discussion and decision making and are satisfied that it has an appropriate balance of expertise, skill and attributes among the Director including relevant core competencies.

During the financial year under review, the Independent Non-Executive Directors did a self evaluation of their independence based on the criteria of independence of the Bursa Malaysia MMLR and the Nomination Committee and the Board had reviewed and assessed the results of the said self-evaluation.

6. Re-election and Re-appointment

In accordance with the Company's Constitution, all Directors who are appointed by the Board are subject to re-election by shareholders at the Annual General Meeting ("**AGM**") following their appointment. That one-third of the Directors shall retire from office at each AGM and all Directors shall retire from office at least once in every three years. All retiring Directors are eligible to offer themselves for re-election at the AGM.

7. Directors' Training

All the Directors of the Company have attended the Mandatory Accreditation Program ("**MAP**") prescribed by Bursa Malaysia. The Board members will attend further training programmes, seminars, conferences and/or forums from time to time to keep abreast with current developments in the market place as well as the current changes in laws and regulatory requirements.

The Company Secretary briefed and highlighted the relevant guidelines on statutory and regulatory requirements from time to time to the Board, amongst others, the amendments to the MMLR of Bursa Malaysia, the new requirements of MCCG and the Companies Act 2016. The External Auditors also briefed the Board members on any current and future changes to the Malaysian Financial Reporting Standards that affect the Group's financial statements.

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

II Board Composition (Cont'd)

7. Directors' Training (Cont'd)

The training programmes and briefings attended by the Directors during the financial year ended 31 March 2021 are as follows:

Name of Directors	Title of training/briefings/workshops
Dato' Hj Mohamad Haslah bin Mohamad Amin	• Section 17A of the Malaysian Anti-Corruption Commission Act 2009 • A Business Case for Sustainability
Dato' Ir. Tan Gee Swan @ Tan Suan Ching	• Section 17A of the Malaysian Anti-Corruption Commission Act 2009
Dato' Lee Tian Hock	• Section 17A of the Malaysian Anti-Corruption Commission Act 2009 • A Business Case for Sustainability
Dato' Kamarulzaman bin Jamil	• Section 17A of the Malaysian Anti-Corruption Commission Act 2009
Czarina Alia binti Abdul Razak	• Section 17A of the Malaysian Anti-Corruption Commission Act 2009
Tuan Hj Mohamad Nor bin Abas	• Section 17A of the Malaysian Anti-Corruption Commission Act 2009
Shahrizam bin A Shukor	• Section 17A of the Malaysian Anti-Corruption Commission Act 2009

The Board will continuously evaluate and determine the training needs of its members to assist them in the discharge of their duties as Directors.

III Remuneration

1. Remuneration Committee

As at the date of this statement, the Remuneration Committee comprises of the following three (3) members, of which two (2) are Independent Directors and one (1) is the Executive Director:-

- Cik Czarina Alia binti Abdul Razak (Chairman)
- Dato' Ir. Tan Gee Swan @ Tan Suan Ching
- Dato' Kamarulzaman bin Jamil

The remuneration for the Independent Non-Executive Directors is decided by the Board as a whole. The Board recommends the Directors' fee payable to Independent Non-Executive Directors on a yearly basis to the shareholders for approval at the AGM.

2. Directors' Remuneration

The Group has in place a remuneration policy and procedures which sets out the criteria to be used in recommending the remuneration package for Directors and Senior Management to ensure that the Directors and Senior Management are adequately remunerated for the services they render.

A copy of the remuneration policy and procedures is available for viewing at the Company's website www.stella-holdings.com.my

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

III Remuneration (Cont'd)

Disclosure for Directors

The aggregate Directors' remuneration paid or otherwise made available to the Directors of the Company as at the financial year ended 31 March 2021 is as follows:

	Salaries (RM)	Bonus (RM)	Fees (RM)	Others (RM)	Benefits in kind (RM)
Receivables from Company:-					
Dato' Hj Mohamad Haslah bin Mohamad Amin	324,000	–	–	30,000	–
Dato' Ir. Tan Gee Swan @ Tan Suan Ching	–	–	36,000	9,000	–
Dato' Lee Tian Hock	–	–	36,000	9,000	–
Dato' Kamarulzaman bin Jamil	–	–	48,000	13,000	–
Cik Czarina Alia binti Abdul Razak	–	–	36,000	9,000	–
Tuan Hj Mohamad Nor bin Abas	–	–	36,000	14,000	–
Encik Shahrizam bin A Shukor	–	–	36,000	14,000	–

Notes:
All the Directors of Stella only received remuneration from the Company and none from the subsidiary

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

1. Composition

As at the date of this statement, the Audit Committee comprises three (3) Independent Directors.

The Audit Committee provides independent oversight of the Group's financial reporting and internal control system and ensures that checks and balances are in place within the Group.

The Audit Committee Report detailing its composition and a summary of activities and works during the financial year is set out in pages 43 to 45 of this Annual Report.

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

I Audit Committee (Cont'd)

2. External Auditors

Relationship with the Auditors

Through the Audit Committee, the Group has established a transparent and appropriate relationship with its external auditors in seeking their professional advice towards ensuring compliance with the applicable accounting standards. The external auditors are invited to attend the Audit Committee Meetings to brief the Audit Committee on audit issues. During the Audit Committee Meetings, they table the audit planning and highlight observations made during the course of audit to the Audit Committee members.

Assessment of external auditors

The Audit Committee is responsible for the assessment of the suitability and independence of the external auditors. Having assessed their performance, the Audit Committee will tabled the summary of the assessment to the Board for review. All assessment and evaluation carried out were properly documented.

Independence of external auditors

The external auditors are required to declare their independence to the Audit Committee in accordance with the independence criteria set out by the Malaysia Institute of Accountants. The external auditors have provided the declaration in their annual audit plan presented to the Audit Committee of the Company.

II. Risk Management and Internal Control

The Board acknowledges its overall responsibility of the Group's system of internal control as well as risk management to safeguard shareholders' investment and the Group's assets. The effectiveness of the Group's internal control is reviewed by the Audit Committee during its quarterly meetings. This review covers the governance, risk and compliance controls as well as the process for the identification, evaluation and management of the significant risks faced by the Group.

Details on internal control and risk management framework are set out in the Statement on Risk Management and Internal Control in this Annual Report.

Internal Audit Function

The Board has an established Internal Audit Department which assists the Audit Committee in the discharge of its duties and responsibilities.

The internal audit function is effective and able to function independently. The Internal Auditor reports directly and functionally to the Audit Committee. The internal audit function and activities are set out in the Statement of Risk Management and Internal Control and Audit Committee Report in this Annual Report.

Risk Management Committee

As at the date of this statement, the Risk Management Committee comprises of three (3) members who are Independent Directors. The Risk Management Committee assist the Board in overseeing the risk management process within the Group.

During the financial year, the Risk Management Committee met once to review and evaluate the risk exposures of the Group.

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

III. Accountability and Audit

1. Financial Reporting

In its financial reporting to shareholders and other interested parties by means of quarterly results announcement and the annual financial statements, the Board aims to present a balanced and understandable assessment of the Group's financial position and prospects.

The Group's performance and prospects in the Annual Report and financial results on a quarterly basis, prepared based on appropriate accounting standards and accounting policies, will be reviewed and deliberated by the Audit Committee prior to recommendation for adoption by the Board. The Audit Committee ensures that information to be disclosed is accurate, adequate and in compliance with the various disclosure requirements imposed by the regulatory authorities.

The Board takes responsibility in ensuring that the financial statements reflect a true and fair view of the state of affairs of the Group and the Company in accordance with the Companies Act 2016, the applicable approved accounting standards in Malaysia and the MMLR of Bursa Malaysia. This also applies to other price-sensitive public announcements and reports to the regulatory authorities.

2. Statement of Directors' Responsibilities in respect of the Audited Financial Statements

The Board of Directors do hereby state that the preparation of financial statements for the year ended 31 March 2021 is the responsibility of the Directors. They are legally required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and of the Company and of their results and cash flow for the financial year then ended. In preparing those financial statements, the Directors have:

- adopted appropriate accounting policies and then applied them consistently;
- made judgements and estimates that are prudent and reasonable;
- ensured applicable accounting standards have been followed and complied with.

The Directors are responsible for ensuring proper accounting records are kept which discloses with reasonable accuracy at any time the financial position of the Company and its subsidiaries and to enable them to ensure that the financial statements comply with the Companies Act 2016.

The Directors also have the overall responsibilities to take all steps as are reasonably open to them to safeguard the assets of the Group to prevent and detect fraud and other irregularities.

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

I. Communication with Stakeholders

The Board believes in clear communication with the Company's shareholders. The Group continuously ensures that it maintains a high level of disclosure and communication with its shareholders through various practicable channels. The annual reports and the announcements made quarterly and otherwise, are the primary modes of communication to report on the Group's business, activities and financial performance to all its shareholders. In addition to various announcements made during the year, the timely release of financial results on a quarterly basis provides shareholders with an overview of the Group's performance and operations.

Stella's website at www.stella-holdings.com.my also provides an avenue for shareholders and members of the public to assess information pertaining to the Group, which is being updated regularly.

The general meetings are opportunities to meet shareholders, to encourage them to interact and participate in getting to know the Company's and the Group's progress and/or performance better.

The Board has also established corporate disclosure policies and procedures to enable accurate and timely disclosures to the regulators, shareholders and stakeholders.

II. Annual General Meeting

At least 28 days prior to the AGM, the Annual Report will be sent to the shareholders, to allow shareholders additional time to go through the Annual Report and make the necessary attendance and voting arrangements. Each item of special business included in the notice of the AGM will be accompanied by a full explanation of the effects of a proposed resolution to facilitate full understanding and evaluation of the issues involved.

During the AGM, the Board presents the financial performance of the Group. Shareholders are given the opportunity to seek and clarify any pertinent and relevant issues raised in the meeting in relation to the operations and performance of the Group and to exchange views with the Board. The external auditors are also present at the AGM to provide their professional and independent clarification on issues and concerns raised by the shareholders.

All the resolutions set out in the Notice of the Twenty-Third (23rd) AGM were put to vote by poll and duly passed. The outcome of the 23rd AGM was announced to Bursa Malaysia on the same day of the 23rd AGM.

A summary of the key matters discussed at the AGM, as soon as practicable after the conclusion of the AGM is published on the Company's website.

OTHER COMPLIANCE INFORMATION

1. Utilisation of Proceeds

There were no proceeds raised by the Company from any corporate proposals during the financial year under review.

2. Audit and Non-Audit Fees

During the financial year ended 31 March 2021, the amount of audit and non-audit fees paid to Messrs Baker Tilly Monteiro Heng PLT, the external auditors are as follows:

	Company (RM)	Group (RM)
Audit Fees	71,500	161,200
Non-Audit Fees	6,500	6,500

3. Material Contracts or Loans

There were no material contracts or loans entered into by the Group during the financial year that involved Directors' or major shareholders' interests.

4. Recurrent Related Party Transactions

The Group did not enter into any significant recurrent related party transactions which require shareholders' mandate during the financial year under review.

5. Internal Audit Function

The Company's internal audit function is performed in-house at RM132,428.15 for the financial year under review.

6 Share Issuance Scheme

The Company did not have any share issuance scheme during the financial year ended 31 March 2021.

However, the shareholders of the Company had on 1 April 2021 approved the establishment of a share issuance scheme of up to 15% of the total number of issued shares of the Company (excluding treasury shares, if any) for eligible directors and employees of the Company and its subsidiaries. Information of the said scheme will be disclosed in the next Annual Report for the financial year ending 31 March 2022.

AUDIT COMMITTEE REPORT

The report of the Audit Committee of Stella Holdings Berhad ("**Stella**" or "**Company**") for the financial year ended 31 March 2021 is presented as follows:-

COMPOSITION

The Audit Committee comprised the following Directors during the financial year ended 31 March 2021:-

Chairman
Encik Shahrizam bin A Shukor - Independent Director

Members
Dato' Kamarulzaman bin Jamil - Senior Independent Director
Tuan Hj Mohamad Nor bin Abas - Independent Director

The Audit Committee was made up of no fewer than three (3) members, who were all Independent Non-Executive Directors. Encik Shahrizam bin A Shukor is member of the Malaysian Institute of Accountants and Associate member of Certified Public Accountant Australia.

TERMS OF REFERENCE

In fulfilling its duties and objectives, the Audit Committee is guided by its Terms of Reference which is made available on the Company's website at www.stella-holdings.com.my.

MEETINGS AND ATTENDANCE

All Audit Committee members are provided with an agenda together with relevant reports and papers which are issued prior to the Audit Committee Meeting to enable the members to review the reports and papers as well as to obtain further information or explanation.

At the Board Meeting, the Chairman of the Audit Committee reports and highlights to the Board any pertinent issues discussed and deliberated by the Audit Committee during its meeting.

The Audit Committee held four (4) meetings during the financial year ended 31 March 2021. Details of attendance of each Audit Committee member are as follows:

Name of Audit Committee Member	No. of Meetings Attended
Encik Shahrizam bin A Shukor	4/4
Dato' Kamarulzaman bin Jamil	3/4
Tuan Hj Mohamad Nor bin Abas	4/4

ACTIVITIES AND WORK OF THE AUDIT COMMITTEE

During the financial year under review, the Audit Committee had discharged its duties and responsibilities by carrying out the following work and activities:-

1. Reviewed the quarterly financial reports before tabling to the Board for approval and release to Bursa Malaysia Securities Berhad.

   The above review is to ensure the Company's quarterly financial reporting and disclosures present a true and fair view of the Group's financial position and performance and are in compliance with the applicable accounting standards and the Listing Requirements of Bursa Malaysia Securities Berhad;

2. Reviewed the audited financial statements of the Group and the Company together with the external auditors to ensure that it presented a true and fair view of the Company's financial position and performance for the year and is in compliance with all disclosure and regulatory requirements prior to submission to the Board for their consideration and approval;

3. Met with the external auditors and reviewed and discussed the audit plan 2021 on the scope of their audit to ensure it adequately covered the activities of the Group including its independence policies and procedure, consideration of fraud, related party disclosure and procedures, statutory timeline and audit activities, Covid-19 outbreak – audit and financial reporting considerations, risk assessment and audit approach, review of statement on risk management and internal control, communication of key audit matters, accounting developments and reading of other information;

4. Held a separate session with the external auditors once during the financial year without the presence of the executive director and management to ensure there were no restriction in their scope of audit and to discuss any matters that the auditors wish to raise without the presence of the management. During the separate session, no critical issues were raised;

5. Reviewed the audit findings by the external auditors arising from the interim audit as well as the final audit and their resolution of the issues highlighted;

6. Reviewed, discussed and assessed the performance of the external auditors' for the financial year covering areas such as calibre, performance, audit team, audit scope and planning, independence and objectivity, audit communications as well as audit fees prior to submission to the Board for their approval. The Audit Committee is satisfied with the suitability, performance and independence of the external auditors;

7. Reviewed and approved the internal audit plan for 2021 presented by the internal auditor to ensure there is adequate scope and comprehensive coverage over the activities of the operating subsidiaries of the Company;

8. Reviewed the internal audit reports which highlighted the audit issues, recommendation and the Management's responses and directed actions to be taken by the Management to improve the system of internal control;

9. Followed up on corrective actions taken by the Management on audit issues raised by the external auditors and the internal auditor to ensure that all key risks and control weaknesses are properly address;

10. Discussed on the key observations on the thematic review conducted by Bursa Malaysia Securities Berhad together with Institute of Internal Auditors Malaysia which focused on the effectiveness of the internal audit function of selected listed issuers.

    The Internal Auditor had performed a gap analysis to benchmark Stella internal audit function against the key findings by Bursa Malaysia Securities Berhad;

11. Reviewed the Statement on Risk Management and Internal Control and the Audit Committee Report before tabling to the Board for approval to be published in the Annual Report;

12. Reported to and updated the Board on significant issues and concerns discussed during the Audit Committee meetings and where appropriate, made the necessary recommendation to the Board.

An annual assessment on the performance and effectiveness of the Audit Committee and its members for the financial year 2021 has been carried out by the Nomination Committee. The Nomination Committee and the Board are satisfied that the Audit Committee and its members had carried out their duties in accordance with the Audit Committee's Terms of Reference.

INTERNAL AUDIT FUNCTION

The Group has established the Internal Audit Department to support the Audit Committee and the Board in reviewing the Group's system of internal control and governance process so as to provide assurance that such systems continue to operate satisfactorily and effectively.

The Internal Audit Department provides an independent assurance on risk management and internal control. It focuses on regular and systematic review of the internal control and management information systems, including compliance with applicable laws, regulations, rules, directives and guidelines.

The Internal Audit Department provides quarterly reports of the audit undertaken to the Audit Committee, reporting on the outcome of its audits. The Audit Committee reviews and evaluates the key issues raised by the Internal Audit Department and ensures that appropriate and prompt remedial actions are taken by the Management.

During the financial year under review, the activities and work of the Internal Audit Department included:

1. Prepared the annual audit plan based on risk approach method for deliberation by the Audit Committee. The department uses risk-based audit approach to determine the priorities of the internal audit activities;

2. Presented the internal audit reports to the Audit Committee for review;

3. Carried out audit work and provide recommendations to assist various operating units within the Group in accomplishing its internal control objectives by using COSO Framework;

4. Ascertained the extent of compliance with the established Group's policies, procedures and statutory requirements;

5. Ascertained the adequacy of controls for safeguarding the Group's assets from all kinds of losses;

6. Reviewed and appraised all existing controls to promote effective internal control in the Group;

7. Carried out ad-hoc audit site visits and follow up on the Group's construction and property development sites; and

8. Follow-up on the execution of Management action plans to ensure that necessary corrective actions have been taken/ are being taken to rectify any significant gaps identified in governance, risk management and internal controls.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. Introduction

The Board of Directors ("**the Board**") of Stella Holdings Berhad ("**the Company**") is pleased to provide the following statement on the state of risk management and internal control of the Group which has been prepared in accordance with the statement on Risk Management and Internal Control – Guidelines for Directors of Listed Issuers endorsed by Bursa Malaysia Securities Berhad. The Company has complied with the requirement stated in the Malaysian Code of Corporate Governance 2017 which requires the Board of listed companies to establish and maintain a sound risk management framework and internal controls system.

2. Responsibility

The Board acknowledges its responsibility to adopt sound risk management practices to safeguard the Company's business interest from risk events that may impede achievement of business strategy and action plan, enable value creation and enable process improvement.

The Board acknowledges its overall responsibility in the establishment and oversight of the Group's risk management and internal control systems. The risk management system and internal control is being reviewed regularly to ensure it remains relevant, effective and applicable to the changes in the Group's structure, processes and dynamic business environment.

The risk management system and internal control can only provide reasonable but not absolute assurance against material misstatement, financial loss or fraud.

The Board confirms that there is an ongoing process of identifying, evaluating and managing all significant risks faced by the Group and is satisfied with the adequacy, effectiveness and integrity of the Group's risk management and internal control for the year under review.

3. Control Environment and Activities

The Control Environment is a set of standards processes and structures established and implemented to carry out internal control across the Group. The Company has inculcated that managing risk is everyone's business. The Group comes together to manage risks in a successful and cost efficient manner. Seven (7) key controls for lines of defense:

i. Board of Directors ("the Board")

The Board acknowledges its overall responsibility in the establishment and oversight of the Company's risk management and internal control systems.

These are designed to manage the Group's risks within an acceptable risk appetite as set by Board and Management, rather than eliminate totally the risks of failure to achieve the Group's goals and objective in generating potential return to shareholders.

The two (2) Committees at Board level with primary risk management and internal control oversight responsibility namely Risk Management Committee ("**RMC**") and Audit Committee ("**AC**"). Other Board Committee such as Sustainability Committee ("**SC**") and Nomination Committee ("**NC**") also have clearly defined accountabilities and responsibilities to oversee various key business activities within the Group.

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

3. Control Environment and Activities (Cont'd)

ii. Risk Management Committee ("RMC")

The Board is assisted by the RMC in the oversight and its management of all identified risks. The RMC meets half yearly to ensure that the accountability for managing identified significant risks is clearly assigned and that any identified risks affecting the Group are being addressed, managed and mitigated on an ongoing basis.

The members of RMC are comprises of one (1) Senior Independent Director & two (2) Independent Directors.

The RMC role is to provide oversight and extensive discussion on risk management matters at the Board level. RMC reviews and assesses the adequacy risk management policies and ensures infrastructure, resources and systems are emplaced for risk management.

The RMC will assist the Board in fulfilling its oversight responsibilities with regard to the risk appetite of the Company, the risk management framework and the governance structure that supports it.

The RMC undertakes the following responsibilities:

a) Review and recommend risk management policies and procedures for Board's approval;
b) Review the adequacy and effectiveness of risk management process; and
c) Review the consolidated risk register assessed by the Risk Management Working Committee ("RMWC") comprising members of C-level and Internal Auditor.

iii. Risk Management Working Committee ("RMWC")

RMWC is to facilitate the group-wide risk management initiative from an operational perspective. Its main function encompasses provision of regular feedback on risk factor's status for informed management decision making, execution of appropriate risk mitigation measures and progress monitoring thereof, and identification of new and emerging risk factors.

RMWC coordinates the risk review exercise across the Company to identify, manage and report the significant risks faced by the Company to the RMC and ultimately to the Board. RMWC is also responsible for ensuring that the risk management framework is effectively implemented and that risk registers are maintained by the respective business platforms.

iv. Audit Committee ("AC")

The Board is also supported by the AC with the main responsibility to provide independent assessment on the adequacy and reliability of the risk management processes and internal control, as well as compliance with policies and regulatory requirements.

The AC has unimpeded access to both the Internal and External Auditors and has the right to convene meetings with the auditors without the presence of the Group Chief Executive Officer and Chief Financial Officer.

The AC reviews the findings and recommendations provided by the Internal Auditors to ensure that it meets the necessary level of assurance with respect to the adequacy of the internal controls.

The AC meets at least on quarterly basis and minutes of the AC meeting are then table to the Board. Further deliberation and update on details of the activities undertaken by the AC during the year are set out in the AC Report on pages 43 to 45 of the Annual Report.

3. Control Environment and Activities (Cont'd)

v. Group Internal Audit ("GIA")

The GIA in-house internal audit function that reports to AC with the objective of providing independent, objective assurance and consulting activities designed to add value and improve an organization's operations. GIA helps the Group to accomplish is objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

GIA undertakes regular reviews of the Company's operations and its system of internal controls based on an approved audit plan presented to the AC. The audit plan is developed based on the risk profiles of the respective business entities of the Company identified in accordance with the Company's Risk Management Framework and input from the Senior Management and the Board. This application confirms to the Practice 10.2 of the MCCG 2017.

Internal audit findings are discussed at Management level and the progress of implementation of the agreed actions is being monitored by the GIA through follow up reviews in which implementation status are presented to the AC on a quarterly basis.

GIA has a clear line of reporting to the AC and the AC determines the remit of the Internal Audit function as conforming to the Practice 10.1 of the MCCG 2017. Thus, GIA is independent of the activities being audited and is performed with impartiality, proficiency and due professional care.

vi. Executive Committee ("EXCO")

EXCO is to provide assistance to the Board in fulfilling its fiduciary responsibilities in the areas relating to the Group's accounting and management controls, financial reporting, operational issues, human resources policies and company secretarial matters and in safeguarding shareholders' investment and the Group's assets.

vii. Management Committee ("MC")

MC are established to ensure that the Company`s interests are adequately protected in arriving at important business/ operational decisions.

MC is responsible for the identification and management of risks within its operations together on the compliance of all daily activities with the approved framework, policies, guidelines and procedures. Monthly meetings are held to formulate strategies on an on-going basis and to address issues arising from changes in both external business environment and internal operating conditions.

Function, Reporting and Approach & Framework

i. Risk Management Function

The ideology of risk management is built on a culture where risks are mitigated by calibrating risks to acceptable levels whilst achieving the organisation's business plans and goals.

At the Company, risk management is integrated within the Company's strategy planning process and its ongoing improvement in strengthening the quantification, reviewing and monitoring of all significant risk areas remain a vital focus of the Board in building a successful and sustainable business.

3. Control Environment and Activities (Cont'd)

Function, Reporting and Approach & Framework (Cont'd)

ii. Risk Reporting Structure

The Company has a structured risk management reporting line to ensure significant risks are escalated to the appropriate levels. In discharging their risk management responsibilities, the Board and RMC are supported by the RMWC.

iii. Risk Management Approach

The Company's risk management framework encapsulates an on-going process of identifying, assessing, controlling, monitoring and reporting material risks affecting the achievement of business objectives.

A structured risk management approach has been formulated to ensure the significant risks are identified and treated accordingly. The exercise encompasses the following activities:-

- Identifying key risks affecting business objectives and strategic plans;
- Defining a common understanding of risk classification tolerance through quantification, whenever possible, and development of criteria matrix that reflect the impact and likelihood of the risk materialising via Risk Profile;
- Evaluating adequacy of existing controls and developing additional plans, if required, to treat these risks;
- Monitoring effectiveness of measures taken to mitigate risks;
- Seizing prospects through evaluation of "opportunity risks" so that management proactively realize opportunities; and
- Identifying changes to risks or emerging risks and promptly bringing these to the attention of the Board where appropriate.

The outcomes from the risk review exercise and other risk management activities will be documented and presented to the RMC and ultimately to the Board.

To ensure that risk registers are up-to-date and risk controls are enhanced and kept current, all business units are responsible to carry out a risk review on a regular basis, especially in the context of exceptional events.

4. Control Activities

a. Documented Policies and Procedures

The Company has documented policies and procedures in place which are structured in a way to promote consistency and governance as well as to assist daily business operations. Policies and Procedural Manuals have been approved by the Board to set the tone of control consciousness within the Company.

b. Quality Management System ("QMS")

Mewah Kota Sdn Bhd ("MKSB") a subsidiary of the Company has attained the ISO 9001/2015 certification for QMS. The system consists of a set of policies, processes and procedures required for planning, execution, production, development and service in the core business area of an organization to meet customers' requirements. MKSB had pass ISO Rectification Audit and the certificate valid until 2 March 2024.

c. Tender Committee ("TC")

TC is established as a committee under the Company to assist all subsidiaries in overseeing the process of awarding, purchase and etc. The TC is divided into 3 Tender Evaluation Sub Committee.

d. Key Performance Index ("KPI")

The Company has an established and quantifiable KPI that reflects the critical success factors of an organization and also to enhance company's performance.

5. Assurance

The Board is of the view that the system of internal controls instituted throughout the Group is sound and effective and provides a level of confidence on which the Board relies for assurance. The Board ensures that the internal control system and risk management practice of the Group are reviewed regularly to meet the changing and challenging operating environment.

The Company's Group Chief Executive Officer assured the Board that the Company's internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system of the company

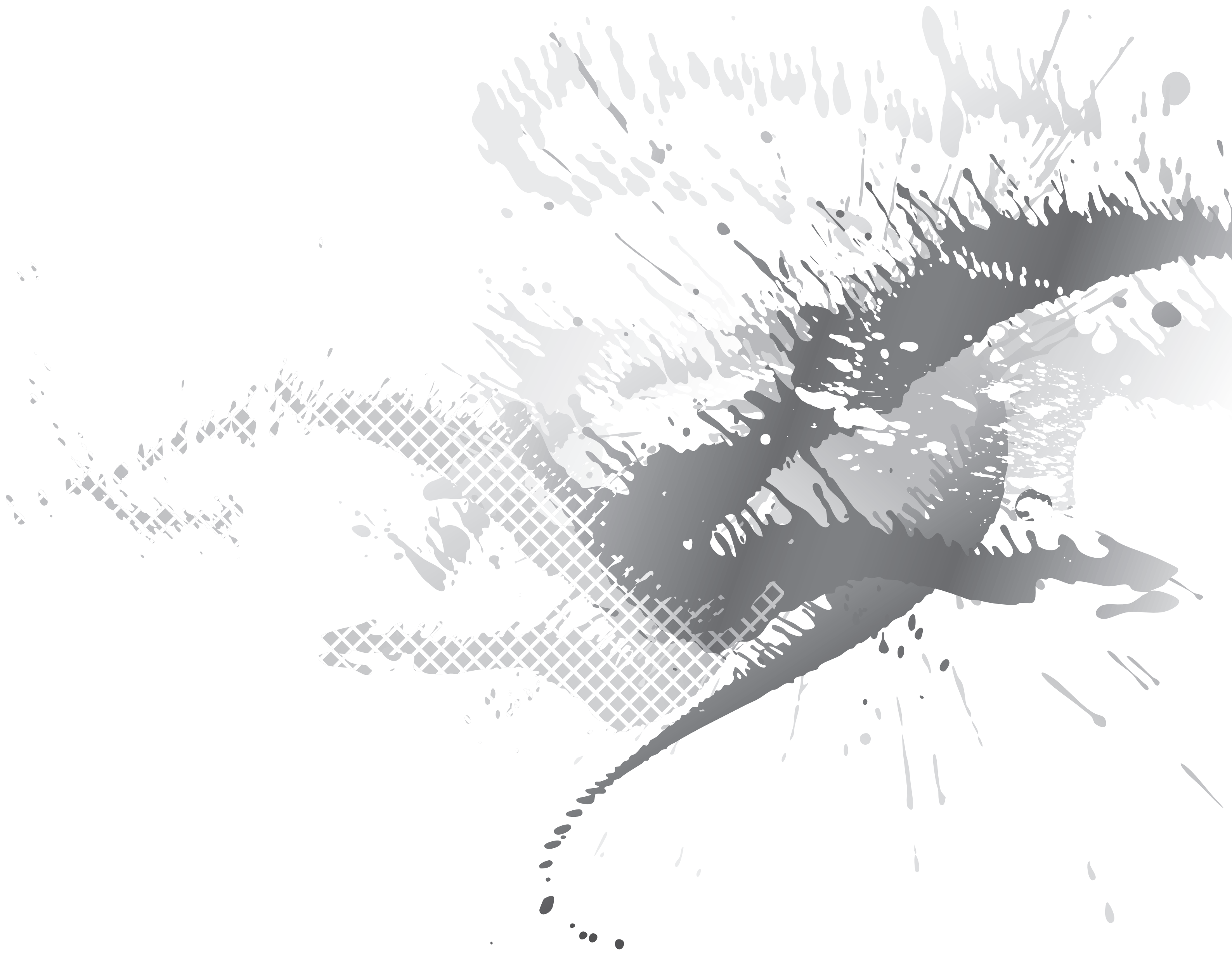
The Board is satisfied that the system of risk management and internal control was generally satisfactory. Based on the assessment of the Company's internal control system for the year under review and up to date of approval of this statement, no significant control failures or weaknesses that would result in material loss, contingency or uncertainty requiring disclosure in the Company's annual report were noted.

6. Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements, the External Auditors have reviewed this Statement on Risk Management and Internal Control. Their limited assurance review was performed in accordance with Audit and Assurance Practice Guide ("**AAPG**") 3. AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal control systems of the Company.

The External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the statement is inconsistent with their understanding of the process adopted by the Board in reviewing the adequacy and integrity of risk management and internal controls system of the Company.

This statement has been approved by the Board of Directors at its meeting on 15 July 2021.



FINANCIAL STATEMENTS

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8 to the financial statements.

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

RESULTS

	Group RM	Company RM
Profit for the financial year	3,004,809	1,061,424
Attributable to:		
Owners of the Company	3,018,454	1,061,424
Non-controlling interest	(13,645)	–
	3,004,809	1,061,424

DIVIDENDS

The amount of dividends declared and paid by the Company since the end of the previous financial year were as follows:

	RM
Single tier final dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2020, paid on 27 October 2020	1,675,000

At the forthcoming Annual General Meeting, a single tier final dividend of 2.5 sen per ordinary share, amounting to RM1,675,000 in respect of the current financial year, as at 31 March 2021, will be proposed for the shareholders approval. The financial statements for the current financial year do not reflect this proposed dividend. Such dividend, if approved by the shareholders, will be accounted for in equity as an appropriation of retained earnings in the financial year ending 31 March 2022.

RESERVES OR PROVISIONS

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

Directors' Report
(cont'd)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts.

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

CURRENT ASSETS

Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps to ensure that any current assets which were unlikely to be realised in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company had been written down to an amount which they might be expected so to realise.

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF MATERIAL AND UNUSUAL NATURE

In the opinion of the directors,

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

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, no new issue of shares or debentures were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS

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

Dato' Mohamad Haslah bin Mohamad Amin*
Dato' Lee Tian Hock*
Dato' Ir. Tan Gee Swan @ Tan Suan Ching
Czarina Alia binti Abdul Razak
Dato' Kamarulzaman bin Jamil
Tuan Hj Mohamad Nor bin Abas
Shahrizam bin A Shukor

* Directors of the Company and certain subsidiaries

Other than as stated above, the names of the directors of the subsidiaries of the Company in office during the financial year and during the period from the end of the financial year to the date of the report are:

Mohd Azali bin Abdul Rahman	
Ng Jun Lip	
Raizita binti Ahmad @ Harun	
Tan Yu Jian	
Dato' Dr Thavanaison A/L Arumugam	(Appointed on 22 September 2020)
Mohd Eddy Hamzani bin Mohd Podzi	(Appointed on 17 November 2020)
Azizi bin Ayob	(Appointed on 7 December 2020)

DIRECTORS' INTERESTS

According to the Register of Directors' shareholdings required to be kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, the interests of directors in office at the end of the financial year in shares in the Company and its related corporations during the financial year were as follows:

	At 1.4.2020	Bought	Sold	At 31.3.2021
Interests in the Company				
Direct interests:				
Dato' Lee Tian Hock	1,500,000	–	(500,000)	1,000,000
Dato' Ir. Tan Gee Swan @ Tan Suan Ching*	100,000	–	–	100,000
Indirect interests:				
Dato' Ir. Tan Gee Swan @ Tan Suan Ching*	19,113,100	–	–	19,113,100
Dato' Lee Tian Hock*	17,956,900	–	–	17,956,900
Dato' Mohamad Haslah bin Mohamad Amin*	5,417,000	–	–	5,417,000

* Shares held through company in which the director has substantial financial interests.

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, Dato' Ir. Tan Gee Swan @ Tan Suan Ching, Dato' Lee Tian Hock and Dato' Mohamad Haslah bin Mohamad Amin are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than disclosed above, none of the other directors in office at the end of the financial year had any interest in ordinary shares of the Company and 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 any benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 26 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 arrangements where the object is 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 TO DIRECTORS AND OFFICERS

During the financial year, there was no indemnity given to or insurance effected for any directors and officers of the Company.

SUBSIDIARIES

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

The auditor's reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant events during and subsequent to the end of the financial year is disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, Messrs Baker Tilly Monteiro Heng PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration are disclosed in Note 25 to the financial statements.

The Company has agreed to indemnify the auditors of the Company as permitted under Section 289 of the Companies Act 2016 in Malaysia.

This report was approved and signed on behalf of the Board of Directors in accordance with a resolution of the directors.

....
DATO' MOHAMAD HASLAH BIN MOHAMAD AMIN
Director

....
DATO' IR. TAN GEE SWAN @ TAN SUAN CHING
Director

Date: 15 July 2021

STATEMENTS OF FINANCIAL POSITION
AS AT 31 MARCH 2021

	Note	Group 2021 RM	Group 2020 RM (Restated)	Company 2021 RM	Company 2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	11,672,313	5,155,202	48,599	96,751
Inventories	9	1,898,738	–	–	–
Investment properties	6	16,590,000	14,530,000	–	–
Goodwill on consolidation	7	855,994	855,994	–	–
Investment in subsidiaries	8	–	–	49,597,414	49,657,048
Total non-current assets		31,017,045	20,541,196	49,646,013	49,753,799
Current assets					
Inventories	9	13,574,484	12,184,272	–	–
Contract assets	10	8,513,768	1,459,982	–	–
Contract costs	11	595,480	–	–	–
Trade receivables	12	18,321,214	13,307,426	–	–
Other receivables, deposits and prepayments	13	12,250,799	5,658,373	33,048	34,376
Amounts due from subsidiaries	14	–	–	6,824,787	3,049,873
Current tax assets		382,381	26,764	–	–
Deposits, cash and bank balances	15	14,556,279	23,354,480	2,632,731	3,958,978
		68,194,405	55,991,297	9,490,566	7,043,227
Assets held for sale	16	–	5,531,666	–	–
Total current assets		68,194,405	61,522,963	9,490,566	7,043,227
TOTAL ASSETS		99,211,450	82,064,159	59,136,579	56,797,026

Statements of Financial Position
(cont'd)

	Note	Group 2021 RM	Group 2020 RM (Restated)	Company 2021 RM	Company 2020 RM
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	31,712,508	31,712,508	31,712,508	31,712,508
Retained earnings		18,326,712	16,983,258	1,785,998	2,399,574
		50,039,220	48,695,766	33,498,506	34,112,082
Non-controlling interests		2,594,634	2,208,279	–	–
TOTAL EQUITY		52,633,854	50,904,045	33,498,506	34,112,082
Non-current liabilities					
Other payables, accruals and deposits	21	–	10,470,000	–	–
Loans and borrowings	18	1,206,382	1,308,921	–	35,364
Deferred tax liabilities	19	236,009	213,563	–	–
Total non-current liabilities		1,442,391	11,992,484	–	35,364
Current liabilities					
Contract liabilities	10	805,504	1,997,216	–	–
Trade payables	20	10,461,147	8,710,075	–	–
Other payables, accruals and deposits	21	26,071,933	7,974,995	92,520	79,017
Amounts due to subsidiaries	14	–	–	25,500,064	22,525,572
Loans and borrowings	18	7,786,496	415,162	35,364	44,991
Current tax liabilities		10,125	70,182	10,125	–
Total current liabilities		45,135,205	19,167,630	25,638,073	22,649,580
TOTAL LIABILITIES		46,577,596	31,160,114	25,638,073	22,684,944
TOTAL EQUITY AND LIABILITIES		99,211,450	82,064,159	59,136,579	56,797,026

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

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Revenue	22	60,509,460	72,078,900	2,520,000	5,020,000
Cost of sales	23	(50,828,998)	(65,610,920)	–	–
Gross profit		9,680,462	6,467,980	2,520,000	5,020,000
Other income		4,084,637	9,501,512	63,608	–
Administrative expenses		(10,208,707)	(10,388,915)	(1,438,816)	(1,896,073)
Net impairment losses on:					
- investment in subsidiaries		–	–	(59,636)	(1,000,296)
- trade receivables		(54,737)	(597,203)	–	–
- amount due from subsidiaries		–	–	(10,598)	(8,879)
Operating profit/(loss)		3,501,655	4,983,374	1,074,558	2,114,752
Finance costs	24	(273,020)	(394,371)	(3,009)	(5,361)
Profit before tax	25	3,228,635	4,589,003	1,071,549	2,109,391
Tax expense	27	(223,826)	(1,211,432)	(10,125)	–
Profit for the financial year, representing total comprehensive income for the financial year		3,004,809	3,377,571	1,061,424	2,109,391
Profit/(Loss) attributable to:					
Owners of the Company		3,018,454	2,839,893	1,061,424	2,109,391
Non-controlling interest		(13,645)	537,678	–	–
		3,004,809	3,377,571	1,061,424	2,109,391
Total comprehensive income/(loss) attributable to:					
Owners of the Company		3,018,454	2,839,893	1,061,424	2,109,391
Non-controlling interest		(13,645)	537,678	–	–
		3,004,809	3,377,571	1,061,424	2,109,391
Earnings per share (sen):					
Basic/Diluted	28	4.51	4.24		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Share capital RM	(Accumulated losses)/ Retained earnings RM	Sub-total RM	Non-controlling interest RM	Total equity RM
		<--Attributable to owners of the Company-->				
Group						
At 1 April 2019		74,712,508	(28,856,635)	45,855,873	2,160,601	48,016,474
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income		–	2,839,893	2,839,893	537,678	3,377,571
Transactions with owners						
Capital reduction	17	(43,000,000)	43,000,000	–	–	–
Dividends paid on shares		–	–	–	(490,000)	(490,000)
Total transactions with owners		(43,000,000)	43,000,000	–	(490,000)	(490,000)
At 31 March 2020		31,712,508	16,983,258	48,695,766	2,208,279	50,904,045
Total comprehensive income for the financial year						
Profit for the financial year, representing total comprehensive income		–	3,018,454	3,018,454	(13,645)	3,004,809
Transactions with owners						
Changes in ownership interests in a subsidiary	8	–	–	–	400,000	400,000
Dividends paid on shares	29	–	(1,675,000)	(1,675,000)	-	(1,675,000)
Total transactions with owners		–	(1,675,000)	(1,675,000)	400,000	(1,275,000)
At 31 March 2021		31,712,508	18,326,712	50,039,220	2,594,634	52,633,854

Statements of Changes in Equity (cont'd)

	Note	Share capital RM	(Accumulated losses)/ Retained earnings RM	Total equity RM
Company				
At 1 April 2019		74,712,508	(42,709,817)	32,002,691
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income		–	2,109,391	2,109,391
Transaction with owners				
Capital reduction, representing total transaction with owners	17	(43,000,000)	43,000,000	–
At 31 March 2020		31,712,508	2,399,574	34,112,082
Total comprehensive income for the financial year				
Profit for the financial year, representing total comprehensive income		–	1,061,424	1,061,424
Transaction with owners				
Dividends paid on shares, representing total transaction with owners	29	–	(1,675,000)	(1,675,000)
At 31 March 2021		31,712,508	1,785,998	33,498,506

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash flows from operating activities					
Profit before tax		3,228,635	4,589,003	1,071,549	2,109,391
Adjustments for:					
Bad debts written off		2,088	14,482	4,957	–
Bad debts recovered		(4,595)	–	–	–
Deposits written off		–	43,680	–	–
Depreciation of property, plant and equipment		702,829	821,922	48,152	113,665
Fair value gain on investment properties		(665,865)	(64,400)	–	–
Gain on disposal of property, plant and equipment		(8,366)	(200,178)	–	–
Gain on disposal of assets held for sales		(1,493,389)	(5,612,967)	–	–
Gain on disposal of investment in an associate		–	(2,530,489)	–	–
Net impairment loss on:					
- investment in subsidiaries		–	–	59,636	1,000,296
- trade receivables		54,737	597,203	–	–
- amounts due from subsidiaries		–	–	10,598	8,879
Interest expense		273,020	394,371	3,009	5,361
Interest income		(276,025)	(157,577)	(44,408)	–
Inventories written off		29,048	17,865	–	–
Loss on disposal of investment properties		40,000	300,500	–	–
Loss/(Gain) on fair value adjustment on payable retention sum		216,824	(470,166)	–	–
Property, plant and equipment written off		4,829	–	–	–
Unrealised gain on foreign exchange		(1,042)	(272)	–	–
Operating profit/(loss) before changes in working capital		2,102,728	(2,257,023)	1,153,493	3,237,592
Changes in working capital:					
Inventories		(3,017,998)	(885,224)	–	–
Receivables		(20,190,453)	9,728,606	1,328	(495)
Payables		269,474	(1,644,118)	13,503	(23,419)
Net cash (used in)/generated from operations		(20,836,249)	4,942,241	1,168,324	3,213,678
Interest paid		(143,771)	(267,114)	(3,009)	(5,361)
Tax paid		(617,055)	(987,106)	–	–
Net cash (used in)/from operating activities		(21,597,075)	3,688,021	1,165,315	3,208,317

Statements of Cash Flows (cont'd)

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Cash flows from investing activities					
Purchase of property, plant and equipment	5(a)	(2,934,659)	(692,343)	–	–
Purchase of investment property		(48,215)	–	–	–
Investment in a subsidiary		–	–	(2)	–
Decrease in equity interest of a subsidiary		400,000	–	–	–
Proceeds from disposal of property, plant and equipment		14,047	399,981	–	–
Proceeds from disposal of assets held for sales		7,025,055	16,116,295	–	–
Proceeds from disposal of investment properties		590,000	2,880,000	–	–
Change in pledged deposits		(1,191,823)	44,777	–	–
Advances to subsidiaries		–	–	(3,790,469)	(512,878)
Advances to a related company		(1,393,176)	–	–	–
Interest received		276,025	157,577	44,408	–
Net cash from/(used in) investing activities		2,737,254	18,906,287	(3,746,063)	(512,878)
Cash flows from financing activities					
Advances from subsidiaries	(a)	–	–	2,974,492	928,804
Advances from a related party	(a)	(500,000)	(300,000)	–	–
Advances from a director	(a)	4,000,000	–	–	–
Drawdown of revolving credit	(a)	6,000,000	–	–	–
Repayment of lease liabilities	(a)	(330,773)	(641,044)	(44,991)	(42,639)
Repayment of term loans	(a)	(38,458)	(43,903)	–	–
Dividend paid	29	(1,675,000)	(490,000)	(1,675,000)	–
Interest paid		(129,249)	(127,257)	–	–
Net cash from/(used in) financing activities		7,326,520	(1,602,204)	1,254,501	886,165
Net (decrease)/increase in cash and cash equivalents		(11,533,301)	20,992,104	(1,326,247)	3,581,604
Cash and cash equivalents at the beginning of the financial year		19,689,456	(1,302,648)	3,958,978	377,374
Effects of exchange rate changes on cash and cash equivalents		1,042	–	–	–
Cash and cash equivalents at the end of the financial year	15	8,157,197	19,689,456	2,632,731	3,958,978

Statements of Cash Flows
(cont'd)

(a) Reconciliation of liabilities arising from financing activities:

	Note	At 1.4.2020 RM	Cash flows RM	Non-cash RM	At 31.3.2021 RM
2021					
Group					
Amount due to a related party	21	10,970,000	(500,000)	–	10,470,000
Amount due to a director	21	–	4,000,000	–	4,000,000
Lease liabilities	18	577,729	(330,773)	95,791	342,747
Term loans	18	1,123,982	(38,458)	–	1,085,524
Revolving credit	18	–	6,000,000	–	6,000,000
		12,671,711	9,130,769	95,791	21,898,271

	Note	At 1.4.2019 RM	Cash flows RM	Non-cash RM	At 31.3.2020 RM
2020					
Group					
Amount due to a related party	21	–	(300,000)	11,270,000	10,970,000
Lease liabilities	18	618,247	(641,044)	600,526	577,729
Term loans	18	1,167,885	(43,903)	–	1,123,982
		1,786,132	(984,947)	11,870,526	12,671,711

	Note	At 1.4.2020 RM	Cash flow RM	At 31.3.2021 RM
2021				
Company				
Amounts due to subsidiaries	14	22,525,572	2,974,492	25,500,064
Lease liabilities	18	80,355	(44,991)	35,364
		22,605,927	2,929,501	25,535,428

	Note	At 1.4.2019 RM	Cash flow RM	Non-cash RM	At 31.3.2020 RM
2020					
Company					
Amounts due to subsidiaries	14	21,596,768	928,804	–	22,525,572
Lease liabilities	18	–	(42,639)	122,994	80,355
		21,596,768	886,165	122,994	22,605,927

Statements of Cash Flows
(cont'd)

(b) Total cash outflows for leases

	Group		Company	
	2021 **RM**	**2020** **RM**	**2021** **RM**	**2020** **RM**
Included in net cash from operating activities:				
Payment relating to short-term leases	55,380	15,400	–	–
Interest paid in relation to lease liabilities	22,869	73,694	3,009	5,361
Included in net cash from financing activities:				
Payment of lease liabilities	330,773	641,044	44,991	42,639
Total cash outflows for leases	409,022	730,138	48,000	48,000

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

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Stella Holdings Berhad ("the Company") is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office and the principal place of business of the Company is located at No. 2, Jalan Apollo U5/190, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are disclosed in Note 8. There have been no significant changes in the nature of these activities during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 15 July 2021.

2. BASIS OF PREPARATION

2.1 Statement of Compliance

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

2.2 Adoption of amendments/improvements to MFRSs

The Group and the Company have adopted the following amendments/improvements to MFRSs for the current financial year:

Amendments/Improvements to MFRSs	
MFRS 3	Business Combinations
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases*
MFRS 101	Presentation of Financial Statements
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors
MFRS 139	Financial Instruments: Recognition and Measurement

* Early adopted the amendment to MFRS 16 Leases issued by the Malaysian Accounting Standards Board ("MASB") on 5 June 2020.

The adoption of the above amendments/improvements to MFRSs did not have any significant effect on the financial statements of the Group and of the Company and did not result in significant changes to the Group's and the Company's existing accounting policies.

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective:

		Effective for financial periods beginning on or after
New MFRS		
MFRS 17	Insurance Contracts	1 January 2023

2. BASIS OF PREPARATION (CONT'D)

2.3 New MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective (Cont'd)

The Group and the Company have not adopted the following new MFRS and amendments/improvements to MFRSs that have been issued, but yet to be effective: (Cont'd)

		Effective for financial periods beginning on or after
Amendments/Improvements to MFRSs		
MFRS 1	First-time Adoption of Malaysian Financial Reporting Standards	1 January 2022^/ 1 January 2023#
MFRS 3	Business Combinations	1 January 2022/ 1 January 2023#
MFRS 4	Insurance Contracts	1 January 2021/ 1 January 2023
MFRS 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023#
MFRS 7	Financial Instruments: Disclosures	1 January 2021/ 1 January 2023#
MFRS 9	Financial Instruments	1 January 2021/ 1 January 2022^/ 1 January 2023#
MFRS 10	Consolidated Financial Statements	Deferred
MFRS 15	Revenue from Contracts with Customers	1 January 2023#
MFRS 16	Leases	1 June 2020/ 1 April 2021/ 1 January 2022^
MFRS 17	Insurance Contracts	1 January 2023
MFRS 101	Presentation of Financial Statements	1 January 2023/ 1 January 2023#
MFRS 107	Statements of Cash Flows	1 January 2023#
MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
MFRS 116	Property, Plant and Equipment	1 January 2022/ 1 January 2023#
MFRS 119	Employee Benefits	1 January 2023#
MFRS 128	Investments in Associates and Joint Ventures	Deferred/ 1 January 2023#
MFRS 132	Financial Instruments: Presentation	1 January 2023#
MFRS 136	Impairment of Assets	1 January 2023#
MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022/ 1 January 2023#
MFRS 138	Intangible Assets	1 January 2023#
MFRS 139	Financial Instruments: Recognition and Measurement	1 January 2021
MFRS 140	Investment Property	1 January 2023#
MFRS 141	Agriculture	1 January 2022^

^ *Annual Improvements to MFRS Standards 2018-2020*
# *Amendments as to the consequence of effective of MFRS 17 Insurance Contracts*

2.3.1 The Group and the Company plan to adopt the above applicable new MFRS and amendments/improvements to MFRSs when they become effective. The initial application of the applicable new MFRS and amendments/improvements to MFRSs is not expected to have material impact to the current and prior periods financial statements.

2. BASIS OF PREPARATION (CONT'D)

2.4 Functional and presentation of currency

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

2.5 Basis of measurement

The financial statements of the Group and of the Company have been prepared on the historical cost basis, except as otherwise disclosed in Note 3.

2.6 Use of estimates and judgement

The preparation of financial statements in conformity with MFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of the revenue and expenses during the reporting period. It also requires directors to exercise their judgement in the process of applying the Group's and the Company's accounting policies. Although these estimates and judgement are based on the directors' best knowledge of current events and actions, actual results may differ.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates that are significant to the Group's and the Company's financial statements are disclosed in Note 4.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Unless otherwise stated, the following accounting policies have been applied consistently to all the financial years presented in the financial statements of the Group and of the Company.

3.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The financial statements of the subsidiaries and an associate used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

(a) Subsidiaries and business combination

Subsidiaries are entities (including structured entities) over which the Group is exposed, or has rights, to variable returns from its involvement with the acquirees and has the ability to affect those returns through its power over the acquirees.

The financial statements of subsidiaries are included in the consolidated financial statements from the date the Group obtains control of the acquirees until the date the Group loses control of the acquirees.

The Group applies the acquisition method to account for business combinations from the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

For a new acquisition, goodwill is initially measured at cost, being the excess of the following:

- the fair value of the consideration transferred, calculated as the sum of the acquisition-date fair value of assets transferred (including contingent consideration), the liabilities incurred to former owners of the acquiree and the equity instruments issued by the Group. Any amounts that relate to pre-existing relationships or other arrangements before or during the negotiations for the business combination, that are not part of the exchange for the acquiree, will be excluded from the business combination accounting and be accounted for separately; plus
- the recognised amount of any non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets at the acquisition date (the choice of measurement basis is made on an acquisition-by-acquisition basis); plus
- if the business combination is achieved in stages, the acquisition-date fair value of the previously held equity interest in the acquiree; less
- the net fair value of the identifiable assets acquired and the liabilities (including contingent liabilities) assumed at the acquisition date.

The accounting policy for goodwill is set out in Note 3.8.

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

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

If the business combination is achieved in stages, the Group remeasures the previously held equity interest in the acquiree to its acquisition-date fair value, and recognises the resulting gain or loss, if any, in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss or transferred directly to retained earnings on the same basis as would be required if the acquirer had disposed directly of the previously held equity interest.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the Group uses provisional fair value amounts for the items for which the accounting is incomplete. The provisional amounts are adjusted to reflect new information obtained about facts and circumstances that existed as of the acquisition date, including additional assets or liabilities identified in the measurement period. The measurement period for completion of the initial accounting ends as soon as the Group receives the information it was seeking about facts and circumstances or learns that more information is not obtainable, subject to the measurement period not exceeding one year from the acquisition date.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (Cont'd)

(a) Subsidiaries and business combination (Cont'd)

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the former subsidiary, any non-controlling interests and the other components of equity related to the former subsidiary from the consolidated statement of financial position. Any gain or loss arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the former subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an associate, a joint venture, an available-for-sale financial asset or a held for trading financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the Group's share of net assets before and after the change, and the fair value of the consideration received or paid, is recognised directly in equity.

(b) Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company and are presented separately in the consolidated statement of financial position within equity.

Losses attributable to the non-controlling interests are allocated to the non- controlling interests even if the losses exceed the non-controlling interests.

(c) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity-accounted associate are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same ways as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries and an associate are measured at cost less any accumulated impairment losses, unless the investment is classified as held for sale or distribution. The cost of investment includes transaction costs. The policy for the recognition and measurement of impairment losses shall be applied on the same basis as would be required for impairment of non-financial assets as disclosed in Note 3.13(b).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities at the exchange rates prevailing at the transaction dates.

At the end of each reporting date, monetary items denominated in foreign currencies are retranslated at the exchange rates prevailing at the reporting date.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the dates the fair values were determined. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated at the historical rates as at the dates of the initial transactions.

Foreign exchange differences arising on settlement or retranslation of monetary items are recognised in profit or loss.

The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in other comprehensive income or profit or loss are also recognised in other comprehensive income or profit or loss, respectively).

3.4 Financial instruments

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

Except for the trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the financial instruments are recognised initially at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contract Customers*.

An embedded derivative is recognised separately from the host contract and accounted for as a derivative if, and only if, it is not closely related to the economic characteristics and risks of the host contract; it is a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured as fair value through profit or loss. The host contract, in the event an embedded derivative is recognised separately, is accounted for in accordance with the policy applicable to the nature of the host contract.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(a) Subsequent measurement

The Group categorises the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified as:

- **Financial assets at amortised cost**

  The classification depends on the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

  The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's and the Company's business model for managing the asset and the cash flow characteristics of the asset. The Group and the Company classify their debt instruments as:

- **Amortised cost**

  Financial assets that are held for collection of contractual cash flows and those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. The policy for the recognition and measurement of impairment is in accordance with Note 3.13(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

(ii) Financial liabilities

The Group and the Company classify their financial liabilities as financial liabilities at amortised cost.

Financial liabilities at amortised cost

Subsequent to initial recognition, other financial liabilities are measured at amortised cost using effective interest method. Gains and losses are recognised in profit or loss when the financial liabilities are derecognised and through the amortisation process.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(b) Financial guarantee contracts

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

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, 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.

(c) Regular way purchase or sale of financial assets

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

A regular way purchase or sale of financial assets shall be recognised and derecognised, as applicable, using trade date accounting (i.e. the date the Group and the Company commit themselves to purchase or sell an asset).

Trade date accounting refers to:

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

Generally, interest does not start to accrue on the asset and corresponding liability until the settlement date when title passes.

(d) Derecognition

A financial asset or a part of it is derecognised when, and only when:

(i) the contractual rights to receive the cash flows from the financial asset expire, or
(ii) the Group and the Company have transferred their rights to receive cash flows from the asset or have assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass- through' arrangement; and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but have transferred control of the asset.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Financial instruments (Cont'd)

(d) Derecognition (Cont'd)

The Group and the Company evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of their continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

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

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Offsetting of financial instruments

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

In accounting for a transfer of a financial asset that does not qualify for the derecognition, the entity shall not offset the transferred asset and the associated liability.

3.5 Property, plant and equipment

(a) Recognition and measurement

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

Cost of assets includes expenditure that are directly attributable to the acquisition of the asset and any other costs that are directly attributable to bringing the asset to working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Property, plant and equipment (Cont'd)

(b) Subsequent costs

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

(c) Depreciation

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Other property, plant and equipment are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Freehold building	50
Long term leasehold land and buildings	80 – 82
Plant and machinery	5 – 10
Motor vehicles	5 – 10
Furniture, fittings and office equipment	3 – 20
Office renovation	20

Long term leasehold land and buildings are depreciated over the useful life as the Group has not been able to segregate the cost of the building from the cost of the related land. The directors are of the opinion that the depreciation of the land has no material effect on the financial statements of the Group.

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

Fully depreciated assets are retained in the accounts until the assets are no longer in use.

(d) Derecognition

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases

(a) Definition of lease

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

- the contract involves the use of an identified asset:
- the Group and the Company have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group and the Company have the right to direct the use of the asset.

(b) Lessee accounting

At the lease commencement date, the Group and the Company recognise a right-of-use asset and a lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets.

The Group and the Company present right-of-use assets that meets the definition of property, plant and equipment in Note 5 and lease liabilities in Note 18.

Right-of-use asset

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

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjust for any remeasurement of the 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. If the Group and the Company expect to exercise a purchase option, the right- of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts from the commencement date of the underlying asset. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

Lease liability

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group and the Company use their incremental borrowing rate.

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

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(b) Lessee accounting (Cont'd)

Lease liability (Cont'd)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability and by reducing the carrying amount to reflect the lease payments made.

The Group and the Company remeasure the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Variable lease payments that do not depend on an index or a rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "administrative expenses" in the statements of comprehensive income.

The Group and the Company have elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

Short-term leases and leases of low value assets

The Group and the Company have elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low value assets. The Group and the Company recognise the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(c) Lessor accounting

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. All other leases that do not meet this criterion are classified as operating leases.

When the Group and the Company are intermediate lessors, they account for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. If a head lease is a short-term lease to which the Group applies the exemption described in Note 3.6(b), then it classifies the sub-lease as an operating lease.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Leases (Cont'd)

(c) Lessor accounting (Cont'd)

If an entity in the Group is a lessor in a finance lease, it derecognises the underlying asset and recognises a lease receivable at an amount equal to the net investment in the lease. Finance income is recognised in profit or loss based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the finance lease.

If an entity in the Group is a lessor in an operating lease, the underlying asset is not derecognised but is presented in the statements of financial position according to the nature of the asset. Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished.

When a contract includes lease and non-lease components, the Group and the Company apply MFRS 15 to allocate the consideration under the contract to each component.

3.7 Investment properties

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

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

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

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

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

3.8 Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(b).

In respect of equity-accounted associates, goodwill is included in the carrying amount of the investment and is not tested for impairment individually. Instead, the entire carrying amount of the investment is tested for impairment as a single asset when there is objective evidence of impairment.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Inventories

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

Costs includes the actual cost of purchase and other costs incurred in bringing the inventories to their present location and condition. The costs are assigned on a weighted average cost basis.

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.

Property under development

Cost includes:

- freehold rights for land
- planning and design costs, costs for site preparation, professional fees for legal services, and other related costs

The cost of inventory recognised in profit or loss is determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative sale value of the property sold.

3.10 Contract assets/(liabilities)

Contract asset is the right to consideration for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Group's future performance).

The policy for the recognition and measurement of impairment losses is in accordance with Note 3.13(a).

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer.

3.11 Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. The criteria for held for sale classification is regarded as met only when:

- the asset is available for immediate sale in its present condition;
- the management is committed to a plan to sell the asset and the asset is actively marketed for sale at a price that is reasonable in relation to its current fair value; and
- the sale is expected to be completed within one year from the date of classification and actions required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the sale will be withdrawn.

Immediately before classification as held for sale, the assets are remeasured in accordance with the Group's accounting policies. Thereafter, generally the assets are measured at the lower of carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. A gain for any subsequent increase in fair value less costs to sell of an asset is recognised but not in excess of the cumulative impairment loss that has been recognised.

Property, plant and equipment once classified as held for sale are not depreciated.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand, bank balances and deposits with a maturity of three months or less, that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Cash and cash equivalents are presented net of bank overdrafts.

3.13 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, lease receivables, contract assets or a loan commitment and financial guarantee contracts will be subject to the impairment requirement in MFRS 9 Financial Instruments which is related to the accounting for expected credit losses on the financial assets. Expected credit loss is the weighted average of credit losses with the respective risks of a default occurring as the weights.

The Group and the Company measure loss allowance at an amount equal to lifetime expected credit loss, except for the following, which are measured as 12-month expected credit loss:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

For trade receivables and contract assets, the Group and the Company apply the simplified approach permitted by MFRS 9 to measure the loss allowance at an amount equal to lifetime expected credit losses.

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

The Group and the Company assume that the credit risk on a financial asset has increased significantly if it is more than 90 days past due.

The Group and the Company consider a financial asset to be in default when:

- the borrower is unable to pay its credit obligations to the Group and the Company in full, without taking into account any credit enhancements held by the Group and the Company; or
- the contractual payment of the financial asset is more than 90 days past due unless the Group and the Company have reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment of assets (Cont'd)

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

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The maximum period considered when estimating expected credit losses is the maximum contractual period over which the Group and the Company are exposed to credit risk.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial instrument. A cash shortfall is the difference between the cash flows that are due to an entity in accordance with the contract and the cash flows that the entity expects to receive.

Expected credit losses are discounted at the effective interest rate of the financial assets.

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

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default of past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- the disappearance of an active market for that financial asset because of financial difficulties; or
- the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

The amount of impairment losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Impairment of assets (Cont'd)

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories, contract assets, investment properties measured at fair value and assets held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount. For goodwill that have indefinite useful life and are not yet available for use, the recoverable amount is estimated at each reporting date.

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 non-financial assets or cash- generating units ("CGUs"). Subject to an operating segment ceiling test, for the purpose of goodwill impairment testing, CGUs 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 CGU or a group of CGUs that are expected to benefit from the synergies of business combination.

The recoverable amount of an asset or a CGU is the higher of its fair value less costs of disposal and its value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre- tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. In determining the fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Where the carrying amount of an asset exceeds its recoverable amount, the carrying amount of asset is reduced to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss.

Impairment losses in respect of goodwill are not reversed. For other assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. An impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. Reversal of impairment loss is restricted by the asset's carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

Notes to the Financial Statements
(cont'd)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Share capital

Ordinary shares are equity instruments. An equity instrument is a contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

3.15 Provisions

Provisions are recognised when the Group and the Company have a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

If the effect of the time value of money is material, provisions that are determined based on the expected future cash flows to settle the obligation are discounted using a current pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provisions due to passage of time is recognised as finance costs.

Provisions are reviewed at each reporting date 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.

3.16 Revenue and other income

(a) Sales of goods and rendering of services

The Group and the Company recognise revenue that depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group and the Company expect to be entitled in exchange for those goods or services.

Revenue recognition of the Group and the Company is applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer).

The Group and the Company measure revenue from sale of good or service at its transaction price, being the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring promised good or service to a customer, excluding amounts collected on behalf of third parties such as goods and service tax, adjusted for the effects of any variable consideration, constraining estimates of variable consideration, significant financing components, non-cash consideration and consideration payable to customer. If the transaction price includes variable consideration, the Group and the Company use the expected value method by estimating the sum of probability-weighted amounts in a range or possible consideration amounts, or the most likely outcome method, depending on which method the Group and the Company expect to better predict the amount of consideration to which it is entitled.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

(a) Sales of goods and rendering of services (Cont'd)

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer, i.e. when or as a performance obligation in the contract with customer is satisfied. A performance obligation is satisfied when or as the customer obtains control of the good or service underlying the particular performance obligation, which the performance obligation may be satisfied at a point in time or over time.

A contract modification is a change in the scope or price (or both) of a contract that is approved by the parties to the contract. A modification exists when the change either creates new or changes existing enforceable rights and obligations of the parties to the contract. The Group and the Company have assessed the type of modification and accounted for as either creates a separate new contract, terminates the existing contract and creation of a new contract; or forms a part of the existing contracts.

(b) Construction contracts

Construction service contracts comprise multiple deliverables that require significant integration service and therefore accounted as a single performance obligation.

Under the terms of the contracts, control is transferred over time as the Group creates or enhances an asset that the customer controls as the asset is created or enhanced. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of construction costs incurred for work performed to date bear to the estimated total construction costs (an input method).

Sales are made with a credit term ranging from 30 to 90 days, which is consistent with market practice, therefore, no element of financing is deemed present. The Group becomes entitled to invoice customers based on achieving a series of performance-related milestones.

The Group recognised a contract asset for any excess of revenue recognised to date over the billings-to-date. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point when invoice is issued or timing for billing is due to passage of time. If the milestone billing exceeds the revenue recognised to date and any deposit or advances received from customers then the Group recognises a contract liability for the difference.

(c) Property development

The Group develops and sells residential and commercial properties.

Revenue from residential and commercial properties are recognised as and when the control of the asset is transferred to the customer. Based on the terms of the contract and the laws that apply to the contract, control of the asset is transferred over time as the Group's performance do 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. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. The progress towards complete satisfaction of a performance obligation is determined by the proportion of property development costs incurred for work performed to date bear to the estimated total property development costs (an input method).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.16 Revenue and other income (Cont'd)

(c) Property development (Cont'd)

The consideration is due based on the scheduled payments in the contract, therefore, no element of financing is deemed present. When a particular milestone is reached in excess of the scheduled payments, a contract asset will be recognised for the excess of revenue recognised to date under the input method over the progress billings to-date and include deposits or advances received from customers. When the progress billings to-date and include deposits or advances received from customers exceeds revenue recognised to date then the Group recognises a contract liability for the difference.

Consistent with market practice, the Group collects deposit from customers for sale of properties. A contract liability is recognised for the customer deposits as the Group has obligations to transfer the goods or services to the customer in respect of deposits received. Customer deposits would be recognised as revenue upon transfer of goods or services to the customer.

For residential properties, as part of the statutory requirements, the Group's obligations to repair and made good of any defect, shrinkage or other faults in the building or in the common property which have become apparent within a period of 24 months after the customer takes vacant possession of the building are recognised as a provision.

(d) Interest income

Interest income is recognised using the effective interest method.

(e) Dividend income

Dividend income is recognised when the right to receive payment is established.

(f) Rental income

Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentive granted is recognised as an integral part of the total rental income, over the term of the lease.

3.17 Employee benefits

(a) Short-term employee benefits

Short-term employee benefit obligations in respect of wages, salaries, social security contributions, annual bonuses, paid annual leave, sick leave and non- monetary benefits are recognised as an expense in the financial year where the employees have rendered their services to the Group and the Company.

(b) Defined contribution plans

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. Such contributions are recognised as an expense in profit or loss in the period in which the employees render their services.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.18 Borrowing costs

Borrowing costs are interests and other costs that the Group and the Company incur in connection with borrowing of funds.

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

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

The Group and the Company begin capitalising borrowing costs when the Group and the Company have incurred the expenditures for the asset, incurred related borrowing costs and undertaken activities that are necessary to prepare the asset for its intended use or sale.

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.

3.19 Income tax

Income tax expense in profit or loss comprises current and deferred tax. Current 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.

(a) Current tax

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

(b) Deferred tax

Deferred tax is recognised using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts in the statements of financial position. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, unutilised tax losses and unused tax credits, to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

Deferred tax is not recognised if the temporary differences arise from the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.19 Income tax (Cont'd)

(b) Deferred tax (Cont'd)

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

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Where investment properties are carried at fair value in accordance with the accounting policy as disclosed in Note 3.7, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within the business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

(c) Sales and services tax

Revenue, expenses and assets are recognised net of the amount of sales and services tax except:

- where the sales and services tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the sales and services tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax included

The net amount of sales and services tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statements of financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.20 Earning per share

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

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

3.21 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chief Executive Officer of the Group, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the chief operating decision maker that makes strategic decisions.

3.22 Fair value measurements

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

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

When measuring the fair value of an asset or a liability, the Group and the Company use observable market data as far as possible. Fair value 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 Group and the Company can access at the measurement date.
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for the asset or liability.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.23 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non- occurrence of uncertain future event(s) not wholly within the control of the Group and of the Company.

Contingent liability is also referred as a present obligation that arises from past events but is not recognised because:

(a) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
(b) the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities and assets are not recognised in the statements of financial position.

3.24 Contract costs

(a) Recognition and measurement

Contract costs include costs of obtaining and fulfilling a contract.

The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer which they would not have incurred if the contract had not been obtained. The incremental costs of obtaining a contract with a customer are recognised as part of contract costs when the Group expects those costs are recoverable.

The costs incurred in fulfilling a contract with a customer which are not within the scope of another MFRSs, such as MFRS 102 *Inventories*, MFRS 116 *Property, Plant and Equipment* or MFRS 138 *Intangible Assets*, are recognised as part of contract costs when all of the following criteria are met.

(a) the costs relate directly to a contract or to an anticipated contract that can be specifically identified;
(b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
(c) the costs are expected to be recovered.

(b) Amortisation

The costs of obtaining and fulfilling a contract are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. The amortisation shall be updated subsequently to reflect any significant change to the expected timing of transfer to the customer of the goods or services to which the asset relates in accordance with MFRS 108 *Accounting Policies, Changes in Accounting Estimate and Errors*.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.24 Contract costs (Cont'd)

(c) Impairment

Impairment loss are recognised in profit or loss to the extent that the carrying amount of the contract costs exceeds:

(a) the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates: less
(b) the costs that relate directly to providing those goods or services and that have not been recognised as expenses.

Before an impairment loss is recognised for contract costs, the Group shall recognise any impairment loss for assets related to the contract that are recognised in accordance with another MFRSs, such as MFRS 102, MFRS 116 and MFRS 138. The Group shall include the resulting carrying amount of the contract costs in the carrying amount of the cash-generating unit to which it belongs for the purpose of applying MFRS 136 *Impairment of Assets to that cash-generating unit*.

An impairment loss is reversed when the impairment conditions no longer exist or have improved. Such reversal is recognised in profit or loss.

The Group has applied the practical expedient to recognise the incremental costs of obtaining contracts as an expense when incurred if the amortisation periods of the asset that the Group otherwise would have recognised are one year or less.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Significant areas of estimation, uncertainty and critical judgements in applying accounting policies that have significant effect in determining the amount recognised in the financial year include the following:

(a) Construction revenue and expenses (Notes 10, 20(b), 21(b), 22 and 23)

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

(b) Property development revenue and expenses (Notes 10, 11, 22 and 23)

The Group recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects. In making the judgement, the Group evaluates based on past experience and by relying on the work of specialists.

5. PROPERTY, PLANT AND EQUIPMENT

	Freehold land and building RM	Long term leasehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Office renovation RM	Right-of-use assets RM	Assets under construction RM	Total RM
Group									
2021									
Cost									
At 1 April 2020	1,000,000	2,982,391	131,612	870,411	1,953,259	1,823,505	1,035,789	–	9,796,967
Additions	–	–	–	66,432	50,087	18,140	95,791	7,000,000	7,230,450
Derecognition*	–	–	–	–	–	–	(377,532)	–	(377,532)
Disposals	–	–	(11,000)	(63,268)	(3,290)	–	–	–	(77,558)
Reclassification	–	–	–	433,857	–	–	(433,857)	–	–
Written off	–	–	–	–	(12,331)	–	–	–	(12,331)
At 31 March 2021	1,000,000	2,982,391	120,612	1,307,432	1,987,725	1,841,645	320,191	7,000,000	16,559,996
Accumulated depreciation									
At 1 April 2020	78,333	281,467	100,647	546,935	1,569,901	1,593,791	470,691	–	4,641,765
Depreciation charge for the financial year	20,000	44,826	12,044	129,642	125,265	6,075	364,977	–	702,829
Derecognition*	–	–	–	–	–	–	(377,532)	–	(377,532)
Disposals	–	–	(5,317)	(63,270)	(3,290)	–	–	–	(71,877)
Reclassification	–	–	–	433,853	–	–	(433,853)	–	–
Written off	–	–	–	–	(7,502)	–	–	–	(7,502)
At 31 March 2021	98,333	326,293	107,374	1,047,160	1,684,374	1,599,866	24,283	–	4,887,683
Net carrying amount									
At 31 March 2021	901,667	2,656,098	13,238	260,272	303,351	241,779	295,908	7,000,000	11,672,313

* Derecognition of the right-of-use asset during the financial year was as a result of termination of certain leases.

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

	Freehold land and building RM	Long term leasehold land and buildings RM	Plant and machinery RM	Motor vehicles RM	Furniture, fittings and office equipment RM	Office renovation RM	Right-of-use assets RM	Total RM
Group								
2020								
Cost								
At 1 April 2019	1,000,000	2,982,391	131,612	1,492,584	1,667,764	1,810,225	1,583,374	10,667,950
Additions	–	–	–	367,262	285,495	13,280	126,306	792,343
Disposals	–	–	–	(989,435)	–	–	(673,891)	(1,663,326)
At 31 March 2020	1,000,000	2,982,391	131,612	870,411	1,953,259	1,823,505	1,035,789	9,796,967
Accumulated depreciation								
At 1 April 2019	58,333	261,954	84,257	1,414,123	1,351,451	1,578,020	535,228	5,283,366
Depreciation charge for the financial year	20,000	19,513	16,390	48,392	218,450	15,771	483,406	821,922
Disposals	–	–	–	(915,580)	–	–	(547,943)	(1,463,523)
At 31 March 2020	78,333	281,467	100,647	546,935	1,569,901	1,593,791	470,691	4,641,765
Net carrying amount								
At 31 March 2020	921,667	2,700,924	30,965	323,476	383,358	229,714	565,098	5,155,202

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

	Furniture, fittings and office equipment RM	Office renovation RM	Right-of-use assets RM	Total RM
Company				
2021				
Cost				
At 1 April 2020/31 March 2021	34,164	2,273,906	122,994	2,431,064
Accumulated depreciation				
At 1 April 2020	34,160	2,255,428	44,725	2,334,313
Depreciation charge for the financial year	–	3,427	44,725	48,152
At 31 March 2021	34,160	2,258,855	89,450	2,382,465
Net carrying amount				
At 31 March 2021	4	15,051	33,544	48,599
2020				
Cost				
At 1 April 2019/31 March 2020	34,164	2,273,906	122,994	2,431,064
Accumulated depreciation				
At 1 April 2019	34,160	2,186,488	–	2,220,648
Depreciation charge for the financial year	–	68,940	44,725	113,665
At 31 March 2020	34,160	2,255,428	44,725	2,334,313
Carrying amount				
At 31 March 2020	4	18,478	78,269	96,751

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

(a) During the financial year, the Group acquired property, plant and equipment with an aggregate cost of RM7,230,450 (2020: RM792,343) which are satisfied by the following:

	Group 2021 RM	Group 2020 RM
Financed by way of lease laibilities arrangement	95,791	100,000
Cash payments	2,934,659	692,343
Other payables	4,200,000	–
	7,230,450	792,343

(b) Freehold and leasehold land and building of the Group with carrying amount of RM901,667 and RM1,143,551 (2020: RM921,667 and Nil) respectively have been pledged as security to secure banking facilities of the Group as disclosed in Notes 18(a), 18(c) and 18(d).

(c) The Group and the Company lease several assets including leasehold buildings and motor vehicles.

Information about leases for which the Group and the Company are lessees is presented below:

	Group		
	Buildings RM	Motor vehicles RM	Total RM
Carrying amount			
At 1 April 2019	500,526	547,620	1,048,146
Additions	–	126,306	126,306
Disposals	–	(125,948)	(125,948)
Depreciation	(263,184)	(220,222)	(483,406)
At 31 March 2020	237,342	327,756	565,098
Additions	95,791	–	95,791
Depreciation	(213,301)	(151,676)	(364,977)
Reclassification	–	(4)	(4)
At 31 March 2021	119,832	176,076	295,908

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

(c) Information about leases for which the Group and the Company are lessees is presented below: (Cont'd)

	Company Building RM
Carrying amount	
At 1 April 2019	122,994
Depreciation	(44,725)
At 31 March 2020	78,269
Depreciation	(44,725)
At 31 March 2021	33,544

The Group and the Company lease buildings for their office space and staff apartments. The leases for office space and operation site generally have lease term between 2 to 4 years.

The Group also lease motor vehicles with lease term of 3 to 7 years.

6. INVESTMENT PROPERTIES

	Freehold land and buildings RM	Leasehold land and buildings RM	Total RM
Group			
2021			
At 1 April 2020	2,080,000	12,450,000	14,530,000
Additions	–	2,324,135	2,324,135
Disposals	–	(930,000)	(930,000)
Gain arising from fair value adjustment	–	665,865	665,865
At 31 March	2,080,000	14,510,000	16,590,000
2020			
At 1 April 2019	2,070,000	13,910,000	15,980,000
Additions	–	1,666,100	1,666,100
Disposals	–	(3,180,500)	(3,180,500)
Gain arising from fair value adjustment	10,000	54,400	64,400
At 31 March	2,080,000	12,450,000	14,530,000

6. INVESTMENT PROPERTIES (CONT'D)

(a) Included in freehold land and buildings is a property with carrying amount of RM880,000 (2020: RM880,000) pledged as security to secure term loan of the Group as disclosed in Note 18(a).

(b) Included in freehold and leasehold land and building are properties with carrying amount of RM1,200,000 and RM6,090,000 (2020: RM7,320,000) pledged as security to secure bank overdrafts of the Group as disclosed in Note 18(c).

(c) Included in leasehold land and building are properties with carrying amount of RM5,800,000 (2020: Nil) pledged as security to secure revolving credit of the Group as disclosed in Note 18(d).

(d) The following are recognised in profit or loss in respect of the investment properties:

	Group	
	2021	**2020**
	RM	**RM**
Rental income	345,005	384,934
Direct operating expenses		
- income generating investment properties	(219,477)	(228,741)

Fair value information

The fair value of investment properties is determined by directors' estimation and referring to external independent property valuers, Raine & Horne International Zaki + Partners Sdn. Bhd. and Jones Lang Wootton Singham Sulaiman Sdn. Bhd., with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The fair value of investment properties of the Group are categorised as Level 2. There are no Level 1 and Level 3 investment properties or transfer between the levels during the financial years ended 31 March 2021 or 31 March 2020.

Level 2 fair value

Level 2 fair values of investment properties have been derived using sales comparison approach. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant inputs into this valuation approach is price per square foot of comparable properties.

7. GOODWILL ON CONSOLIDATION

	Group	
	2021	**2020**
	RM	**RM**
At beginning/end of the financial year	855,994	855,994

7. GOODWILL ON CONSOLIDATION (CONT'D)

Impairment of goodwill

Management reviews the business performance based on the type of products and services of the strategic business units which represent its reportable operating segments. For the purpose of impairment testing, goodwill acquired through business combinations is allocated to the Group's oil and gas solution segment, which is also a reportable operating segment, which represent the lowest level of cash generating unit ("CGU") within the Group at which the goodwill is monitored for internal management purposes.

Key assumption used in value-in-use calculations

Goodwill is tested for impairment on annual basis by comparing the carrying amount with the recoverable amount of the CGU based on value-in-use. Value in use is determined by discounting the future cash flows based on financial budgets approved by management covering three financial years and no growth rate is projected from the fourth financial year onwards. The same method has also been used in the previous financial year. The key assumptions used for value-in-use calculation are:

(a) Sales growth rate

The sales growth rate is based on the expected projection of the related segments.

The sales growth rate used in value-in-use calculations is 10% to 23% (2020: -19% to 13%).

(b) Gross profit margin

Gross profit margin is based on management's past experience, adjusted for market and economic conditions and internal resource efficiency.

The gross profit margin used in value-in-use calculations is 30% (2020: 26% to 29%).

(c) Discount rate

Discount rate is estimated based on the industry weighted average cost of capital. The discount rate applied to the cash flow projection is pre-tax and reflects management's estimate of the risks specific to the CGU at the date of assessment.

The discount rate used in value-in-use calculations is 16.45% (2020: 15.52%).

The values assigned to the above key assumptions represent management's assessment of future trends in the industry and are based on both external and internal sources of information.

Based on the sensitivity analysis performed, management believes that there is no reasonable possible change in any of the above key assumptions that would cause the carrying amount of the CGU to be materially higher than its recoverable amount.

8. INVESTMENT IN SUBSIDIARIES

	Company 2021 RM	2020 RM
Unquoted shares, at cost	64,435,628	64,435,626
Less: Impairment losses	(14,838,214)	(14,778,578)
	49,597,414	49,657,048

The reconciliation of movement in the impairment of investment in subsidiaries is as follows:

	Company 2021 RM	2020 RM
At beginning of the financial year	14,778,578	13,778,282
Impairment for the financial year	59,636	1,000,296
At end of the financial year	14,838,214	14,778,578

Details of the subsidiaries, all of which have principal place of business and are incorporated in Malaysia, are as follows:

Name of company	Ownership interest 2021	2020	Principal activities
Mewah Kota Sdn. Bhd. ("MKSB")	100%	100%	Contractor for various kinds of civil and structural, mechanical and electrical works and maintenance works.
Paramount Ventures Sdn. Bhd.	100%	100%	Property development.
Merge Properties Sdn. Bhd.	100%	100%	Property investment.
MEB Realty Sdn. Bhd.	100%	100%	Property investment.
MEB Development Sdn. Bhd.	100%	100%	Inactive.
Merge Readymix Sdn. Bhd.	100%	100%	Inactive.
Merge Energy O&G Sdn. Bhd.	100%	100%	Inactive.
Merge Highway Engineering Sdn. Bhd.	100%	100%	Inactive.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

Details of the subsidiaries, all of which have principal place of business and are incorporated in Malaysia, are as follows: (Cont'd)

Name of company	Ownership interest 2021	2020	Principal activities
Iris Synergy Sdn. Bhd.	51%	51%	Supply engineering equipment, spare parts and the provision of value added services and information technology solutions to the gas and petroleum industry.
Semarak Niaga Lanskap Sdn. Bhd. ("SNLSB")	100%	100%	Nursery and landscaping, garden design, maintenance and beautification.
Stella Healthcare Holdings Sdn. Bhd. ("SHHSB")	100%	–	Investment holding.
Subsidiary of MKSB			
Innovasi Hebat Sdn. Bhd.	100%	100%	Inactive.
Subsidiary of SHHSB			
Stella Kasih Healthcare Sdn. Bhd. ("SKHSB")	60%	–	Healtcare services, establish, manage and operate hospital.

(a) 2021

On 14 September 2020, the Company incorporated a subsidiary, namely Stella Healthcare Holdings Sdn. Bhd. ("SHHSB"). The issued and paid up share capital of SHHSB is RM2 comprising 2 units of ordinary shares. The Company had subscribed for 100% of the issued and paid up share capital of SHHSB in cash.

On 22 September 2020, SHHSB incorporated a subsidiary, namely Stella Kasih Healthcare Sdn. Bhd. ("SKHSB"). The issued and paid up share capital of SKHSB is RM2 comprising 2 units of ordinary shares. SHHSB had subscribed for 100% of the issued and paid up share capital of SKHSB in cash. On 12 November 2020, SKHSB issued another 999,998 units of shares comprising of RM1 per share. SHHSB had subscribed for another 599,998 units of issued and paid up share capital of SKHSB in cash. Subsequently, the Company became a 60% owned subsidiary.

(b) 2020

On 17 June 2019, Yakin Rantau Sdn. Bhd. a wholly owned subsidiary of SNLSB which in turn is a wholly owned subsidiary of the Company was deregistered from Companies Commission of Malaysia.

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Non-controlling interests in subsidiaries

The financial information of the Group's subsidiaries that has non-controlling interests ("NCI") are as follow:

	Iris Synergy Sdn. Bhd. RM	Stella Kasih Healthcare Sdn. Bhd. RM
As at 31 March 2021		
NCI percentage of ownership interest and voting interest	49%	40%
Carrying amount of NCI	2,338,978	255,655
Profit allocated to NCI	130,699	(144,345)
As at 31 March 2020		
NCI percentage of ownership interest and voting interest	49%	–
Carrying amount of NCI	2,208,279	–
Profit allocated to NCI	537,678	–

The summarised financial information (before intra-group elimination) of the Group's subsidiaries that has non-controlling interests are as follows:

	Iris Synergy Sdn. Bhd. RM	Stella Kasih Healthcare Sdn. Bhd. RM
Summarised statement of financial position		
As at 31 March 2021		
Non-current assets	1,948,921	7,007,068
Current assets	4,352,530	1,711,613
Non-current liabilities	(1,129,998)	–
Current liabilities	(427,378)	(8,079,542)
Net assets	4,744,075	639,139
Summarised statement of comprehensive income		
Financial year ended 31 March 2021		
Revenue	4,785,105	–
Profit/(Loss) for the financial year, representing total comprehensive income/(loss)	266,731	(360,861)

8. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Non-controlling interests in subsidiaries (Cont'd)

The summarised financial information (before intra-group elimination) of the Group's subsidiary that has non-controlling interests are as follows: (Cont'd)

	Iris Synergy Sdn. Bhd. RM	Stella Kasih Healthcare Sdn. Bhd. RM
Summarised cash flows information		
Financial year ended 31 March 2021		
Cash flows from operating activities	(1,027,788)	3,575,011
Cash flows from investing activities	(16,799)	(8,400,616)
Cash flows from financing activities	(209,682)	4,876,542
Net (decrease)/increase in cash and cash equivalents	(1,254,269)	50,937

	Iris Synergy Sdn. Bhd. RM
Summarised statement of financial position	
As at 31 March 2020	
Non-current assets	2,053,313
Current assets	4,749,862
Non-current liabilities	(1,193,294)
Current liabilities	(1,132,539)
Net assets	4,477,342
Summarised statement of comprehensive income	
Financial year ended 31 March 2020	
Revenue	9,257,158
Profit for the financial year, representing total comprehensive income	1,097,302
Summarised cash flows information	
Financial year ended 31 March 2020	
Cash flows from operating activities	3,532,466
Cash flows from investing activities	(30,130)
Cash flows from financing activities	(1,132,416)
Net increase in cash and cash equivalents	2,369,920
Dividends paid to non-controlling interests	490,000

9. INVENTORIES

	Group 2021 RM	Group 2020 RM (Restated)
Non-current:		
At cost		
Property under development		
- Development cost	1,898,738	–
Current:		
At cost		
Property under development		
- Freehold land	4,395,239	11,270,000
- Development cost	9,179,245	885,224
Finished goods	–	29,048
Total inventories (current)	13,574,484	12,184,272
Total inventories (non-current and current)	15,473,222	12,184,272

(a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM22,088,029 (2020: RM25,819).

(b) The cost of inventories of the Group recognised as an expense during the financial year in respect of inventories written off was RM29,048 (2020: RM17,865).

10. CONTRACT ASSETS/(LIABILITIES)

	Group 2021 RM	Group 2020 RM
Contract assets relating to construction service contracts	3,346,705	1,459,982
Contract assets relating to property development	5,167,063	–
	8,513,768	1,459,982
Contract liabilities relating to construction service contracts	(805,504)	(821,563)
Contract liabilities relating to property development	–	(1,175,653)
	(805,504)	(1,997,216)

10. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Significant changes in contract balances

	2021		2020	
	Contract assets Increase/ (decrease) RM	**Contract liabilities Increase/ (decrease) RM**	**Contract assets Increase/ (decrease) RM**	**Contract liabilities Increase/ (decrease) RM**
Group				
Revenue recognised that was included in contract liability at the beginning of the financial year	–	1,997,216	–	1,447,008
Increases due to cash received, excluding amounts recognised as revenue during the period	–	(805,504)	–	(1,997,216)
Increases as a result of changes in the measure of progress	7,605,366	–	(1,013,819)	–
Transfers from contract assets recognised at the beginning of the period to receivables	(551,581)	–	(15,400,240)	–

(b) Revenue recognised in relation to contract balances

	Group	
	2021 RM	**2020 RM**
Revenue recognised that was included in contract liability at the beginning of the financial year	1,997,216	1,447,008

Revenue recognised that was included in the contract liability balance at the beginning of the year represented primarily revenue from the construction service contracts when percentage of completion increases.

11. CONTRACT COSTS

	2021 RM
Group	
Current:	
Costs to obtain contracts	595,480

Costs to obtain contracts relate to incremental commission fees paid to intermediaries as a result of obtaining contracts with customers.

The costs to obtain contracts are amortised in accordance with the pattern of transfer of goods or services to which the asset relates. During the financial year, the amortisation of contract costs of the Group recognised are RM881,483 (2020: RM Nil).

12. TRADE RECEIVABLES

	Group	
	2021 RM	2020 RM
Trade receivables	18,977,349	15,483,681
Less: Impairment losses	(656,135)	(2,176,255)
	18,321,214	13,307,426

(a) Trade receivables are non-interest bearing and normal credit terms offered by the Group ranging from 30 to 90 days (2020: 30 to 90 days). Other credit terms are assessed and approved on a case by case basis.

(b) Included in trade receivables of the Group are retention sums of RM6,772,322 (2020: RM7,689,915) relating to construction work-in-progress. Retention sums are unsecured, interest-free and are expected to be collected within the period of normal operating cycle.

(c) The Group's trade receivables that are impaired at the reporting date and the reconciliation of movement in the impairment of trade receivables are as follows:

	Group	
	2021 RM	2020 RM
At beginning of the financial year	2,176,255	1,690,691
Charge for the financial year		
- individual impairment loss (Note 25)	54,737	600,860
Written off	(1,574,857)	(111,639)
Reversal of impairment losses (Note 25)	–	(3,657)
At end of the financial year	656,135	2,176,255

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

The information about the credit exposure are disclosed in Note 32(b)(i).

13. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Other receivables		47,222	4,099,707	–	1,400
Amount due from a related company	(a)	1,393,176	–	–	–
GST refundable		–	973	–	–
Deposits	(b)	10,511,460	1,367,691	17,386	17,386
Prepayments		298,941	190,002	15,662	15,590
		12,250,799	5,658,373	33,048	34,376

(a) The amounts due from a related company is non-trade in nature, unsecured, non- interest bearing, repayable upon demand and is expected to be settled in cash.

(b) Included in deposits of the Group is an amount of RM7,810,000 (2020: RM Nil) in relation to the deposits paid for the purchase of lands and is non-refundable.

14. AMOUNTS DUE FROM/(TO) SUBSIDIARIES

	Company 2021 RM	Company 2020 RM
Amounts due from subsidiaries	18,997,647	15,258,898
Less: Impairment losses	(12,172,860)	(12,209,025)
	6,824,787	3,049,873
Amounts due to subsidiaries	(25,500,064)	(22,525,572)

The amounts due from/(to) subsidiaries are non-trade in nature, unsecured, non-interest bearing, repayable upon demand and is expected to be settled in cash.

The reconciliation of movement in the impairment of amounts due from subsidiaries is as follows:

	Company 2021 RM	Company 2020 RM
At beginning of the financial year	12,209,025	12,200,146
Charge for the financial year		
- Individual impairment loss (Note 25)	10,598	8,879
Written off	(46,763)	–
At end of the financial year	12,172,860	12,209,025

15. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Cash and bank balances	5,721,804	5,078,989	632,731	458,978
Short-term deposits	8,834,475	18,275,491	2,000,000	3,500,000
Deposits, cash and bank balances as reported in the statements of financial position	14,556,279	23,354,480	2,632,731	3,958,978
Less: Pledged deposits	(4,834,475)	(3,642,652)	–	–
Less: Bank overdrafts	(1,564,607)	(22,372)	–	–
Cash and cash equivalents as reported in the statements of cash flows	8,157,197	19,689,456	2,632,731	3,958,978

Included in deposits placed with licensed banks of the Group are:

(a) an amount of RM4,801,588 (2020: RM3,304,611) has been pledged to banks as security for banking facilities granted to subsidiaries.

(b) an amount of RM32,887 (2020: RM338,041) has been pledged to a bank as security for bank guarantee in favour of third party for project purposes.

(c) Included in cash and bank balances of the Group are amount of RM1,746,572 (2020: RM1,046,521) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act, 1996 and therefore restricted from use in other operations.

(d) The foreign currency exposure profile of cash and cash equivalents of the Group is as follows:

	Group	
	2021 RM	2020 RM
United States Dollar	7,272	517
Japanese Yen	2,193	2,320
	9,465	2,837

16. ASSETS HELD FOR SALE

On 24 May 2019, 31 May 2019 and 25 June 2019, the Board of Directors approved and announced a plan to dispose lands owned by Mewah Kota Sdn. Bhd., a wholly owned subsidiary of the Company to various parties for the proposed disposal of various parcels of lands contiguous to each other, all of which located at Bandar Serendah, Daerah Ulu Selangor, Selangor Darul Ehsan.

	Group	
	2021 RM	**2020 RM**
Leasehold land		
At beginning of the financial year	5,531,666	16,034,994
Disposals	(5,531,666)	(10,503,328)
At end of the financial year	–	5,531,666

17. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2021 Units	**2020 Units**	**2021 RM**	**2020 RM**
Issued and fully paid up (no par value):				
At beginning of the financial year	67,000,000	67,000,000	31,712,508	74,712,508
Capital reduction	–	–	–	(43,000,000)
At end of the financial year	67,000,000	67,000,000	31,712,508	31,712,508

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 regard to the Company's residual assets.

On 10 January 2020, the Company completed the proposed reduction of the Company's issued share capital pursuant to Section 117 of the Companies Act 2016 by reducing and cancelling the share capital of the Company which is lost or unpresented by available assets, equivalent to the entire accumulated losses of the Company to offset the credit arising against such accumulated losses. After the capital reduction exercise, the issued share capital of the Company is RM31,712,508 comprising 67,000,000 ordinary shares in the Company.

18. LOANS AND BORROWINGS

	Note	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Non-current:					
Secured					
Term loans	(a)	1,025,055	1,081,793	–	–
Lease liabilities	(b)	181,327	227,128	–	35,364
		1,206,382	1,308,921	–	35,364
Current:					
Secured					
Term loans	(a)	60,469	42,189	–	–
Lease liabilities	(b)	161,420	350,601	35,364	44,991
Bank overdrafts	(c)	1,564,607	22,372	–	–
Revolving credit	(d)	6,000,000	–	–	–
		7,786,496	415,162	35,364	44,991
		8,992,878	1,724,083	35,364	80,355
Total loans and borrowings:					
Term loans	(a)	1,085,524	1,123,982	–	–
Lease liabilities	(b)	342,747	577,729	35,364	80,355
Bank overdrafts	(c)	1,564,607	22,372	–	–
Revolving credit	(d)	6,000,000	–	–	–
		8,992,878	1,724,083	35,364	80,355

(a) Term loans

	Group 2021 RM	Group 2020 RM
Current		
Not later than one year	60,469	42,189
Non-current		
Later than one year and not later than five years	264,017	186,034
Later than five years	761,038	895,759
	1,025,055	1,081,793
Total term loans	1,085,524	1,123,982

The term loans of the Group bear interest at rates ranging from 5.45% to 6.20% (2020: 4.65% to 5.15%) per annum and are secured and supported as follows:

(i) legal charge over freehold and leasehold land and buildings of a subsidiary as disclosed in Notes 5 and 6; and
(ii) corporate guarantee by the Company.

18. LOANS AND BORROWINGS (CONT'D)

(b) Lease Liabilities

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

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Minimum lease payments:				
Not later than one year	176,802	376,877	36,000	48,000
Later than one year and not later than 5 years	179,909	239,541	–	36,000
Later than 5 years	23,515	16,590	–	–
	380,226	633,008	36,000	84,000
Less: Future finance charges	(37,479)	(55,279)	(636)	(3,645)
Present value of minimum lease payments	342,747	577,729	35,364	80,355
Present value of minimum lease payments:				
Not later than one year	161,420	350,601	35,364	44,991
Later than one year and not later than 5 years	181,327	227,128	–	35,364
	342,747	577,729	35,364	80,355

The lease liabilities of the Group and the Company bear interest at rates ranging from 2.33% to 3.26% per annum and at a rate of 5.38% per annum respectively (2020: ranging from 2.50% to 3.26%) per annum and at a rate of 5.38% per annum respectively).

(c) Bank overdrafts

The bank overdrafts of the Group bear interest at a rate of 7.76% (2020: 7.76%) per annum and are secured and supported as follows:

(i) legal charge over freehold and leasehold land and building of a subsidiary as disclosed in Notes 6;
(ii) fixed deposit or sinking fund to be progressively place via deduction of 3% of each contract proceeds received;
(iii) deed of assignment of contract proceeds between a subsidiary and the bank; and
(iv) corporate guarantee by the Company.

(d) Revolving credit

The revolving credit of the Group bear interest at a rate of 4.29% (2020: Nil) per annum and are secured and supported as follows:

(i) legal charge over leasehold land and building of a subsidiary as disclosed in Notes 5 and 6;
(ii) corporate guarantee by the Company.

19. DEFERRED TAX LIABILITIES

	Group 2021 RM	Group 2020 RM
At beginning of the financial year	213,563	215,053
Recognised in profit or loss (Note 27)	22,446	(1,490)
At end of the financial year	236,009	213,563

This is in respect of estimated deferred tax liabilities arising from temporary differences as follows:

	Group 2021 RM	Group 2020 RM
Deferred tax liabilities		
Revaluation of investment properties	222,690	203,690
Differences between the carrying amount of property, plant and equipment and their tax base	12,953	9,807
Unrealised gain on foreign exchange	366	66
	236,009	213,563

The estimated temporary differences for which no deferred tax assets have been recognised in the financial statements are as follows:

	Group 2021 RM	Group 2020 RM
Deferred tax assets		
Unabsorbed capital allowances	736,230	622,110
Unutilised tax losses	23,846,972	27,234,793
	24,583,202	27,856,903
Potential deferred tax assets at 24% (2020: 24%)	5,899,968	6,685,657

19. DEFERRED TAX LIABILITIES (CONT'D)

The availability of unutilised tax losses for offsetting against future taxable profits of the respective subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

The unutilised tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group 2021 RM
2026	23,412,453
2027	434,519
	23,846,972

20. TRADE PAYABLES

(a) Trade payables are non-interest bearing and the normal credit terms granted to the Group ranging from 30 to 90 days (2020: 30 to 90 days).

(b) Included in trade payables of the Group are retention sums of RM6,688,993 (2020: RM4,854,187) relating to construction work-in-progress. Retention sums are unsecured, interest-free and are expected to be settled within the period of normal operating cycle.

(c) The foreign currency exposure profile of trade payables of the Group is as follows:

	Group	
	2021 RM	**2020 RM**
Japanese Yen	284,358	97,163

21. OTHER PAYABLES, ACCRUALS AND DEPOSITS

	Note	Group 2021 RM	Group 2020 RM (Restated)	Company 2021 RM	Company 2020 RM
Non-current:					
Amount due to a related party	(a)	–	10,470,000	–	–
Current:					
Other payables		52,997	305,347	14,520	10,517
Amount due to a director	(b)	4,000,000	–	–	–
Amount due to a related party	(a)	10,470,000	500,000	–	–
Accruals	(c)	11,431,636	3,453,364	78,000	68,500
Deposits		117,300	3,716,284	–	–
Total other payables, accrual and deposit (current)		26,071,933	7,974,995	92,520	79,017
Total other payables, accrual and deposit (non-current and current)		26,071,933	18,444,995	92,520	79,017

(a) The amounts due to a related party is non-trade in nature, unsecured, non-interest bearing which represents landowner's entitlements for the development projects undertaken by the Group.

(b) The amounts due to a director is non-trade in nature, unsecured, subject to interest at a rate of 4% per annum and repayable in the next 12 months.

(c) Included in accruals of the Group is an amount of RM11,154,298 (2020: RM3,037,729) which represents project cost accrued for work performed.

22. REVENUE

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
At a point of time:				
Sales of goods	4,785,105	9,257,159	–	–
Dividend income	–	–	2,520,000	5,020,000
	4,785,105	9,257,159	2,520,000	5,020,000
Over time:				
Construction contracts	26,176,974	62,756,166	–	–
Property development	29,447,181	34,556	–	–
Maintenance services	–	(33,781)	–	–
Rental income	100,200	64,800	–	–
	55,724,355	62,821,741	–	–
	60,509,460	72,078,900	2,520,000	5,020,000

23. COST OF SALES

	Group 2021 RM	Group 2020 RM
Cost of construction services	25,641,244	59,166,622
Cost of sales of property development units	22,088,029	25,819
Direct cost of services	–	210,793
Direct operating expenses of investment properties	193,945	208,283
Cost of goods sold	2,905,780	5,999,403
	50,828,998	65,610,920

24. FINANCE COSTS

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Interest expense on:				
- bank overdrafts	40,613	267,114	–	–
- lease liabilities	22,869	73,694	3,009	5,361
- revolving credit	103,158	–	–	–
- term loans	106,380	53,563	–	–
	273,020	394,371	3,009	5,361

25. PROFIT BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged/(credited) in arriving at profit before tax:

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Auditors' remuneration:					
- Statutory audit					
- current year		159,500	149,500	71,500	62,000
- prior year		11,700	200	9,500	2,000
- Non-statutory audit					
- current year		6,500	6,500	6,500	6,500
Bad debts written off		2,088	14,482	4,957	–
Bad debts recovered		(4,595)	–	–	–
Deposits written off		–	43,680	–	–
Depreciation of property, plant and equipment		702,829	821,922	48,152	113,665
Employee benefits expense	26	8,123,048	7,360,871	1,053,546	819,146
Expense relating to short- term lease		55,380	15,400	–	–
Fair value gain on investment properties		(665,865)	(64,400)	–	–
(Gain)/Loss on disposal of:					
- property, plant and equipment		(8,366)	(200,178)	–	–
- assets held for sales		(1,493,389)	(5,612,967)	–	–
- investment properties		40,000	300,500	–	–
Gain on disposal of investment in an associate		–	(2,530,489)	–	–
Net impairment losses on:					
- investment in subsidiaries		–	–	59,636	1,000,296
- trade receivables		54,737	597,203	–	–
- amount due from subsidiaries		–	–	10,598	8,879
Interest income		(276,025)	(157,577)	(44,408)	–
Inventories written off		29,048	17,865	–	–
Loss/(Gain) on fair value adjustment on retention sum		216,824	(470,166)	–	–
Loss/(Gain) on foreign exchange:					
- realised		67,324	(46,977)	–	–
- unrealised		(1,042)	(272)	–	–
Property, plant and equipment written off		4,829	–	–	–
Rental income from premises		(244,805)	(455,138)	–	–

26. EMPLOYEE BENEFITS EXPENSE

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Wages and salaries	7,309,323	6,624,947	1,002,354	779,778
Defined contribution plan	813,725	735,924	51,192	39,368
	8,123,048	7,360,871	1,053,546	819,146

Included in employee benefits expense are:

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Directors' fees	228,000	269,000	228,000	269,000
Directors' other emoluments	1,852,896	1,289,659	435,553	186,706
	2,080,896	1,558,659	663,553	455,706

27. TAX EXPENSE

	Group 2021 RM	Group 2020 RM	Company 2021 RM	Company 2020 RM
Statements of comprehensive income				
Current income tax				
Based on results for the current financial year	181,600	508,030	10,125	–
Over provision in prior financial years	(144,367)	(2,624)	–	–
Real property gain tax	164,147	707,516	–	–
	201,380	1,212,922	10,125	–
Deferred tax (Note 19)				
Origination/(Reversal) of temporary differences	16,770	(1,600)	–	–
Under provision in prior financial years	5,676	110	–	–
	22,446	(1,490)	–	–
Tax expense recognised in profit or loss	223,826	1,211,432	10,125	–

27. TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory income tax rate of 24% (2020: 24%) of the estimated assessable profit for the financial year.

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense are as follows:

	Group		Company	
	2021 **RM**	**2020** **RM**	**2021** **RM**	**2020** **RM**
Profit before tax	3,228,635	4,589,003	1,071,549	2,109,391
Tax at the applicable rate of 24% (2020: 24%)	774,872	1,101,361	257,172	506,254
Tax effect arising from:				
- non-deductible expense	717,804	1,039,216	362,361	698,546
- non-taxable income	(436,417)	(1,454,312)	(609,408)	(1,204,800)
- deferred tax assets not recognised during the financial year	211,842	284,526	–	–
- utilisation of deferred tax assets not recognised	(997,531)	(458,661)	–	–
- fair value gain on investment properties	(72,200)	(5,700)	–	–
- income subject to real property gain tax	164,147	707,516	–	–
Under/(Over) provision in prior financial years:				
- current tax	7,772	(2,624)	–	–
- deferred tax	5,676	110	–	–
- real property gain tax	(152,139)	–	–	–
Tax expense	223,826	1,211,432	10,125	–

28. EARNINGS PER SHARE

(a) Basic earnings per share are based on the profit for the financial year attributable to owners of the Company and the weighted average number of ordinary shares in issue during the financial year, calculated as follows:

	Group	
	2021	**2020**
Profit attributable to owners of the Company (RM)	3,018,454	2,839,893
Weighted average number of shares in issue (number)	67,000,000	67,000,000
Basic earnings per share (sen)	4.51	4.24

(b) The diluted loss per share of the Group for the financial years ended 31 March 2021 and 31 March 2020 is same as the basic earnings per share as the Company does not have any dilutive potential ordinary shares.

29. DIVIDEND

	Company 2021 RM
Declared and paid by the Company:	
Single tier final dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2020, paid on 27 October 2020	1,675,000

30. FINANCIAL GUARANTEES

	Company	
	2021 RM	**2020 RM**
Financial guarantees given to licensed banks for banking facilities granted to subsidiaries	16,886,639	8,602,915

31. RELATED PARTIES

(a) Identity of related parties

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

Related parties of the Company include:

(i) Subsidiaries as disclosed in Note 8;
(ii) Entities in which directors have substantial financial interests;
(iii) Close members of the family of the directors; and
(iv) Key management personnel of the Group and of the Company, comprises persons (including directors) having the authority and responsibility for planning, directing and controlling the activities directly or indirectly.

(b) Significant related party transactions

Significant related party transactions other than disclosed elsewhere in the financial statements are as follows:

	Group	
	2021	**2020**
	RM	**RM**
		(Restated)
Paid and payable to a related party		
Land cost	–	11,270,000

	Company	
	2021	**2020**
	RM	**RM**
Received and receivable from subsidiaries		
Dividend income	2,520,000	5,020,000
Paid and payable to subsidiaries		
Rental fees	36,000	48,000

31. RELATED PARTIES (CONT'D)

(c) Compensation of key management personnel

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Directors of the Company				
Executive directors:				
- Directors' fee	36,000	91,000	36,000	91,000
- Salaries and allowances	363,000	134,000	363,000	134,000
- Defined contribution plan	12,960	4,860	12,960	4,860
- Other emoluments	593	346	593	346
	412,553	230,206	412,553	230,206
Non-executive directors:				
- Directors' fee	192,000	178,000	192,000	178,000
- Allowances	59,000	47,500	59,000	47,500
	251,000	225,500	251,000	225,500
Directors of the subsidiaries				
Executive directors:				
- Salaries and allowances	1,260,649	967,875	–	–
- Defined contribution plan	153,000	131,386	–	–
- Other emoluments	3,694	3,692	–	–
	1,417,343	1,102,953	–	–
Key Management Personnel's remuneration:				
Short term employee benefits	554,336	363,938	–	–
Post-employment employee benefits	46,248	38,557	–	–
	600,584	402,495	–	–
	2,681,480	1,961,154	663,553	455,706

32. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

(i) Amortised cost

	Carrying amount RM	Amortised cost RM
2021		
Financial assets		
Group		
Trade receivables	18,321,214	18,321,214
Other receivables and deposits, excluding prepayments	4,141,858	4,141,858
Deposits, cash and bank balances	14,556,279	14,556,279
	37,019,351	37,019,351
Company		
Other receivables and deposits, excluding prepayments	17,386	17,386
Amounts due from subsidiaries	6,824,787	6,824,787
Deposits, cash and bank balances	2,632,731	2,632,731
	9,474,904	9,474,904
Financial liabilities		
Group		
Trade payables	10,461,147	10,461,147
Other payables, accruals and deposits	26,071,933	26,071,933
Loans and borrowings	8,992,878	8,992,878
	45,525,958	45,525,958
Company		
Other payables and accruals	92,520	92,520
Amounts due to subsidiaries	25,500,064	25,500,064
Loans and borrowings	35,364	35,364
	25,627,948	25,627,948

32. FINANCIAL INSTRUMENTS (CONT'D)

(a) Categories of financial instruments (Cont'd)

(i) Amortised cost (Cont'd)

	Carrying amount RM	Amortised cost RM
2020		
Financial assets		
Group		
Trade receivables	13,307,426	13,307,426
Other receivables and deposits, excluding GST refundable and prepayments	5,467,398	5,467,398
Deposits, cash and bank balances	23,354,480	23,354,480
	42,129,304	42,129,304
Company		
Other receivables and deposits, excluding prepayments	18,786	18,786
Amounts due from subsidiaries	3,049,873	3,049,873
Deposits, cash and bank balances	3,958,978	3,958,978
	7,027,637	7,027,637
Financial liabilities		
Group		
Trade payables	8,710,075	8,710,075
Other payables, accruals and deposits	18,444,995	18,444,995
Loans and borrowings	1,724,083	1,724,083
	28,879,153	28,879,153
Company		
Other payables and accruals	79,017	79,017
Amounts due to subsidiaries	22,525,572	22,525,572
Loans and borrowings	80,355	80,355
	22,684,944	22,684,944

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management

The Group's and the Company's financial risk management objective is to optimise value for their shareholders whilst minimising the potential adverse impact arising from interest rates and the unpredictability of the financial markets. The Group's and the Company's policy is not to engage in speculative transactions.

The Board of Directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

(i) Credit risk

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from their receivables.

The Group's and the Company's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the Head of Corporate Finance.

Trade receivables and contract assets

The Group uses the simplified approach to providing for expected credit losses prescribed by MFRS 9, which permits the use of the lifetime expected credit loss provision for trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected credit losses also incorporated forward looking information. However, there is no material impact arising from application of simplified approach to record the lifetime expected credit losses.

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Trade receivables and contract assets (Cont'd)

The information about the credit risk exposure on the Group's trade receivables and contract assets using the provision matrix are as follows:

	Expected credit loss rate %	Gross carrying amount at default RM	Impairment losses RM
Group			
2021			
Contract assets	0%	8,513,768	–
Trade receivables			
Current	0%	5,365,090	–
1 to 30 days past due	0%	2,226,763	–
31 to 60 days past due	0%	1,294,150	–
61 to 90 days past due	0%	1,658,580	–
91 to 120 days past due	0%	1,297,037	–
More than 121 days past due	0%	6,479,594	–
Impaired-assessed individually		656,135	(656,135)
	0%	18,977,349	(656,135)
	0%	27,491,117	(656,135)
2020			
Contract assets	0%	1,459,982	–
Trade receivables			
Current	0%	10,667,780	–
1 to 30 days past due	0%	570,900	–
31 to 60 days past due	0%	339,905	–
61 to 90 days past due	0%	1,076,709	–
91 to 120 days past due	0%	221,250	–
More than 121 days past due	0%	430,882	–
Impaired-assessed individually		2,176,255	(2,176,255)
	0%	15,483,681	(2,176,255)
	0%	16,943,663	(2,176,255)

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

The Company monitors the results of the subsidiaries in determining the recoverability of these intercompany balances.

For other financial assets (including cash and bank balances and deposits placed with licensed banks), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

Exposure to credit risk

As at the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Credit risk concentration profile

As at the end of the reporting period, approximately 36% (2020: 66%) of the Group's trade receivables were due from 2 major customers (2020: 2 major customers).

Other receivables and other financial assets

For other receivables and other financial assets (including cash and cash equivalents and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other receivables and other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The Group and the Company consider the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. The following indicators are incorporated, amongst others:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower
- significant increases in credit risk on other financial instruments of the same borrower
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the group and changes in the operating results of the borrower

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(i) Credit risk (Cont'd)

Other financial assets

For other financial assets cash and cash equivalents, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

Financial guarantee

The Company is exposed to credit risk in relation to financial guarantees given to banks in respect of loans granted to certain subsidiaries. The Company monitors the results of the subsidiaries and their repayment on an on-going basis. The maximum exposure to credit risks amounts to RM8,907,564 (2020: RM1,146,354) representing the maximum amount the Company could pay if the guarantee is called on as disclosed in Note 30. As at the reporting date, there was no indication that the subsidiary would default on repayment.

The financial guarantees have not been recognised since the fair value on initial recognition was not material.

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligation when they fall due. The Group's and the Company's exposure to liquidity risk arise principally from payables and loans and borrowings.

The Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that it will have sufficient liquidity to meets their liabilities when they fall due.

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

<u>**Maturity analysis**</u>

The maturity analysis of the Group's financial liabilities by their relevant maturity at the reporting date are based on contractual undiscounted repayment obligations are as follows:

		<------------- Contractual undiscounted cash flows ------------->			
	Carrying amount RM	**On demand or within 1 year RM**	**Between 1 and 5 years RM**	**More than 5 years RM**	**Total RM**
2021					
Group					
Trade payables	10,461,147	10,461,147	–	–	10,461,147
Other payables, accruals and deposits	26,071,933	26,071,933	–	–	26,071,933
Term loans	1,085,524	97,257	389,029	890,988	1,377,274
Lease liabilities	342,747	176,802	179,909	23,515	380,226
Bank overdrafts	1,564,607	1,564,607	–	–	1,564,607
Revolving credit	6,000,000	6,000,000	–	–	6,000,000
	45,525,958	44,371,746	568,938	914,503	45,855,187
Company					
Other payables, accruals and deposits	92,520	92,520	–	–	92,520
Amounts due to subsidiaries	25,500,064	25,500,064	–	–	25,500,064
Financial guarantees	–	16,886,639	–	–	16,886,639
Lease liabilities	35,364	36,000	–	–	36,000
	25,627,948	42,515,223	–	–	42,515,223

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(ii) Liquidity risk (Cont'd)

Maturity analysis (Cont'd)

		<------------- Contractual undiscounted cash flows	------------->		
	Carrying amount RM	On demand or within 1 year RM	Between 1 and 5 years RM	More than 5 years RM	Total RM
2020					
Group					
Trade payables	8,710,075	8,710,075	–	–	8,710,075
Other payables, accruals and deposits	18,444,995	7,974,995	10,470,000	–	18,444,995
Term loans	1,123,982	97,257	389,029	1,188,453	1,674,739
Lease liabilities	577,729	376,877	239,541	16,590	633,008
Bank overdrafts	22,372	22,372	–	–	22,372
	28,879,153	17,181,576	11,098,570	1,205,043	29,485,189
Company					
Other payables, accruals and deposits	79,017	79,017	–	–	79,017
Amounts due to subsidiaries	22,525,572	22,525,572	–	–	22,525,572
Financial guarantees	–	8,602,915	–	–	8,602,915
Lease liabilities	80,355	48,000	36,000	–	84,000
	22,684,944	31,255,504	36,000	–	31,291,504

32. FINANCIAL INSTRUMENTS (CONT'D)

(b) Financial risk management (Cont'd)

(iii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from bank overdrafts, revolving credit and term loans.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 50 basis points lower/higher, with all other variables held constant, the Group's profit/(loss) for the financial year would have been RM33,010 (2020: RM4,356) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the current observable market environment.

(iv) Foreign currency risk

Foreign currency 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 foreign exchange rates.

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when purchases that are denominated in a foreign currency).

The Group has transactional currency exposures arising from purchases that are denominated in a currency other than functional currency of Group entities, primarily United States Dollar ("USD") and Japanese Yen ("JPY").

The Group also holds bank balances denominated in foreign currencies for working capital purposes.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the USD and JPY, with all other variables held constant on the Group's profit/(loss) for the financial year:

	Group Effect on profit/(loss) for the financial year	
	2021 RM	2020 RM
USD		
- Strengthened 10% (2020: 10%)	553	39
- Weakened 10% (2020: 10%)	(553)	(39)
JPY		
- Strengthened 10% (2020: 10%)	(21,445)	(7,208)
- Weakened 10% (2020: 10%)	21,445	7,208

32. FINANCIAL INSTRUMENTS (CONT'D)

(c) Fair value measurement

The carrying amounts of cash and bank balances and deposits placed with licensed banks, short term receivables and payables and short-term borrowings reasonably approximate to their fair values due to the relatively short-term nature of these financial instruments.

The carrying amounts of floating rate term loans are reasonable approximation of fair value as the loans will be re-priced to market interest rate on or near reporting date.

There have been no transfer between the levels during the current and previous financial years.

The following table provides the fair value measurement hierarchy of the Group's financial instruments, other than those with carrying amounts reasonably approximate to their fair values:

	Carrying amount RM	Fair value of financial instruments not carried at fair value Level 2 RM
Group		
2021		
Financial liabilities		
Lease liabilities	342,747	380,226
2020		
Financial liabilities		
Lease liabilities	577,729	633,008

Level 2 fair value

<u>Fair value of financial instruments not carried at fair value</u>

The fair value of the finance lease liabilities is determined using the discounted cash flows method based on discount rates that reflects the market borrowing rate as at the end of the reporting period.

33. SEGMENT INFORMATION

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

Investment holding	:	Investment holding.
Construction	:	Construction of civil and structural, mechanical and electrical works and project management.
Property investment	:	Property investment.
Maintenance, facility management and services	:	Supply of valves, spare parts and landscaping, garden management and provision of related maintenance.
Oil and gas	:	Supply engineering equipment, spare parts and the provision of value added services and information technology solutions to the gas and petroleum industry.
Property development	:	Development of housing and commercial units for sales to house and shop purchasers.
Healthcare	:	Establish, manage and operate hospital.
Others	:	Inactive companies.

Inter-segment transactions are entered in the ordinary course of business based on terms mutually agreed upon by the parties concerned.

Segment results

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

Segment assets

The total of segments asset is measured based on all assets of a segment other than goodwill on consolidation, investment in an associate and tax assets, as included in the internal reports that are reviewed by the Group's Chief Executive Officer.

Segment liabilities

The total of segment liability is measured based on all liabilities of a segment other than deferred tax liabilities and tax liabilities as included in the internal reports that are reviewed by the Group's Chief Executive Officer.

33. SEGMENT INFORMATION (CONT'D)

	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Oil and gas RM	Property development RM	Healthcare RM	Others RM	Elimination RM	Consolidation RM
2021											
Revenue											
External sales		–	26,176,974	100,200	–	4,785,105	29,447,181	–	–	–	60,509,460
Inter-segment sales	a	2,520,000	–	166,500	–	–	–	–	–	(2,686,500)	–
Total		2,520,000	26,176,974	266,700	–	4,785,105	29,447,181	–	–	(2,686,500)	60,509,460
Results											
Segment results	b	1,071,203	228,564	375,223	(88,384)	462,056	4,426,567	(360,861)	40,128	(2,652,841)	3,501,655
Finance costs		(3,009)	(48,729)	–	–	(35,787)	(185,495)	–	–	–	(273,020)
Profit/(Loss) before tax		1,068,194	179,835	375,223	(88,384)	426,269	4,241,072	(360,861)	40,128	(2,652,841)	3,228,635
Tax expense		(10,125)	(16,485)	(42,155)	–	(159,538)	4,477	–	–	–	(223,826)
Profit/(Loss) for the financial year		1,058,069	163,350	333,068	(88,384)	266,731	4,245,549	(360,861)	40,128	(2,652,841)	3,004,809

33. SEGMENT INFORMATION (CONT'D)

	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Oil and gas RM	Property development RM	Healthcare RM	Others RM	Elimination RM	Consolidation RM
2021											
Assets											
Segment assets	c	61,138,376	56,472,067	14,880,511	4,863,923	5,319,745	54,801,854	8,718,681	534	(108,222,617)	97,973,074
Goodwill on consolidation		–	–	–	–	855,994	–	–	–	–	855,994
Tax assets		–	230,800	12,325	4,545	125,712	9,000	–	–	–	382,382
Total assets											99,211,450
Liabilities											
Segment liabilities	d	27,633,098	14,075,270	9,508,737	33,613	1,529,807	63,842,485	8,079,542	4,499,721	(82,870,811)	46,331,462
Deferred tax liabilities		–	–	498,440	–	27,569	–	–	–	(290,000)	236,009
Tax liabilities		10,125	–	–	–	–	–	–	–	–	10,125
Total liabilities											46,577,596

33. SEGMENT INFORMATION (CONT'D)

	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Oil and gas RM	Property development RM	Healthcare RM	Others RM	Elimination RM	Consolidation RM
2021											
Other segment information											
Purchase of property, plant and equipment		–	155,575	–	–	42,164	60,271	7,007,440	–	(35,000)	7,230,450
Bad debts written off		4,957	2,088	–	–	–	–	–	–	(4,957)	2,088
Bad debts recovered		–	–	–	(4,595)	–	–	–	–	–	(4,595)
Depreciation of property, plant and equipment	e	48,152	397,278	–	63,692	141,730	28,921	372	–	22,684	702,829
Fair value gain on investment properties		–	(334,080)	(331,785)	–	–	–	–	–	–	(665,865)
Net impairment losses on:											
- investment in subsidiaries	g	59,636	–	–	–	–	–	–	–	(59,636)	–
- trade receivables		–	–	–	54,737	–	–	–	–	–	54,737
- amounts due from subsidiaries	g	10,598	–	–	–	–	–	–	–	(10,598)	–

33. SEGMENT INFORMATION (CONT'D)

	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Oil and gas RM	Property development RM	Healthcare RM	Others RM	Elimination RM	Consolidation RM
2021											
Other segment information (Cont'd)											
(Gain)/Loss on disposal of property, plant and equipment		–	(400)	–	(42,033)	–	–	–	–	34,067	(8,366)
Gain on disposal of assets held for sales		–	(1,493,389)	–	–	–	–	–	–	–	(1,493,389)
Inventories written off		–	–	–	29,048	–	–	–	–	–	29,048
Loss on disposal of investment properties		–	20,000	–	20,000	–	–	–	–	–	40,000
Loss on fair value adjustment on retention sum		–	216,824	–	–	–	–	–	–	–	216,824
Property, plant and equipment written off		–	–	–	–	4,829	–	–	–	–	4,829
Unrealised gain on foreign exchange		–	–	–	–	(1,042)	–	–	–	–	(1,042)

Notes to the Financial Statements
(cont'd)

33. SEGMENT INFORMATION (CONT'D)

	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Oil and gas RM	Property development RM	Others RM	Elimination RM	Consolidation RM
2020										
Revenue										
External sales		–	62,756,166	64,800	(33,781)	9,257,159	34,556	–	–	72,078,900
Inter-segment sales	a	5,020,000	–	222,000	700	–	–	–	(5,242,700)	–
Total		5,020,000	62,756,166	286,800	(33,081)	9,257,159	34,556	–	(5,242,700)	72,078,900
Results										
Segment results	b	2,114,752	6,911,019	81,678	(1,081,680)	1,646,274	(636,368)	(14,221)	(4,038,080)	4,983,374
Finance costs		(5,361)	(297,920)	–	(27,495)	(63,595)	–	–	–	(394,371)
Profit/(Loss) before tax		2,109,391	6,613,099	81,678	(1,109,175)	1,582,679	(636,368)	(14,221)	(4,038,080)	4,589,003
Tax expense		–	(617,163)	(18,538)	–	(485,378)	(90,353)	–	–	(1,211,432)
Profit/(Loss) for the financial year		2,109,391	5,995,936	63,140	(1,109,175)	1,097,301	(726,721)	(14,221)	(4,038,080)	3,377,571

33. SEGMENT INFORMATION (CONT'D)

	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Oil and gas RM	Property development RM	Others RM	Elimination RM	Consolidation RM
2020										
Assets										
Segment assets	c	56,797,026	61,870,663	14,600,227	4,951,678	5,947,181	27,803,685	72	(90,789,130)	81,181,402
Goodwill on consolidation		–	–	–	–	855,994	–	–	–	855,994
Tax assets		–	5,151	13,444	8,168	–	–	–	–	26,763
Total assets										82,064,159
Liabilities										
Segment liabilities	d	22,684,944	16,891,567	9,581,641	36,607	2,231,528	41,080,864	4,539,386	(66,170,168)	30,876,369
Deferred tax liabilities		–	–	479,440	–	24,123	–	–	(290,000)	213,563
Tax liabilities		–	–	–	–	70,182	–	–	–	70,182
Total liabilities										31,160,114

33. SEGMENT INFORMATION (CONT'D)

	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Oil and gas RM	Property development RM	Others RM	Elimination RM	Consolidation RM
2020										
Other segment information										
Purchase of property, plant and equipment		–	505,875	–	–	163,130	123,338	–	–	792,343
Bad debts written off		–	14,482	–	–	–	–	–	–	14,482
Deposits written off		–	–	–	43,680	–	–	–	–	43,680
Depreciation of property, plant and equipment	e	113,665	468,807	–	111,189	131,231	8,301	–	(11,271)	821,922
Fair value gain on investment properties		–	(34,400)	(20,000)	–	(10,000)	–	–	–	(64,400)
Net impairment losses on:										
- investment in subsidiaries	g	1,000,296	–	–	–	–	–	–	(1,000,296)	–
- trade receivables		–	567,494	–	29,708	–	–	–	–	597,202
- amounts due from subsidiaries	g	8,879	–	–	–	–	–	–	(8,879)	–

33. SEGMENT INFORMATION (CONT'D)

	Note	Investment holding RM	Construction RM	Property investment RM	Maintenance, facility management and services RM	Oil and gas RM	Property development RM	Others RM	Elimination RM	Consolidation RM
2020										
Other segment information (Cont'd)										
(Gain)/Loss on disposal of property, plant and equipment		–	(135,372)	–	(78,630)	(32,999)	–	–	46,823	(200,178)
Gain on disposal of assets held for sales		–	(5,612,967)	–	–	–	–	–	–	(5,612,967)
Gain on disposal of investment in an associate		–	(2,530,489)	–	–	–	–	–	–	(2,530,489)
Inventories written off		–	–	–	17,865	–	–	–	–	17,865
Loss on disposal of investment properties		–	20,500	–	–	–	280,000	–	–	300,500
Gain on fair value adjustment on retention sum		–	(470,166)	–	–	–	–	–	–	(470,166)
Unrealised gain on foreign exchange		–	–	–	–	(272)	–	–	–	(272)

33. SEGMENT INFORMATION (CONT'D)

(a) Inter-segment transactions are eliminated on consolidation.

(b) (Loss)/Profit from other segment transactions are eliminated on consolidation.

(c) The following items are deducted from segments assets to arrive at total assets reported in the consolidated statement of financial position:

	2021 RM	2020 RM
Intra group transactions	(23,022,376)	(14,278,507)
Investment in subsidiaries	(50,527,371)	(49,987,008)
Amount due from holding company	(26,448,083)	(23,473,741)
Amounts due from subsidiaries	(8,224,787)	(3,049,874)
	(108,222,617)	(90,789,130)

(d) The following items are deducted from segment liabilities to arrive at total liabilities reported in consolidated statement of financial position:

	2021 RM	2020 RM
Intra group transactions	(36,025,083)	(27,437,528)
Amount due to holding company	(20,397,645)	(15,258,899)
Amounts due to subsidiaries	(26,448,083)	(23,473,741)
	(82,870,811)	(66,170,168)

(e) The depreciation of property, plant and equipment is eliminated.

(f) Fair value gain on owner occupied properties is eliminated.

(g) Impairment loss and reversal of impairment loss on investment in subsidiaries and amounts due from subsidiaries are eliminated.

Geographical information

The Group operates predominantly in Malaysia and hence, no geographical segment is presented.

Information about major customers

Major customers' information is revenue from transactions with a single external customer amount to ten percent or more of the Group's revenue. A group of entities known to a reporting entity to be under common control shall be considered a single customer, and a government and entities known to the reporting entity to be under the control of that government shall be considered a single customer.

For construction segment, revenue from one customer (2020: one customer) represented RM24,450,023 (2020: RM57,930,871) for the Group's total revenue.

34. CAPITAL MANAGEMENT

The primary objective of the Group's and the Company's capital management is to ensure that they maintain a strong capital base and safeguard the Group's and the Company's ability to continue as going concerns, so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Group and the Company manage their capital structure by monitoring the capital and net debt on an ongoing basis. No changes were made in the objectives, policies or processes during the financial years ended 31 March 2021 and 31 March 2020.

The Group and the Company monitor capital using net debt-to-equity ratio, which is net debt divided by total equity. Net debt comprises loans and borrowings and payables, less deposits, cash and bank balances whereas total equity represents the equity attributable to owners of the Company.

	Group		Company	
	2021 RM	**2020 RM**	**2021 RM**	**2020 RM**
Loans and borrowings	8,992,878	1,724,083	35,364	80,355
Trade payables	10,461,147	8,710,075	–	–
Other payables, accruals and deposits	26,071,933	18,444,995	92,520	79,017
Contract liabilities	805,504	1,997,216	–	–
Amounts due to subsidiaries	–	–	25,500,064	22,525,572
	46,331,462	30,876,369	25,627,948	22,684,944
Less: Deposits, cash and bank balances	(14,556,279)	(23,354,480)	(2,632,731)	(3,958,978)
Net debt	31,775,183	7,521,889	22,995,217	18,725,966
Total equity	52,633,854	50,904,045	33,498,506	34,112,082
Net debt-to-equity ratio	0.60	0.15	0.69	0.55

35. SIGNIFICANT EVENTS DURING AND SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) On 25 June 2019, the Company has entered into a conditional sale and purchase agreement ("SPA") with Dhaya Maju Infrastructure (Asia) Sdn. Bhd., for the disposals of various parcels of lands contiguous to each other, all of which are located at Bandar Serendah, Daerah Ulu Selangor, Selangor Darul Ehsan, for a total cash consideration of RM7,727,561. The disposal has been completed on 12 June 2020 in accordance with the terms of the SPA.

(b) On 14 September 2020, the Company incorporated a subsidiary, namely Stella Healthcare Holdings Sdn. Bhd. ("SHHSB"). The issued and paid up share capital of SHHSB is RM2 comprising 2 units of ordinary shares. The Company had subscribed for 100% of the issued and paid up share capital of SHHSB in cash. The intended principal activity of SHHSB is investment holding activities.

On 22 September 2020, SHHSB incorporated a subsidiary, namely Stella Kasih Healthcare Sdn. Bhd. ("SKHSB"). The issued and paid up share capital of SKHSB is RM2 comprising 2 units of ordinary shares. SHHSB had subscribed for 100% of the issued and paid up share capital of SKHSB in cash. On 12 November 2020, SKHSB issued another 999,998 units of shares comprising of RM1 per share. SHHSB had subscribed for another 599,998 units of issued and paid up share capital of SKHSB in cash. Subsequently, the Company became a 60% owned subsidiary.

(c) On 24 February 2021, the Company proposed to establish an Employee's Share Option Scheme of up to 15% of the total number of issued ordinary shares in the Company (excluding treasury shares, if any) for the eligible directors and employees of the Company and its subsidiaries (excluding dormant subsidiaries), subject to shareholders approval at the Extraordinary General Meeting ("EGM") to be held on 1 April 2021.

(d) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the Coronavirus ("COVID-19") outbreak as a pandemic in recognition of its rapid spread across the globe. On 18 March 2020, the Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of COVID-19 pandemic in Malaysia. When the number of daily new infections began to fall, the MCO was lifted on 12 May 2020 and was replaced with less restrictive forms of MCO. On 13 January 2021, following the start of a third wave of infections in Malaysia, the Government re-imposed the MCO in certain states until 5 March 2021, followed by Conditional MCO thereafter. On 1 June 2021, the Full MCO was imposed in Malaysia as a result of the significant increases on the number of daily new infections. The COVID-19 pandemic also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group and the Company have performed assessments on the overall impact of the situation on the Group's and Company's operation and financial implication, including the recoverability of the carrying amount of assets and subsequent measurement of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 March 2021.

Given the fluidity of situation, the Group and the Company are unable to reasonably estimate the complete financial impacts of COVID-19 pandemic for the financial year ending 31 March 2022 to be disclosed in the financial statements as impact assessment of the COVID-19 pandemic is a continuing process. The Group and the Company will continuously monitor any material changes to future economic conditions that will affect the Group and the Company.

(e) On 19 April 2021, MEB Development Sdn. Bhd., a wholly owned subsidiary of the Company, has submitted an application to strike off the name of MEB Development from the Register of Companies Commission of Malaysia pursuant to Section 550 of the Companies Act 2016.

36. PRIOR YEAR ADJUSTMENTS

During the financial year, the directors noted that there were omission of landowner's entitlements in relation to the property development activities of the Company's subsidiary.

Accordingly, the financial statements of the Group for the financial year ended 31 March 2020 have been restated to correct the errors. The following prior year adjustments have been adjusted to conform with the current financial year presentation.

	Group		
	As previously reported RM	Adjustments RM	As restated RM
2020			
Statement of financial position			
Current assets			
Inventories	1,214,272	10,970,000	12,184,272
Non-current liabilities			
Other payables, deposits and accruals	–	(10,470,000)	(10,470,000)
Current liabilities			
Other payables, deposits and accruals	(7,474,995)	(500,000)	(7,974,995)
Statement of cash flows			
Net cash from operating activities	3,388,021	300,000	3,688,021
Net cash used in financing activities	(1,302,204)	(300,000)	(1,602,204)

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, **DATO' MOHAMAD HASLAH BIN MOHAMAD AMIN** and **DATO' IR. TAN GEE SWAN @ TAN SUAN CHING**, being two of the directors of Stella Holdings Berhad, do hereby state that in the opinion of the directors, the accompanying financial statements set out on pages 57 to 142 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 March 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:

....
DATO' MOHAMAD HASLAH BIN MOHAMAD AMIN
Director

....
DATO' IR. TAN GEE SWAN @ TAN SUAN CHING
Director

Kuala Lumpur

Date: 15 July 2021

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT 2016

I, **RAIZITA BINTI AHMAD @ HARUN**, being the officer primarily responsible for the financial management of Stella Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements set out on pages 57 to 142 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.

....
RAIZITA BINTI AHMAD @ HARUN

Subscribed and solemnly declared by the abovenamed at Kuala Lumpur in the Federal Territory on 15 July 2021.

Before me,

....
HADINUR BIN MOHD SYARIF
W761
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF STELLA HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Stella Holdings Berhad, which comprise the statements of financial positions as at 31 March 2021 of the Group and of the Company, and the statements of 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 57 to 142.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, 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.

Group

Revenue and corresponding costs recognition for construction activities (Note 22 and Note 23 to the financial statements)

The Group recognised construction revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that construction costs incurred for work performed to date bear to the estimated total construction costs.

Significant judgement is required by director in determining the progress towards complete satisfaction of performance obligation, the extent of the construction costs incurred, the estimated total construction revenue and expenses, as well as the recoverability of the construction projects.

Independent Auditors' Report to the members of Stella Holdings Berhad (Incorporated in Malaysia) (cont'd)

Key Audit Matters (Cont'd)

Group (Cont'd)

Revenue and corresponding costs recognition for construction activities (Note 22 and Note 23 to the financial statements) (Cont'd)

Our response:

Our audit procedures on a sample of major projects included, among others:

- understanding the design and implementation of controls over the Group's process in recording project costs, preparing project budgets and calculating the progress towards anticipated satisfaction of a performance obligation;
- discussing with management the project budgets on the samples of projects selected and comparing project budgets to contractual terms, historical margins and major assumptions made by management;
- discussing the progress of the projects and expected outcome with the management to obtain an understanding of the basis on which the estimates are made;
- discussing the reasonableness of the computed progress towards anticipated satisfaction of a performance obligation for identified projects against progress reports; and
- testing the mathematical computation of the recognised revenue and expenses during the financial year.

Revenue and corresponding costs recognition for property development activity (Note 22 and Note 23 to the financial statements)

The Group recognised property development revenue and expenses in profit or loss by using the progress towards complete satisfaction of performance obligation. The progress towards complete satisfaction of performance obligation is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Significant judgement is required by director in determining the progress towards complete satisfaction of performance obligation, the extent of the property development costs incurred, the estimated total property development revenue and expenses, as well as the recoverability of the development projects.

Our response:

Our audit procedures on a sample of major projects included, among others:

- reading the terms and conditions of the agreements with customers;
- understanding the Group's process in preparing project budgets and the calculation of the progress towards complete satisfaction of performance obligations;
- comparing the Group's major assumptions to contractual terms and discussing with the project manager on the changes in the assumptions from the previous financial year;
- understanding the computed progress towards complete satisfaction of performance obligation for identified projects against architect or consultant certificates; and
- checking the mathematical computation of recognised revenue and corresponding costs for the projects during the financial year.

Company

We have determined that there are no key audit matters to communicate in our report which arose from the audit of the financial statements of the Company.

Independent Auditors' Report to the members of Stella Holdings Berhad
(Incorporated in Malaysia)
(cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with the 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 going concerns, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditors' Report to the members of Stella Holdings Berhad
(Incorporated in Malaysia)
(cont'd)

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

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

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

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

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

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

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 contents of this report.

....
Baker Tilly Monteiro Heng PLT
201906000600 (LLP0019411-LCA) & AF 0117
Chartered Accountants

....
Kenny Yeoh Khi Khen
No. 03229/09/2022 J
Chartered Accountant

Kuala Lumpur

Date: 15 July 2021

LIST OF PROPERTIES
AS AT 31 MARCH 2021

Location	Description (Existing Use)	Tenure (Age of Building)	Land Area (Built-Up Area) sq. ft.	Net Book Value as at 31.03.2021 RM	Date of Valuation/ Acquisition
Lots 727, 728 and 729 No. 230, 231 and 232 Jalan Kota Kenari 2 Taman Kota Kenari 09000 Kulim Kedah Darul Aman	3 units of 2-storey shop house (rented)	Freehold (23 years)	5,764 (6,492)	1,200,000	8.12.2020
No A3-31-3A, Soho Suite @ KLCC No 20, Jalan Perak 50450 Kuala Lumpur	Soho Suite (vacant)	Freehold (7 years)	(601)	880,000	30.03.2021
Unit E-11-3, Block E Megan Avenue 1 189 Jalan Tun Razak 50400 Kuala Lumpur	Office Lot (office)	Freehold (23 years)	(1,500)	901,666	13.12.2018
Lot 444 No. 1, Jalan Apollo U5/190 Seksyen U5 Bandar Pinggiran Subang 40150 Shah Alam Selangor Darul Ehsan	2½-storey semi-detached factory (office)	Leasehold Expiring on 7.12.2093 (23 years)	18,238 (5,400)	530,239	30.03.2021
Lot 449 No. 2, Jalan Apollo U5/190 Seksyen U5 Bandar Pinggiran Subang 40150 Shah Alam Selangor Darul Ehsan	2½-storey semi-detached factory (office)	Leasehold Expiring on 7.12.2093 (23 years)	17,668 (5,400)	613,506	30.03.2021
Lot 416 No. 25, Jalan Apollo U5/194 Seksyen U5 Bandar Pinggiran Subang 40150 Shah Alam Selangor Darul Ehsan	3-storey detached factory (rented)	Leasehold Expiring on 7.12.2093 (23 years)	23,153 (10,240)	5,800,000	30.03.2021
Lot 043(E) No. 30, Jalan Matahari AA U5/AA Seksyen U5 Bandar Pinggiran Subang 40150 Shah Alam Selangor Darul Ehsan	3-storey shop office (rented)	Leasehold Expiring on 25.01.2095 (22 years)	2,516 (8,916)	1,300,000	30.03.2021

List of Properties
(cont'd)

Location	Description (Existing Use)	Tenure (Age of Building)	Land Area (Built-Up Area) sq. ft.	Net Book Value as at 31.03.2021 RM	Date of Valuation/ Acquisition
Lot 071(E) No. 29, Jalan Matahari AA U5/AA Seksyen U5 Bandar Pinggiran Subang 40150 Shah Alam Selangor Darul Ehsan	3-storey shop office (vacant)	Leasehold Expiring on 25.01.2095 (22 years)	2,516 (8,916)	1,300,000	30.03.2021
Lot 080 No. 16, Jalan Dinar D U3/D Seksyen U3 Taman Subang Perdana 40150 Shah Alam Selangor Darul Ehsan	4-storey shop office (ground & 1st floor rented)	Leasehold Expiring on 25.09.2095 (16 years)	1,760 (7,040)	1,650,000	30.03.2021
Lot PT8833 No. 2, Lorong Naluri Sukma 8/2 42300 Bandar Puncak Alam Selangor Darul Ehsan	Double Storey Terrace House (rented)	Leasehold Expiring on 08.07.2109 (18 years)	3,387 (3,006)	530,000	14.12.2020
Lot PT8610 No 80, Lorong Naluri Sukma 8/11 42300 Bandar Puncak Alam Selangor Darul Ehsan	Double Storey Terrace House (rented)	Leasehold Expiring on 08.07.2109 (18 years)	3,340 (4,038)	560,000	14.12.2020
Lot 0034 No 18, Jalan Uranus AH/U5/AH Taman Subang Impian Seksyen U5 40150 Shah Alam Selangor Darul Ehsan	3 Storey Shop Office (1st & 2nd floor rented)	Leasehold Expiring on 03.04.2099 (21 years)	1,760 (5,280)	1,512,547	13.12.2018
No 9, Lorong Cakera Purnama 12/1 42300 Bandar Puncak Alam Selangor Darul Ehsan	Double Storey house (rented)	Leasehold Expiring on 14.07.2109 (11 years)	1,400 (3,060)	350,000	14.12.2020
No 15, Lintang Bukit Jambul 3 11900 Bayan Lepas Penang	Double Storey Semi-Detached house (vacant)	Leasehold Expiring on 07.11.2100 (1 years)	5,070 (2,997)	2,620,000	30.03.2021
Lot 5723 Pekan Panchor Daerah Seremban Negeri Sembilan	Industrial Land (vacant)	Leasehold Expiring on 19.01.2096	23,412	400,000	9.12.2020

SHAREHOLDERS' INFORMATION
AS AT 30 JUNE 2021

Issued shares capital : 67,000,000 ordinary shares
Class of shares : Ordinary Shares
Voting rights : One (1) vote per one (1) ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	%	No. of Shares	%
1 – 99	16	1.80	365	0.00
100 – 1,000	337	37.86	292,433	0.43
1,001 – 10,000	357	40.11	1,600,081	2.39
10,001 – 100,000	148	16.63	5,643,321	8.42
100,001 – 3,349,999 (less than 5% of issued shares)	28	3.15	11,676,800	17.43
3,350,000 and above (5% and above of issued shares)	4	0.45	47,787,000	71.33
Total	**890**	**100**	**67,000,000**	**100.00**

THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholder	No. of Shares	%
1	Westiara Development Sdn Bhd	19,113,100	28.53
2	Cerdik Cempaka Sdn Bhd	17,956,900	26.80
3	Anjuran Utama Sdn Bhd	5,417,000	8.09
4	Fine Approach Sdn Bhd	5,300,000	7.91
5	Chang Min Wai	1,000,000	1.49
6	Dato' Lee Tian Hock	1,000,000	1.49
7	Leong Low Pew	1,000,000	1.49
8	Ong Boon Hai	1,000,000	1.49
9	AllianceGroup Nominees (Tempatan) Sdn Bhd – Pledged securities account for Tai Kok Kong	911,000	1.36
10	Low Kim Fong	885,000	1.32
11	Chong Kwong Chin	673,900	1.01
12	Yong Soi Mee	605,000	0.90
13	Kenanga Nominees (Tempatan) Sdn Bhd – Pledged securities account for Nge Ying Choon	500,000	0.75
14	Ng Eng Tong	400,000	0.60
15	Siew Yoke Sum	400,000	0.60
16	Exotic Blossom Sdn Bhd	365,800	0.55
17	Low Kim Fong	349,000	0.52
18	Ng Eng Fong	298,000	0.44
19	Adeline Chew Wai Yean	294,000	0.44
20	RHB Nominees (Tempatan) Sdn Bhd – Pledged securities account for Lim Ghim Chai	213,000	0.32
21	Hew Choy Yin	200,000	0.30
22	Lim Kwong Le	199,900	0.30
23	Tan Seng Heng	199,600	0.30
24	Tan Siew Guat	198,200	0.30
25	Lim Zheng Xiang	177,000	0.26
26	Maybank Nominees (Tempatan) Sdn Bhd – Hau Leong Ming	150,000	0.22
27	Jasmine Lee Kwun Min	120,000	0.18
28	Ang Huat Keat	113,700	0.17
29	Kenanga Nominees (Tempatan) Sdn Bhd – Rakuten Trade Sdn Bhd for Chai Xiao Ying	111,800	0.17
30	Maybank Nominees (Tempatan) Sdn Bhd – Pledged securities account for Wong See Wing	110,000	0.16
	Total	**59,261,900**	**88.46**

SUBSTANTIAL SHAREHOLDERS

	Direct Interest		Indirect Interest	
Name of Shareholder	**No. of Shares**	**%**	**No. of Shares**	**%**
Westiara Development Sdn Bhd	19,113,100	28.53	–	–
Dato' Ir. Tan Gee Swan @ Tan Suan Ching	100,000	0.15	19,113,100 (1)	28.53
Raya Kasturi Sdn Bhd	–	–	19,113,100 (2)	28.53
Abdul Aziz bin Isa	–	–	19,113,100 (3)	28.53
Norbaizura binti Yadzid	–	–	19,113,100 (3)	28.53
Cerdik Cempaka Sdn Bhd	17,956,900	26.80	–	–
Dato' Lee Tian Hock	1,000,000	1.49	17,956,900 (4)	26.80
Mohd Sufian bin Abd Murad	–	–	17,956,900 (4)	26.80
Abdul Jalil bin Mohd Abd Ghani	–	–	17,956,900 (4)	26.80
Anjuran Utama Sdn Bhd	5,417,000	8.09	–	–
Dato' Hj Mohamad Haslah bin Mohamad Amin	–	–	5,417,000 (5)	8.09
Nor Hasliza binti Mohamad Haslah	–	–	5,417,000 (5)	8.09
Mohamad Haslizan bin Mohamad Haslah	–	–	5,417,000 (5)	8.09
Fine Approach Sdn Bhd	5,300,000	7.91	–	–
Lee Tian Huat	100,000	0.15	5,300,000 (6)	7.91
Yong Soi Mee	630,000	0.94	5,300,000 (6)	7.91

DIRECTORS AND CHIEF EXECUTIVE OFFICER'S SHAREHOLDINGS

	Direct Interest		Indirect Interest	
	No. of Shares	**%**	**No. of Shares**	**%**
Name of Director				
Dato' Hj Mohamad Haslah bin Mohamad Amin	–	–	5,417,000 (5)	8.09
Dato' Ir. Tan Gee Swan @ Tan Suan Ching	100,000	0.15	19,113,100 (1)	28.53
Dato' Lee Tian Hock	1,000,000	1.49	17,956,900 (4)	26.80
Dato' Kamarulzaman bin Jamil	–	–	–	–
Czarina Alia binti Abdul Razak	–	–	–	–
Tuan Hj Mohamad Nor bin Abas	–	–	–	–
Shahrizam bin A Shukor	–	–	–	–
Name of Chief Executive Officer				
Ng Jun Lip	17,000	0.03	–	–

Notes:

(1) Deemed interested by virtue of his shareholdings in Westiara Development Sdn Bhd.
(2) Deemed interested by virtue of its shareholdings in Westiara Development Sdn Bhd.
(3) Deemed interested by virtue of his/her shareholdings in Raya Kasturi Sdn Bhd, which in turn has interest in Westiara Development Sdn Bhd.
(4) Deemed interested by virtue of his shareholdings in Cerdik Cempaka Sdn Bhd.
(5) Deemed interested by virtue of his/her shareholdings in Anjuran Utama Sdn Bhd.
(6) Deemed interested by virtue of his/her shareholdings in Fine Approach Sdn Bhd.

NOTICE OF TWENTY-FOURTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty-Fourth (24th) Annual General Meeting of Stella Holdings Berhad will be conducted virtually through live streaming from the Broadcast Venue, being the main meeting venue at the Board Room of the Company, No. 2 Jalan Apollo U5/190, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on **Thursday, 23 September 2021** at **10.00 a.m.** for the following purposes:

AGENDA

1.	To receive the Audited Financial Statements for the financial year ended 31 March 2021 together with the Reports of the Directors and Auditors thereon.	*Please refer to Explanatory Notes*
2.	To approve the declaration of a final single-tier dividend of 2.5 sen per ordinary share in respect of the financial year ended 31 March 2021.	*Resolution 1*
3.	To approve the payment of Directors' fees of RM228,000 from 1 September 2021 until the conclusion of the next Annual General Meeting of the Company.	*Resolution 2*
4.	To approve the payment of Directors' benefits of up to RM129,000 from 1 September 2021 until the conclusion of the next Annual General Meeting of the Company.	*Resolution 3*
5.	To re-elect the following Directors retiring pursuant to Article 108 of the Company's Constitution:	
	(i) Dato' Lee Tian Hock	*Resolution 4*
	(ii) Dato' Kamarulzaman bin Jamil	*Resolution 5*
6.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors and to authorise the Directors to fix their remuneration.	*Resolution 6*
	As Special Business	
7.	To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions:	
	Authority to Allot and Issue Shares Pursuant to Sections 75 and 76 of the Companies Act 2016	
	"**THAT**, subject to the Companies Act 2016, the Company's Constitution and approval from Bursa Malaysia Securities Berhad and other Governmental or regulatory bodies, full authority be and is hereby given to the Board of Directors pursuant to Sections 75 and 76 of the Companies Act 2016 to allot and issue shares in the Company at any time upon such terms and conditions and for such purposes as the Board of 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 ten percent (10%) of the total number of issued shares of the Company for the time being **AND THAT** such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company."	*Resolution 7*
8.	To transact any other business of which due notice shall have been given.	

Notice of Twenty-Fourth Annual General Meeting
(cont'd)

NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT a final single-tier dividend of 2.5 sen per ordinary share for the financial year ended 31 March 2021, if approved by the shareholders at the 24th Annual General Meeting of the Company, will be paid on 26 October 2021 to the shareholders whose names appear on the Record of Depositors of the Company at the close of business on 6 October 2021.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

(a) shares transferred into the Depositor's Securities Account before 4.30 p.m on 6 October 2021 in respect of ordinary transfers; and
(b) shares bought on the Bursa Malaysia Securities Berhad on a cum-entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

BY ORDER OF THE BOARD

YEW @ YEOH SIEW YEN (MAICSA 7048094)
SSM PC No. 201908003496
Company Secretary

Selangor Darul Ehsan
28 July 2021

Notes:

1. Please refer to the Administrative Guide for the procedures to register and participate and vote in the virtual meeting.

2. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A member shall be entitled to appoint only one proxy unless he has more than 1,000 shares in which case he may appoint up to two proxies provided each proxy appointed shall represent at least 1,000 shares. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company.

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

4. Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

5. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, either under its Common Seal or the hand of a duly authorised officer or attorney of the corporation.

6. The instrument appointing a proxy shall be deposited at the registered office of the Company at No. 2 Jalan Apollo U5/190, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

7. For purpose of determining members' eligibility to attend the meeting, only members whose names appear in the Record of Depositors as at 15 September 2021 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on his behalf.

Explanatory Notes

1. **To receive the Audited Financial Statements**

   Agenda item no. 1 is meant for discussion only as the provision of Section 340(1) of the Companies Act 2016 does not require a formal approval of shareholders for the Audited Financial Statements. Hence, this item on the Agenda is not put forward for voting.

2. **Ordinary Resolution 2 and 3 - To approve the payment of Directors' fees and benefits**

   The proposed Ordinary Resolution 2 is to seek shareholders' approval for the payment of Directors' fees of RM228,000 from 1 September 2021 until the conclusion of the next Annual General Meeting of the Company, to be payable on a monthly basis in arrears after each month of completed services of the Director.

   The proposed Ordinary Resolution 3 is to seek shareholders' approval for the payment of Directors' benefits of up to RM129,000 from 1 September 2021 until the conclusion of the next Annual General Meeting of the Company.

3. **Ordinary Resolution 7 - Authority to Allot and Issue Shares**

   The existing general mandate for the authority to issue shares was approved by the shareholders of the Company at the 23rd Annual General Meeting held on 29 September 2020. The Company did not issue any new shares pursuant to the general mandate obtained at the 23rd Annual General Meeting.

   The proposed Ordinary Resolution 7 is to renew the authority granted by the shareholders of the Company at the 23rd Annual General Meeting. The proposed mandate, if passed, will give the Directors, authority to issue shares of not more than 10% of the total number of issued shares for such purposes as the Directors consider would be in the best interests of the Company. This is to avoid any delay and cost involved in convening a general meeting to approve such an issue of shares. This authority will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next Annual General Meeting or will subsist until the expiration of the period within which the next Annual General Meeting is required by law to be held, whichever is earlier.

   The proceeds raised from the mandate will provide flexibility to the Company for any possible fund raising activities for purpose of funding current/or future investment project(s), working capital and/or acquisition(s).

STATEMENT ACCOMPANYING THE NOTICE OF ANNUAL GENERAL MEETING

Details of persons who are standing for election as Directors

No individual is seeking election as a Director at the 24th Annual General Meeting of the Company.

ADMINISTRATIVE GUIDE

VIRTUAL 24TH ANNUAL GENERAL MEETING

Date	:	Thursday, 23 September 2021
Time	:	10.00 a.m.
Broadcast Venue	:	The Board Room, No. 2 Jalan Apollo U5/190, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia

SAFETY MEASURES DUE TO COVID-19 OUTBREAK

1. In light of the Covid-19 pandemic and the Company's initiative to curb the spread of the pandemic, the Board of Directors of the Company, having given due consideration, has decided to convene the 24th AGM of the Company virtually via live streaming.

   No members are allowed to attend the Broadcast Venue on the day of the Virtual 24th AGM.

   Kindly note that the quality of the live streaming would depends on the bandwidth and stability of the internet connection of the participants.

2. Members are encouraged to appoint the Chairman of the Meeting as proxy to attend and vote, at the 24th AGM. You may submit your Proxy Form to the registered office (not less than forty-eight (48) hours before the convening of 24th AGM) with pre-determined voting instructions for the Chairman, to vote for and on your behalf.

   Registered Office: No. 2 Jalan Apollo U5/190, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia

REGISTRATION FOR THE VIRTUAL 24TH AGM

1. Members who wish to attend the 24th AGM are required to register online first to enable the Company to verify your eligibility to attend the 24th AGM before or by 21 September 2021 at 10.00 a.m. ("Cut-Off Date"):-

   - For Registration of Shareholders : **https://cutt.ly/fmWde7C**

   An acknowledged receipt email will be sent to you after the completion of your registration.

2. Following the verification, authenticated participants (members) will receive an email from **agm@vcube.com.my** containing your **Member Entry (ME) ID** *(2nd level security authentication)* and instructions to be used to enter the AGM at the date and time specified.

   The **ME ID** is your verified Login ID to sign into the virtual AGM.

3. The **Unique Security Link ("US Link")** will be sent to you in the evening prior to the virtual AGM date. Please check your inbox or spam-box on the night before the said virtual AGM *(3rd level security authentication)*.

4. On the actual day, just click on the **US Link** and enter your **ME ID** to attend the virtual AGM. Entering a wrong **ME ID** will make your vote void.

5. Members who register by the Cut-Off Date but do not receive an email response after 21 September 2021, may contact us for assistance at the Poll Administrator's Hotline via WhatsApp Message to +60 11- 4008 5532 (Monday to Friday: from 9.00 a.m. to 5.00 p.m.) or at email address: **stella@stella-holdings.com.my**.

Administrative Guide (cont'd)

REGISTRATION FOR THE VIRTUAL 24TH AGM (CONT'D)

Notes:

(a) *Eligibility of participants will be verified against the General Meeting's Record of Depository as at 15 September 2021.*

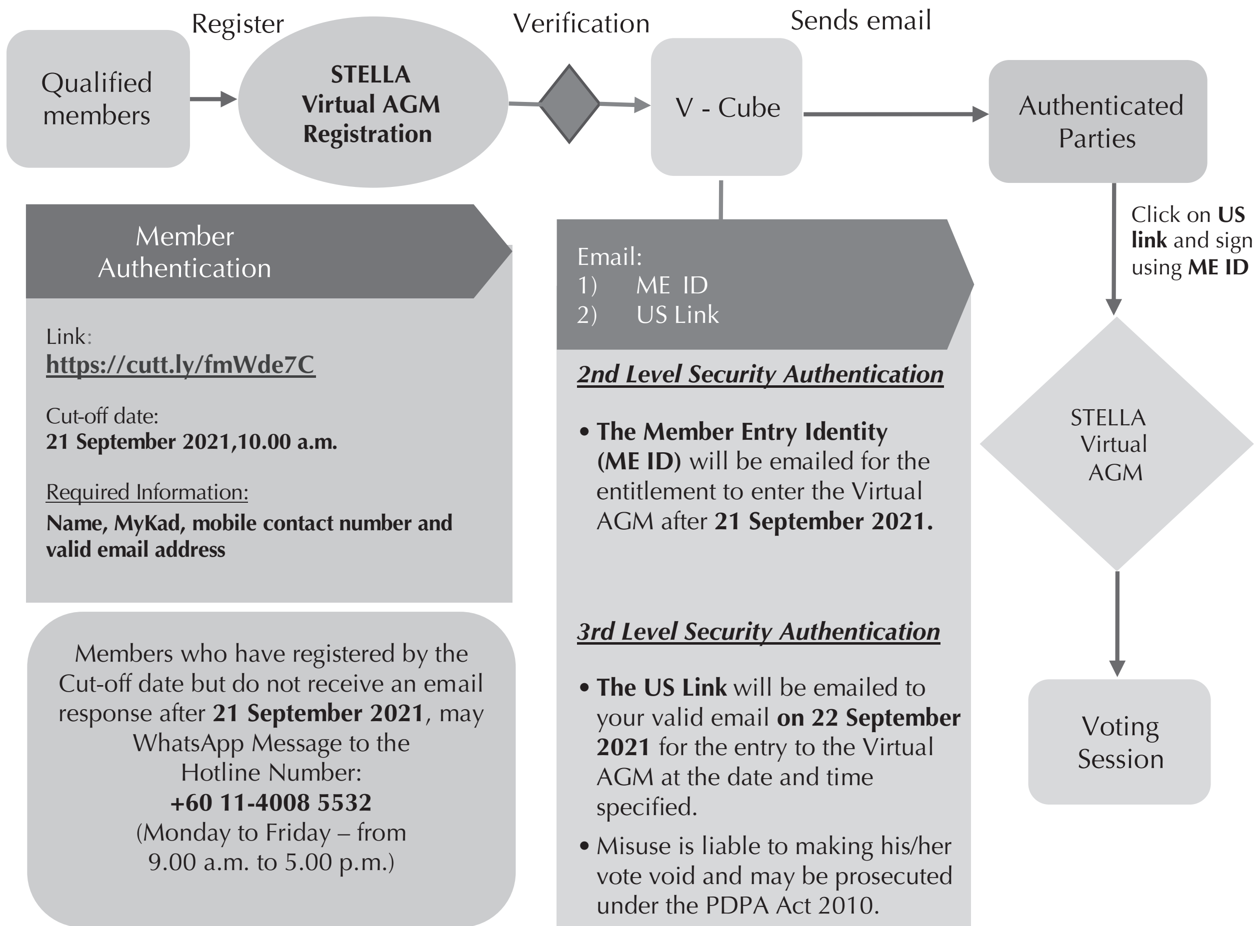
(b) *Participants must not forward **ME ID** or **US Link** to any other persons. This will be in breach of terms of usage. This is also to avoid any technical disruptions to your personalized usage. Such mis-usage will void your vote and you may be prosecuted under the Personal Data Protection Act 2010. The link is trackable and will be erased after the virtual AGM has concluded.*

(c) *Browser: You will need a browser that is HTML5-compatible (e.g. Microsoft Edge, Chrome, Firefox) and a stable WIFI or LAN connection to participate in the virtual AGM which is device agnostic. A pre-environment test is attached with the **US Link**.*

For best user experience, you are strongly advised to join via a laptop or computer to engage fully in the proceedings and interactively download important information presented during the virtual AGM.

(d) *All virtual AGM user data are recorded for compliance purpose.*

FLOW CHART – 24TH VIRTUAL AGM OF STELLA HOLDINGS BERHAD



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Administrative Guide
(cont'd)

ACTUAL MEETING AND E-VOTING PROCEDURES:

1. Click on the **US Link before the virtual AGM starts** and enter your **ME ID** correctly.
   * *Entering a wrong **ME ID** will make your vote void.*

2. A chat box will be enabled prior to the tabling of each resolution for voting. This is to enable you to communicate and post question which will be vetted for relevancy before being responded by the Chairman or the Board.

3. During the virtual AGM, the Chairman of the Meeting or the Board will answer questions pertaining to each resolution within a certain timeframe. Thereafter, the Chairman with the coordinated assistance of V-cube authorized staff to open the voting polling box for each resolution.

4. Participants must submit the e-vote during the live polling session for each Resolution through clicking the box as below:

   1 = FOR
   2 = AGAINST

5. A fixed time for voting is allocated for each resolution depending on the Chairman's decision.

6. A member is allowed to vote either by proxy form or online during the live polling session of the virtual AGM.

7. The member or proxy holder is only allowed to vote once. In the event where the member or proxy holder voted twice, only the first vote is valid.

8. Once e-voting is completed for all the resolutions by polling, the virtual AGM will be adjourned for vote counting.

9. During the adjournment period, the voting data will be downloaded and checked for compliance and validation against the Register of Depositors.

10. The Chairman will then provide details of overall voting results of the virtual AGM.

Note:

(A) Aside from members, proxy holders who are allowed to join the AGM, can participate in the questions and responses.
(B) All e-voting data in raw and cleanse form are archived for compliance purpose.
*(C) Members are reminded to monitor the Company's announcements or its website: **(http://www.stella-holdings.com.my/)** for any further updates on the status or changes to the arrangement of the Virtual 24th AGM.*

ENQUIRY

If you have any enquiries prior to the AGM, please email to **stella@stella-holdings.com.my** and to include the following details when you email :-

i) Full name as per MyKad;
ii) Mobile Contact Number; and
iii) CDS Account Number.

We would like to thank all parties for your understanding and co-operation in conducting the virtual AGM amidst the COVID-19 pandemic. Stay Safe.

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PROXY FORM

STELLA HOLDINGS BERHAD

STELLA HOLDINGS BERHAD
Company No. 199701004603 (420099-X)
(Incorporated in Malaysia)

No. of shares held	
CDS Account No.	
Mobile No.	
Email Address	

I/We (full name in block capitals) ....

NRIC No./Company No...of (full address)..

....

being a *member/members of STELLA HOLDINGS BERHAD, hereby appoint the following person (s):-

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address:			
Mobile Phone No.:			

and/or

Full Name (in Block)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Email Address:			
Mobile Phone No.:			

or failing him/her, the Chairman of the meeting as *my/our proxy to vote for *me/us and on *my/our behalf at the Twenty-Fourth Annual General Meeting of the Company to be conducted virtually through live streaming from the Broadcast Venue, being the main meeting venue at the Board Room of the Company, No. 2 Jalan Apollo U5/190, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan on Thursday, 23 September 2021 at 10.00 a.m., and at any adjournment thereof.

Resolution No.	Agenda	For	Against
1.	To approve the declaration of a final single-tier dividend		
2.	To approve the payment of Directors' fees		
3.	To approve the payment of Directors' benefits		
4.	To re-elect Dato' Lee Tian Hock as Director		
5.	To re-elect Dato' Kamarulzaman bin Jamil as Director		
6.	To re-appoint Messrs Baker Tilly Monteiro Heng PLT as Auditors		
7.	Authority to allot and issue shares pursuant to Sections 75 and 76 of the Companies Act 2016		

[Please indicate with an "X" in the space provided above on how you wish your vote to be cast. Unless otherwise instructed, the proxy may vote as he/she shall think fit in respect of the resolution.]

* *Delete if not applicable.*

Signed this ……….. day of ………………….……….. 2021

…………………….………………………………….
Signature/Common Seal of Shareholder

Notes:

1. *Please refer to the Administrative Guide for the procedures to register and participate and vote in the virtual meeting.*
2. *A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote in his stead. A member shall be entitled to appoint only one proxy unless he has more than 1,000 shares in which case he may appoint up to two proxies provided each proxy appointed shall represent at least 1,000 shares. Where a member appoints more than one proxy, the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. A proxy may but need not be a member of the Company.*
3. *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint more than one proxy but not more than two proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*
4. *Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
5. *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing or if such appointer is a corporation, either under its Common Seal or the hand of a duly authorised officer or attorney of the corporation.*
6. *The instrument appointing a proxy shall be deposited at the registered office of the Company at No. 2 Jalan Apollo U5/190, Bandar Pinggiran Subang, Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.*
7. *For purpose of determining members' eligibility to attend the meeting, only members whose names appear in the Record of Depositors as at 15 September 2021 shall be entitled to attend this meeting or appoint proxy(ies) to attend and vote on his behalf.*

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AFFIX
STAMP

The Company Secretary
STELLA HOLDINGS BERHAD
No. 2, Jalan Apollo U5/190
Bandar Pinggiran Subang
Seksyen U5
40150 Shah Alam
Selangor Darul Ehsan
Malaysia

1st Fold Here

STELLA
HOLDINGS BERHAD
(199701004603) (420099-X)

STELLA HOLDINGS BERHAD
(199701004603) (420099-X)

No. 2, Jalan Apollo U5/190, Bandar Pinggiran Subang
Seksyen U5, 40150 Shah Alam, Selangor Darul Ehsan

T : +603-7847 2900
F : +603-7845 5800
E : stella@stella-holdings.com.my

www.stella-holdings.com.my