

Company No: 1242774 - U

**TELEKOSANG HYDRO TWO SDN. BHD.**  
(Incorporated in Malaysia)  
**REPORTS AND FINANCIAL STATEMENTS**  
**30 JUNE 2020**

**WAN NADZIR & CO.**  
Chartered Accountants

Company No: 1242774 - U

**TELEKOSANG HYDRO TWO SDN. BHD.**  
(Incorporated in Malaysia)

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**TELEKOSANG HYDRO TWO SDN. BHD.**  
(Incorporated in Malaysia)

**CORPORATE INFORMATION**

Board of Directors	: Saridah binti Mohd Dun Baevinraj Thiagarajah Nurhaida binti Abu Sahid Ronald Ong Midin bin Asli (Appointed on 01.03.2020) Datuk Haji Jamalul Kiram bin Mohd Zakaria (Resigned on 01.03.2020)
Company Secretary	: Hasbi bin Tangge
Registered Office	: No F-3-7 Block F Lot 37 3rd Floor, Lorong Plaza Utama Alamesra, 88400 Kota Kinabalu, Sabah, Malaysia.
Principal Place of Business	: Suite 2, 2nd Floor, Block A, Iramanis Centre Jalan Lintas, 88450 Kota Kinabalu, Sabah.
Auditors	: Wan Nadzir & Co. Chartered Accountants
Bankers	: RHB Islamic Bank Berhad

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**TELEKOSANG HYDRO TWO SDN. BHD.**  
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**DIRECTORS' REPORT**

The Directors have pleasure in submitting their report together with the audited financial statements of the Company for the financial year ended 30 June 2020.

**PRINCIPAL ACTIVITIES**

The Company is principally engaged in the development of small hydro - power scheme.

There have been no significant changes in the nature of the activity of the Company during the financial year.

**FINANCIAL RESULTS**

	RM
Total comprehensive income for the financial year	<u>1,732,122</u>

**DIVIDENDS**

There were no dividends paid or declared by the Company since the end of the previous financial year.

The Directors do not recommend any dividend in respect of the current financial year.

**RESERVES AND PROVISIONS**

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

**ISSUE OF SHARES AND DEBENTURES**

During the financial year, the following shares were issued:-

<u>Date of issue</u>	<u>Purpose of issue</u>	<u>Class of share</u>	<u>Number</u>	<u>Terms of issue</u>
30.12.2019	Working capital	Preference	37,500,000	Cash

There were no debentures issued during the financial year.

**TELEKOSANG HYDRO TWO SDN. BHD.**  
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**INFORMATION ON THE FINANCIAL STATEMENTS**

Before the financial statements of the Company were made out, the Directors took reasonable steps: -

- a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that there were no bad debts to be written-off and no allowance for doubtful debts was required; and
- b) to ensure that any current assets which were unlikely to be realized in the ordinary course of business including their values as shown in the accounting records of the Company have been written down to an amount which they might be expected so to realize.

At the date of this report, the Directors are not aware of any circumstances: -

- a) which would render it necessary to write off any bad debts or to make any allowance for doubtful debts in the financial statements of the Company; or
- b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

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

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

- a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- b) any contingent liability of the Company which has arisen since the end of the financial year.

**OTHER STATUTORY INFORMATION**

The Directors state that:-

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 which would render any amount stated in the financial statements misleading.

In the opinion of Directors:-

- a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Company for the current financial period in which this report is made.

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**TELEKOSANG HYDRO TWO SDN. BHD.**  
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**DIRECTORS**

The names of the Directors of the company in the office during the financial year and at the date of this report are:-

Saridah binti Mohd Dun  
Baevinraj Thiagarajah  
Nurhaida binti Abu Sahid  
Ronald Ong  
Midin bin Asli (Appointed on 01.03.2020)  
Datuk Haji Jamalul Kiram bin Mohd Zakaria (Resigned on 01.03.2020)

**DIRECTORS' INTERESTS**

According to the register of Directors shareholdings, the interests of Directors in office at the end of the financial year in the shares of the Company and its related corporation during the financial year were as follows:-

	<u>Number of Ordinary Shares:-</u>			<u>As at</u> <u>30.06.2020</u>
	<u>As at</u> <u>01.07.2019</u>	<u>Bought</u>	<u>Sold</u>	
<b>Direct Interest in</b>				
<b>ultimate holding company:-</b>				
<b><u>Jentayu Capital Sdn. Bhd.</u></b>				
<b><u>Ordinary Shares</u></b>				
Nurhaida binti Abu Sahid	4,500,000	-	-	4,500,000

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

**HOLDING COMPANY**

The ultimate holding company of the Company is Jentayu Capital Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

The immediate holding company of the Company is Senja Optima Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

**DIRECTORS' BENEFITS**

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefits by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

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**AUDITORS' REMUNERATION**

Total amounts paid to or receivable by the auditors as remunerations for their services as auditors are as follows:

	RM
Fee	<u>20,000</u>

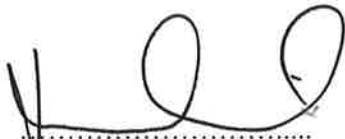
**INDEMNITY AND INSURANCE COSTS**

There were no indemnity given to or insurance effected for any other officers or auditors of the Company.

**AUDITORS**

The auditors, Wan Nadzir & Co., have expressed their willingness to continue in office.

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



.....  
Nurhaida binti Abu Sahid  
Director



.....  
Baevinraj Thiagarajah  
Director

Ipoh  
Dated: **14 DEC 2020**

Company No: 1242774 - U

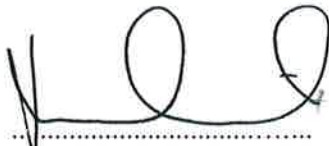
**TELEKOSANG HYDRO TWO SDN. BHD.**  
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**STATEMENT BY DIRECTOR**

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

We, Nurhaida binti Abu Sahid and Baevinraj Thiagarajah, being two of the Director of Telekosang Hydro Two Sdn. Bhd., do hereby state that in the opinion of the Director, the financial statements set out on pages 10 to 32 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the state of affairs of the Company as at 30 June 2020 and of financial performance and cash flows of the Company for the financial year ended on that date.

Signed on behalf of the Board of Director in accordance with a resolution of the Director.



Nurhaida binti Abu Sahid  
Director



Baevinraj Thiagarajah  
Director


Ipoh  
Dated: **14 DEC 2020**

**STATUTORY DECLARATION**

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

I, Nurhaida bin Abu Sahid being the Director primarily responsible for the financial management of Telekosang Hydro Two Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 32 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared  
by the above named  
at Ipoh in the State of  
Perak Darul Ridzuan  
this day of **14 DEC 2020**



Nurhaida binti Abu Sahid



NO 15, JALAN AMPANG BARU 6C,  
KAMPUNG AMPANG BARU,  
31350 IPOH, PERAK





## AUDITORS' REPORT

### INDEPENDENT AUDITORS' REPORTS TO THE MEMBERS OF TELEKOSANG HYDRO TWO SDN. BHD. (Company No: 1242774 - U)

#### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of Telekosang Hydro Two Sdn. Bhd., which comprise the statement of financial position as at 30 June 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 32.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 30 June 2020, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 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 Accountant (including International Independence Standards)* ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

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

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.



## **AUDITORS' REPORT (CONTINUED)**

### **INDEPENDENT AUDITORS' REPORTS TO THE MEMBERS OF TELEKOSANG HYDRO TWO SDN. BHD. (Company No: 1242774 - U)**

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

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions 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 Company that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the financial statements of the 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 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 Company to cease to continue as a going concern.



## AUDITORS' REPORT (CONTINUED)

### INDEPENDENT AUDITORS' REPORTS TO THE MEMBERS OF TELEKOSANG HYDRO TWO SDN. BHD. (Company No: 1242774 - U)

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

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

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.

#### Other Matters

1. As stated in Note 2 to the financial statements, the Company adopted Malaysian Financial Reporting Standards on 1 July 2019 with a transition date of 1 July 2018. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of comprehensive income, statements of changes in equity, and statement of cash flow for the financial year ended 30 June 2019 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the financial year ended 30 June 2020 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 July 2018 do not contain misstatements that materially affect the financial position as at 30 June 2020 and financial performance and cash flows for the financial year ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

WAN NADZIR & CO.  
No. AF: 1234  
Chartered Accountants

MOHAMAD SHARIFF BIN SAREPUDIN  
Approval No. 03035/04/2021 J  
Chartered Accountant

Ipoh  
Date: 14 December 2020

**TELEKOSANG HYDRO TWO SDN. BHD.**  
(Incorporated in Malaysia)

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2020**

	<u>Note</u>	<u>30.06.2020</u> RM	<u>30.06.2019</u> RM	<u>01.07.2018</u> RM
<b>NON-CURRENT ASSETS</b>				
Property, plant and equipment	5	127,057,546	31,345,686	1,983,917
<b>Total non-current assets</b>		<b>127,057,546</b>	<b>31,345,686</b>	<b>1,983,917</b>
<b>CURRENT ASSETS</b>				
Other receivable	6	12,081,080	15,320	-
Fixed deposits	7	70,719,377	-	-
Cash and bank balances		5,000	4,443,820	25,340
<b>Total current assets</b>		<b>82,805,457</b>	<b>4,459,140</b>	<b>25,340</b>
<b>TOTAL ASSET</b>		<b>209,863,003</b>	<b>35,804,826</b>	<b>2,009,257</b>
<b>EQUITY</b>				
Share capital	8	50,265	50,265	50,265
Retained earnings/(Accumulated losses)		1,654,359	(77,763)	(22,491)
<b>Total shareholders' fund</b>		<b>1,704,624</b>	<b>(27,498)</b>	<b>27,774</b>
<b>NON-CURRENT LIABILITIES</b>				
Redeemable preference shares	9	40,000,000	2,500,000	-
Amount due to related company	10	163,845,910	198,091	-
Amount due to ultimate holding company	11	255,001	23,073,638	1,647,659
<b>Total non-current liabilities</b>		<b>204,100,911</b>	<b>25,771,729</b>	<b>1,647,659</b>
<b>CURRENT LIABILITIES</b>				
Trade payable		3,833,966	10,038,895	-
Other payables	12	65,002	21,700	333,824
Provision for taxation		158,500	-	-
<b>Total current liabilities</b>		<b>4,057,468</b>	<b>10,060,595</b>	<b>333,824</b>
<b>TOTAL LIABILITIES</b>		<b>208,158,379</b>	<b>35,832,324</b>	<b>1,981,483</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>209,863,003</b>	<b>35,804,826</b>	<b>2,009,257</b>

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

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**TELEKOSANG HYDRO TWO SDN. BHD.**  
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**STATEMENT OF CHANGES IN EQUITY  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	Share capital RM	(Accumulated losses)/ Retained earnings RM	Total RM
At 1 July 2018	50,265	(22,491)	27,774
Total comprehensive loss for the financial year	-	(55,272)	(55,272)
At 30 June 2019	50,265	(77,763)	(27,498)
Total comprehensive income for the financial year	-	1,732,122	1,732,122
At 30 June 2020	50,265	1,654,359	1,704,624

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

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**TELEKOSANG HYDRO TWO SDN. BHD.**  
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**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
Revenue		-	-
Other operating income		2,326,253	201
Administrative expenses		(435,631)	(55,476)
Profit/(Loss) before taxation	13	1,890,622	(55,275)
Taxation	14	(158,500)	-
Total comprehensive income/(loss) for the financial year		1,732,122	(55,275)

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

**TELEKOSANG HYDRO TWO SDN. BHD.**  
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**STATEMENT OF CASH FLOW**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020**

	<u>Note</u>	<u>2020</u> RM	<u>2019</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit/(Loss) before taxation		1,890,622	(55,272)
<b>Adjustments for:-</b>			
Depreciation of property, plant and equipment		103	103
Interest income		(2,326,253)	-
Operating loss before working capital changes		(435,528)	(55,169)
Changes in working capital:-			
Receivables		(12,065,760)	(15,320)
Payables		(6,161,627)	9,726,770
Ultimate holding company		(22,818,637)	21,425,979
Related company		163,647,819	198,091
Cash generated from operating activities		122,166,267	31,280,351
Interest income		2,326,253	-
Net cash generated from operating activities		124,492,520	31,280,351
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(95,711,963)	(29,361,871)
Net cash used in investing activities		(95,711,963)	(29,361,871)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issuance of redeemable preference shares		37,500,000	2,500,000
Net cash generated from financing activities		37,500,000	2,500,000
<b>CASH AND CASH EQUIVALENTS</b>			
Net increase		66,280,557	4,418,480
At beginning of financial year		4,443,820	25,340
At end of financial year	<b>A</b>	70,724,377	4,443,820

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

**TELEKOSANG HYDRO TWO SDN. BHD.**  
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**STATEMENT OF CASH FLOW**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (CONTINUED)**

**NOTES TO THE STATEMENT OF CASH FLOW**

**A. Cash and cash equivalents**

Cash and cash equivalents in the cash flow statement comprise the following balance sheet amounts:-

	<u>2020</u>	<u>2019</u>
	RM	RM
Represented by:		
Cash in hand	5,000	-
Cash at bank	-	4,443,820
Fixed deposits with licensed banks	70,719,377	-
	<u>70,724,377</u>	<u>4,443,820</u>

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



**TELEKOSANG HYDRO TWO SDN. BHD.**  
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**NOTES TO THE FINANCIAL STATEMENTS - 30 JUNE 2020**

**1. GENERAL INFORMATION**

The Company is principally engaged in the development of large hydro - power scheme.

There have been no significant changes in the nature of the activity of the Company during the financial year.

The Company is a private limited liability company, incorporated and domiciled in Malaysia.

The ultimate holding company of the Company is Jentayu Capital Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

The immediate holding company of the Company is Senja Optima Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia.

The registered office of the Company is located at No F-3-7 Block F Lot 37 3<sup>rd</sup> Floor, Lorong Plaza Utama Alamesra, 88400 Kota Kinabalu, Sabah.

The principal place of business of the Company is located at Suite 2, 2<sup>nd</sup> Floor, Block A, Iramanis Centre Jalan Lintas, 88450 Kota Kinabalu, Sabah.

The number of employees in the Company at the end of the financial year was 9 (2019: Nil).

The financial statements were authorized for issue by the Board of Directors in accordance with a resolution of the Directors on 14 December 2020.

**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS**

**2.1 Statement of compliance**

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the provisions of the Companies Act, 2016 in Malaysia. These are the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Financial Reporting Standards has been applied.

In the previous year, the financial statements of the Company were prepared in accordance with Malaysian Private Entity Reporting Standard ("MPERS"). The accounting policies set out in Note 3 have been applied in preparing the financial statements of the Company for the financial year ended 30 June 2020, the comparative information presented in these financial statements for the financial year ended 30 June 2019 and in the preparation of the opening MFRS statement of financial position as at 1 July 2018 (date of transition to MFRS).

The transition to MFRS does not have significant financial impact to the financial statements of the Company.

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**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

**2.2 Adoption of new MFRSs, Amendments/Improvements to MFRSs and IC Interpretations**

- Amendments to MFRS 12 *Disclosure of Interests in Other Entities*
- Amendments to MFRS 112 *Recognition of Deferred Tax Assets for Unrealised Losses*

The adoption of the above standards, amendments to published standards and IC Interpretation did not have any significant effect on the financial statements of the Company respectively upon their initial application.

**2.3 Changes in accounting policies**

The accounting policies adopted by the Company are in consistent with those of the previous financial year, except for the adoption of the following standards and amendments which mandatory for annual financial year beginning on or after 1 January 2019:-

- Amendments to MFRS 112 *Income Tax Consequences of Payments on Financial Instruments Classified as Equity*
- IC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Annual Improvements to MFRSs 2015-2018 Cycle

The adoption of the above standards, amendments to published standards and IC Interpretation did not have any significant effect on the financial statements of the Company respectively upon their initial application.

**2.4 Standards issued but not yet effective**

The following are accounting standards, amendments and interpretations that have been issued by the Malaysian Accounting Standards Board (“MASB”) but are not yet effective and have not been adopted by the Company:-

**Effective for annual periods beginning on or after 1 January 2020**

- Amendments to MFRS 3, *Definition of a Business*
- Amendments to MFRS 9, MFRS 139 and MFRS 7: *Interest Rate Benchmark Reform*
- Amendments to MFRS 101, *Definition of Material*
- Amendments to MFRS 108, *Definition of Material*

**Effective for annual periods beginning on or after 1 June 2020**

- Amendments to MFRS 16, *Covid-19-Related Rent Concessions*

**TELEKOSANG HYDRO TWO SDN. BHD.**  
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**2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONTINUED)**

**2.4 Standards issued but not yet effective (continued)**

**Effective for annual periods beginning on or after 1 January 2021**

- Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: *Interest Rate Benchmark Reform - Phase 2*

**Effective for annual periods beginning on or after 1 January 2022**

- Amendments to MFRS 116: *Property, Plant and Equipment - Proceeds before Intended Use*
- Amendments to MFRS 137: *Onerous Contracts – Cost of Fulfilling a Contract*
- Annual improvements to MFRS 2018 - 2020

**Effective for annual periods beginning on or after 1 January 2023**

- Amendments to MFRS 17: *Insurance Contracts*
- Amendments to MFRS 101: *Classification of Liabilities as Current or Non-Current*

The Company will adopt the abovementioned accounting standards, interpretations and amendments from the annual period beginning 1 July 2020 for those accounting standards, interpretations and amendments, that are effective for annual periods beginning on or after 1 January 2020, if applicable.

**2.5 Basis of measurement**

The financial statements have been prepared on the historical cost basis unless otherwise disclosed.

**2.6 Functional and presentation currency**

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

**2.7 Use of estimates and judgements**

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. The areas involving significant judgements and estimation uncertainties are disclosed in Note 4.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**3.1 Property, plant and equipment**

**a. Recognition and measurement**

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

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

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

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

**b. Subsequent cost**

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

**c. Depreciation**

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

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment from the date that they are available for use. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Property, plant and equipment under construction such as capital work-in-progress are not depreciated until the assets are ready for their intended use.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.1 Property, plant and equipment (continued)**

**c. Depreciation (continued)**

Capital work-in-progress are not depreciated but are subject to impairment test if there is any indication of impairment.

The principal annual rates for the current year are as follow: -

Air conditioner	20%
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If there is an indication that there has been a significant change since the last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits, the Company would review its present depreciation method and, if current expectations differ, the Company would amend the residual value, depreciation method or useful life to reflect the new pattern.

**3.2 Impairment of non-financial assets**

The carrying amounts of non-financial assets (i.e. property, plant and equipment, investment property, and intangible assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For 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 from other assets or cash-generating units. For the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes.

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell 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 cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit exceeds its estimated recoverable amount.

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

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Financial instruments**

Financial instruments, comprising financial assets and financial liabilities, are recognized in the statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

**3.3.1 Initial recognition**

All financial assets and liabilities are initially recognized at fair value, which is usually the transaction price including, where appropriate, transaction costs, with the exception of trade receivables without a significant financing component, which are measured at their transaction price, determined in accordance with the Company's accounting policies for revenue.

**3.3.2 Financial asset**

**a. Classification and measurement**

**i. Financial assets measured at fair value through profit or loss (FVPL)**

Such assets are re-measured to fair value at the end of each reporting period. Gains and losses arising from re-measurement are taken to profit or loss.

Equity investments are classified as FVPL unless they are designated as at FVOCI on initial recognition. Dividends from equity investments, irrespective of whether classified as FVPL or FVOCI, are recognized in profit or loss as finance income.

**ii. Financial assets measured at FVOCI**

At the end of each reporting period they are re-measured to fair value, with the cumulative gain or loss compared to their amortised cost (AC) being recognized in other comprehensive income and in the fair value reserve, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses.

When these assets are derecognized, the cumulative gain or loss is reclassified from equity to profit or loss.

Equity investments not held for trading purposes are designated as at FVOCI where they are considered strategic to the Company. Such designation is made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Amounts accumulated in the fair value reserve in respect of these investments are transferred directly to retained earnings on the disposal of the investment. These investments are not subject to impairment.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Financial instruments (continued)**

**3.3.2 Financial asset (continued)**

**a) Classification and measurement (continued)**

**ii. Financial assets measured at amortised cost**

Financial assets are held at amortised cost when they arise from contracts which give rise to contractual cash flows which are solely principal and interest and are held in a business model which mainly holds the assets to collect contractual cash flows. Interest income is included in finance income.

**b) Impairment on financial asset**

The Company recognizes an allowance for impairment on non-equity financial assets held at FVOCI and AC, and also on contract assets and lease receivables on an expected credit loss basis. Increases and decreases in the impairment allowance are recognised in profit or loss.

The expected credit losses are the difference (on a present value basis) between the contractual cash flows (or transaction price) and the present value of cash flows expected to be received based on the Company's past loss experience and reasonable and supportable expectations, at the end of the reporting period, about future credit conditions.

For trade receivables, contract assets and lease receivables, the Company recognizes impairment both individually and using provision matrices based on the probability that the customer will default during the lifetime of the asset, and the loss that will be incurred given the default (the lifetime expected loss).

For all other financial assets that are not purchased or originated credit-impaired, the Company recognizes impairment initially based on the probability that the customer or counterparty will default in the next 12 months unless there has been a significant deterioration in credit quality, or the financial asset becomes credit impaired in which case the impairment allowance is increased to the lifetime expected loss.

An asset is credit impaired when it has one or more of the loss events described below:-

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or past due event;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.3 Financial instruments (continued)**

**3.3.2 Financial asset (continued)**

**b) Impairment on financial asset (continued)**

- the disappearance of an active market for a security because of financial difficulties. In the case of purchased or originated credit-impaired financial assets, the Group only recognizes the cumulative changes in lifetime expected credit losses since initial recognition as a loss allowance.

**c) Derecognition**

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or where it neither transfers nor retains substantially all of the risks and rewards of ownership and loses control.

When control is retained, the Company continues to recognize the financial asset to the extent of its continuing involvement. Financial assets are also de-recognized when they are written off. Financial assets are written off when there is no reasonable expectation of further recoveries even though there may be enforcement actions ongoing.

**3.3.3 Financial liabilities**

**a) Classification and measurement**

**i. Financial liabilities at amortized cost**

Financial liabilities, except those designated as at FVPL, are stated at amortised cost using the effective interest method. Interest is included in finance expenses unless capitalised into property, plant and equipment.

**ii. Financial liabilities designated as at FVPL**

Certain financial liabilities have irrevocably designated as at FVPL on initial recognition because they are managed and their performance is evaluated on a fair value basis and information is provided internally on that basis to the Company's key management personnel.



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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.4 Receivables**

Receivables are carried at invoice amount less an allowance for impairment. The allowance is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. When the debt becomes uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are recognised in the statement of profit or loss.

**3.5 Cash and cash equivalent**

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

**3.6 Equity instruments**

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

**a. Issue expenses**

Costs directly attributable to the issue of instruments classified as equity are recognized as a deduction from equity, net of any related income tax benefit.

**b. Ordinary shares**

Ordinary shares are classified as equity.

**c. Preference shares**

Preference share capital classified as liability as it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon recognized as interest expense in profit or loss as accrued.

**3.7 Payables**

Payables including accruals, represent liabilities for goods received and services rendered to the Company prior to the end of the financial year and which remain unpaid. Payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

**3.8 Provisions**

Provisions are recognised when the Company have a present obligation 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.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.8 Provisions (continued)**

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. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**3.9 Employee benefits**

**a. Short-term employee benefits**

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

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**b. Defined contribution plans**

As required by law, companies in Malaysia make contributions to the state pension scheme, the Employees Provident Fund (“EPF”). Such contributions are recognized as an expense in the income statement as incurred. Once the contributions have been paid, the Company has no further payment obligations.

**3.10 Income tax**

Income tax expense comprises current and deferred tax. Current tax is the amount of income taxes payable or receivable in respect of the taxable profit or loss for the year. Current tax for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities using the tax rates that have been enacted or substantively enacted by the reporting date.

Current tax is recognised in profit or loss except to the extent that the tax relates to the items recognised outside profit or loss, either in other comprehensive income or directly in equity.

Deferred tax liabilities and assets are provided for, using the liability method, in respect of all temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base including unabsorbed tax losses and capital allowances unless the deferred tax arises from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of transaction, affects neither accounting profit nor taxable profit.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.10 Income tax (continued)**

A deferred tax asset is recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of a deferred tax asset is reviewed at each reporting date. If 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, the carrying amount of the deferred tax asset will be reduced accordingly. When it becomes probable that sufficient taxable profit will be available, such reduction will be reversed to the extent of the taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority.

Deferred tax will be recognised as income or expense and included in the profit or loss for the period unless the tax relates to items recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly to equity and deferred tax arising from a business combination is adjusted against goodwill on consolidation.

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

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

When measuring the fair value of an asset or a liability, the Company 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 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.

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**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**3.11 Fair value measurements (continued)**

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

**4. CRITICAL JUDGEMENT AND ESTIMATION UNCERTAINTY**

The measurement of some assets and liabilities requires management to use estimates based on various observable inputs and other assumptions. The areas or items that are subject to significant estimation uncertainties of the Company are in measuring:-

**4.1 Depreciation of property, plant and equipment**

The costs of property, plant and equipment are depreciated on a straight-line basis over the assets' useful lives. Changes in the expected level of usage could impact the economic useful life and the residual values of those assets, therefore future depreciation charges could be revised.

The Company anticipate that the residual values of their property, plant and equipment will be significant. As a result, the residual values are not being taken into consideration for the computation of depreciable amount.

**4.2 Income taxes**

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

**4.3 Impairment of trade and other receivables**

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

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**5. PROPERTY, PLANT AND EQUIPMENT**

	Capital Work-in- <u>progress</u> RM	Office <u>equipment</u> RM	<u>2020</u> RM	<u>2019</u> RM
<b>Cost</b>				
At the beginning of financial year	31,345,229	560	31,345,789	1,983,917
Additions	95,711,963	-	95,711,963	29,361,872
At end of financial year	127,057,192	560	127,057,752	31,345,789
<b>Accumulated depreciation</b>				
At the beginning of financial year	-	103	103	-
Charge for the year	-	103	103	103
At end of financial year	-	206	206	103
<b>Net carrying value</b>				
At 30.6.2020	127,057,192	354	127,057,546	-
At 30.6.2019	31,345,229	457	-	31,345,686

The Capital work-in-progress is in respect of preparation and set up costs for small-hydropower plants.

**6. OTHER RECEIVABLE**

	<u>2020</u> RM	<u>2019</u> RM
Other receivables	3,320	-
Deposit	11,850,238	-
Prepayments	227,522	15,320
	<u>12,081,080</u>	<u>15,320</u>

The deposit included advance payment to Sinohydro Corporation (M) Sdn. Bhd. being the turnkey contractor to the Company.

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**7. FIXED DEPOSITS**

The fixed deposits placed with licensed banks bears interests ranges from 2.05% to 3.5% (2019: Nil) per annum.

**8. SHARE CAPITAL**

	No. of shares <u>2020</u> Unit	Amount <u>2020</u> RM	No. of shares <u>2019</u> Unit	Amount <u>2019</u> RM
<u>Ordinary shares:-</u>				
Issued and fully paid-up	71,500	50,265	71,500	50,265

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

**9. REDEEMABLE PREFERENCE SHARES**

	No. of shares <u>2020</u> Unit	Amount <u>2020</u> RM	No. of shares <u>2019</u> Unit	Amount <u>2019</u> RM
<u>Redeemable preference shares:-</u>				
At beginning of financial year	2,500,000	2,500,000	-	-
Issued during the year	37,500,000	37,500,000	2,500,000	2,500,000
At end of the financial year	40,000,000	40,000,000	2,500,000	2,500,000

On 31 December 2019, 37,500,000 units of redeemable preference shares were issued at an issue price of RM1.00 each for cash to provide for additional working capital. The redeemable preference shares carry a mandatory dividend which will be redeemed out of retained profits, a fresh issue of shares or capital of the Company in compliance with relevant laws. The effective interest rate of the redeemable preference shares is 8.0% per annum.

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**13. PROFIT/(LOSS) BEFORE TAXATION**

Profit/(Loss) before taxation is stated after charging amongst other items the following: -

	<u>2020</u>	<u>2019</u>
	RM	RM
Auditors' remunerations	20,000	15,000
Depreciation of property, plant and equipment	103	103
Staff costs:		
- EIS contribution	481	-
- EPF and SOCSO	45,008	-
- Salaries, wages and allowance	324,759	-
	<u>                    </u>	<u>                    </u>

**14. TAXATION**

	<u>2020</u>	<u>2019</u>
	RM	RM
Current year provision	<u>158,500</u>	<u>-</u>

The income tax is calculated at the statutory rate of 24% (2019: 24%) of the estimate taxable profit for the fiscal year. The statutory tax rate applicable to Small and Medium Scale Enterprise ("SME") incorporated in Malaysia with paid up capital of RM 2.5 million and below is subject to the statutory tax rate of 17% (2019: 17%) of chargeable income up to RM500,000 (2019: RM500,000). For chargeable income in excess of RM500,000 (2019: RM500,000), statutory tax rate of 24% (2019: 24%) is still applicable.

Reconciliation of tax at statutory rate to effective tax rate is as follows:-

	<u>2020</u>	<u>2019</u>
	RM	RM
Profit/(Loss) before taxation	<u>1,890,622</u>	<u>(55,272)</u>
Income tax at 17% (2019: 17%)	321,406	(9,396)
Tax effects in respect of:-		
Non-deductible expenses	2,626	2,038
Income does not subject to tax	21,161	-
Reconciliation in changes of tax rate	(186,692)	-
Current year business losses not recognised	-	7,358
	<u>158,500</u>	<u>-</u>

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**14. TAXATION (CONTINUED)**

The Company's unutilised business losses and unabsorbed capital allowances which can be carried forward to offset against future taxable profit amounted to approximately RM57,652 (2019: RM57,652) and RM560 (2019: RM560) respectively.

**15. FINANCIAL INSTRUMENTS****15.1 Financial instruments by category**

Financial assets and financial liabilities are categorized as follows:

	<u>2020</u>	<u>2019</u>
	RM	RM
<u>Financial assets - cost or amortised cost</u>		
Other receivables (excluding prepayments)	11,853,558	-
Fixed deposits	70,719,377	-
Cash and bank balances	5,000	4,443,820
	<u>82,577,935</u>	<u>4,443,820</u>
<u>Financial liabilities - cost or amortised cost</u>		
Trade payables	38,333,966	10,038,894
Other payables	65,002	21,700
Amount due to related company	163,845,910	198,091
Amount due to ultimate holding company	255,001	23,073,638
	<u>202,499,879</u>	<u>33,332,323</u>

**15.2 Financial risk management objectives and policy****a) Interest rate risk**

The Company manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank.

The Company manages its interest rate risk exposure from interest bearing sukuk by obtaining financing with the most favourable interest rates in the market. The Company constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained.

**b) Liquidity and cash flow risk**

The Company manages its liquidity and cash flow risks by maintaining sufficient levels of cash or cash convertible investments to meet its working capital requirements.

The table below analyses the financial liabilities of the Company into relevant maturity companying's based on the remaining period from the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.



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**15. FINANCIAL INSTRUMENTS (CONTINUED)****15.2 Financial risk management objectives and policy (continued)****b) Liquidity and cash flow risk (continued)**

	Less than <u>1 year</u> RM	Between 1 <u>and 5 years</u> RM	Over <u>5 years</u> RM	<u>Total</u> RM
<b>As at 30 June 2020</b>				
Trade payables	3,833,966	-	-	3,833,966
Other payables	65,002	-	-	65,002
	<u>3,898,968</u>	<u>-</u>	<u>-</u>	<u>3,898,968</u>
<b>As at 30 June 2019</b>				
Trade payables	10,038,895	-	-	10,038,895
Other payables	21,700	-	-	21,700
	<u>10,063,915</u>	<u>-</u>	<u>-</u>	<u>10,060,595</u>

**16. SUBSEQUENT EVENTS**

On 16 March 2020, Malaysia Government had announced the imposition of Movement Control Order (MCO) nationwide to curb spreading of COVID-19 in Malaysia, pursuant to the Prevention and Control of Infectious Disease Act 1988 and the Police Act 1967.

Before these financial statements were made out, the Board of Directors had considered the impact of COVID-19 outbreak in Malaysia, which would have affected the financial position, performance and cash flow of the Company as ended on the reporting date thereon.

The management concluded that the impact of non-adjusting events from this COVID-19 outbreak has not significantly affected the fair value of the financial assets/ liabilities and non-financial assets of the Company, including the classification of current and non-current items that were presented on the reporting date.

Given the current economic circumstances, it was difficult for the management to ascertain the financial position performance and cash flow of the Company for the period ending on the next 12 months from the date of this report. Despite facing such challenge, the Company is currently implementing operational measures to boost its revenue and to lower the operating cost structure by adopting a midterm strategy. The shareholders/directors have also to indicated their willingness to provide continuous financial support to the Company in order to meet its payment obligation of the debts, as and when they fall due within the next twelve months from the date of this report. The management is confident that the Company will be operate as a going concern in the foreseeable future.