

TT VISION HOLDINGS BERHAD
201801011030 (1273046-H)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

Registration No. 201801011030 (1273046-H)

**TT VISION HOLDINGS BERHAD
(Incorporated in Malaysia)**

**REPORTS AND FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021**

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**TT VISION HOLDINGS BERHAD
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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 December 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/(loss) for the financial year, net of tax	10,208,878	(181,505)

DIVIDENDS

No dividends have been paid or declared by the Company since the end of the previous financial year.

The directors do not recommend the payment of any dividends in respect of the financial year ended 31 December 2021.

RESERVES AND PROVISIONS

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

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 there were no known bad debts to be written off and no allowance need to be 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.

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DIRECTORS' REPORT (CONTINUED)

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 method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

CONTINGENT AND OTHER LIABILITIES

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

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

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DIRECTORS' REPORT (CONTINUED)

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 debenture were made by the Company.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up any 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:

Goon Koon Yin*
Wong Yih Hsow*
Jennie Tan Yen-Li*
Mohd Jerry Tan Bin Mohd Safi*
Nadiah Wong Binti Abdullah

* Directors of the Company and its subsidiaries

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DIRECTORS' REPORT (CONTINUED)

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:

Interest in the Company

	Number of ordinary shares			At 31 December 2021
	At 1 January 2021	Bought	Sold	
Direct interests:				
Goon Koon Yin	103,565,300	617,411	-	104,182,711
Wong Yih Hsow	103,565,300	617,411	-	104,182,711
Jennie Tan Yen-Li	11,507,200	77,089	-	11,584,289
Indirect interests:				
Goon Koon Yin	11,507,200 ⁽¹⁾	77,089	-	11,584,289

(1) Shares held through spouse

By virtue of their interests in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, the directors are also deemed to have interest in the ordinary shares of the subsidiaries to the extent the holding company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interests in ordinary shares or debentures 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 a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable, by the directors as disclosed in Note 23 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 other than any deemed benefit which may arise from transactions as disclosed in Note 27 to the financial statements.

Neither during, nor at the end of the financial year, was the Company a party to any arrangement 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.

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DIRECTORS' REPORT (CONTINUED)

INDEMNITY TO DIRECTORS AND OFFICERS

During the financial year, there was no indemnity coverage and insurance premium paid for the directors and officers of the Company.

SUBSIDIARIES

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

The available auditors' reports on the accounts of the subsidiaries did not contain any qualification.

SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Details of significant event subsequent to the end of the financial year are disclosed in Note 30 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 22 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.

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DIRECTORS' REPORT (CONTINUED)

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

.....
GOON KOON YIN
Director

.....
WONG YIH HSOW
Director

Date: 28 April 2022

TT VISION HOLDINGS BERHAD
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STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
ASSETS					
Non-current assets					
Property, plant and equipment	5	1,149,121	1,512,460	-	-
Right-of-use assets	6	30,396,484	31,030,448	-	-
Intangible assets	7	4,128,990	5,109,914	-	-
Investment in subsidiaries	8	-	-	34,349,991	34,349,991
Total non-current assets		35,674,595	37,652,822	34,349,991	34,349,991
Current assets					
Inventories	9	9,043,031	6,244,474	-	-
Trade and other receivables	10	6,963,036	3,951,631	4,785,512	4,981,533
Contract assets	11	12,015,916	4,224,667	-	-
Other investments		11,986,942	13,082,775	-	-
Cash and bank balances		5,489,897	2,748,132	125,521	128,072
Total current assets		45,498,822	30,251,679	4,911,033	5,109,605
TOTAL ASSETS		81,173,417	67,904,501	39,261,024	39,459,596
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	12	41,280,308	41,280,308	41,280,308	41,280,308
Other reserves	13	(9,683,911)	(9,760,591)	-	-
Retained earnings/ (accumulated losses)		24,262,951	14,054,073	(2,052,417)	(1,870,912)
TOTAL EQUITY		55,859,348	45,573,790	39,227,891	39,409,396
Non-current liabilities					
Loans and borrowings	14	5,910,212	6,240,027	-	-
Deferred income	15	88,362	358,043	-	-
Deferred tax liabilities	16	4,051,196	4,094,042	-	-
Total non-current liabilities		10,049,770	10,692,112	-	-
Current liabilities					
Loans and borrowings	14	2,868,567	2,035,193	-	-
Trade and other payables	17	7,394,805	4,905,200	33,133	50,200
Contract liabilities	11	4,804,985	4,143,857	-	-
Current tax liabilities		195,942	554,349	-	-
Total current liabilities		15,264,299	11,638,599	33,133	50,200
TOTAL LIABILITIES		25,314,069	22,330,711	33,133	50,200
TOTAL EQUITY AND LIABILITIES		81,173,417	67,904,501	39,261,024	39,459,596

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

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

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Revenue	18	47,263,589	24,926,847	-	-
Cost of sales		(27,580,692)	(15,825,557)	-	-
Gross profit		19,682,897	9,101,290	-	-
Other income	19	515,618	933,246	-	-
Distribution expenses		(622,783)	(683,099)	-	-
Administrative expenses		(6,421,596)	(5,815,804)	(181,505)	(184,454)
Research and development expenses		(2,763,123)	(1,219,022)	-	-
Operating profit/(loss)		10,391,013	2,316,611	(181,505)	(184,454)
Finance income	20	162,223	79,788	-	-
Finance costs	21	(309,098)	(187,969)	-	-
Profit/(loss) before tax	22	10,244,138	2,208,430	(181,505)	(184,454)
Income tax (expense)/income	24	(35,260)	(200,586)	-	5,800
Profit/(loss) for the financial year		10,208,878	2,007,844	(181,505)	(178,654)
Other comprehensive income, net of tax					
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Net surplus on revaluation of land and buildings	25	-	160,984	-	-
Tax effects relating to revaluation of land and buildings	25	76,680	151,287	-	-
Other comprehensive income for the financial year		76,680	312,271	-	-
Total comprehensive income/(loss) for the financial year		10,285,558	2,320,115	(181,505)	(178,654)

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

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

Group	Note	----- Attributable to owners of the Company -----				Total equity RM
		Share capital RM	Reorganisation reserve RM	Revaluation reserve RM	Retained earnings RM	
At 1 January 2020		41,280,308	(22,937,998)	12,865,136	12,046,229	43,253,675
Profit for the financial year		-	-	-	2,007,844	2,007,844
Other comprehensive income for the financial year	25	-	-	312,271	-	312,271
Total comprehensive income		-	-	312,271	2,007,844	2,320,115
At 31 December 2020		41,280,308	(22,937,998)	13,177,407	14,054,073	45,573,790
Profit for the financial year		-	-	-	10,208,878	10,208,878
Other comprehensive income for the financial year	25	-	-	76,680	-	76,680
Total comprehensive income		-	-	76,680	10,208,878	10,285,558
At 31 December 2021		41,280,308	(22,937,998)	13,254,087	24,262,951	55,859,348

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STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Attributable to owners of the Company		Total equity RM
	Share capital RM	Accumulated losses RM	
Company			
At 1 January 2020	41,280,308	(1,692,258)	39,588,050
Loss for the financial year, representing total comprehensive loss for the financial year	-	(178,654)	(178,654)
At 31 December 2020	41,280,308	(1,870,912)	39,409,396
Loss for the financial year, representing total comprehensive loss for the financial year	-	(181,505)	(181,505)
At 31 December 2021	41,280,308	(2,052,417)	39,227,891

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

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STATEMENTS OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from operating activities					
Profit/(loss) before tax		10,244,138	2,208,430	(181,505)	(184,454)
Adjustments for:					
Amortisation of deferred income		(269,681)	(314,678)	-	-
Amortisation of intangible assets		655,242	851,813	-	-
Depreciation of property, plant and equipment		756,218	1,127,391	-	-
Depreciation of right-of-use assets		670,373	728,347	-	-
Fair value gain on other investment		(57,800)	(4,058)	-	-
Intangible assets written off		1,683,077	280,454	-	-
Interest expenses		309,098	187,969	-	-
Interest income		(162,223)	(79,788)	-	-
Inventories written down		21,033	177,264	-	-
Net unrealised (gain)/loss on foreign exchange		(41,916)	32,311	-	-
Operating profit/(loss) before working capital changes		13,807,559	5,195,455	(181,505)	(184,454)
Changes in working capital:					
Inventories		(2,819,590)	3,631,218	-	-
Receivables		(3,028,360)	(521,107)	196,021	186,895
Contract assets		(7,791,249)	(2,048,180)	-	-
Payables		2,505,357	337,200	(17,067)	-
Contract liabilities		661,128	(726,662)	-	-
Net cash generated from/(used in) operations		3,334,845	5,867,924	(2,551)	2,441
Income tax paid		(359,833)	(169,998)	-	-
Income tax refunded		-	396,662	-	-
Interest paid		(309,098)	(187,969)	-	-
Interest received		162,223	79,788	-	-
Net cash from/(used in) operating activities		2,828,137	5,986,407	(2,551)	2,441
Cash flows from investing activities					
Net change in other investments		1,153,633	(9,536,196)	-	-
Additions of intangible assets		(1,357,395)	(2,142,182)	-	-
Purchase of property, plant and equipment		(392,878)	(1,287,187)	-	-
Purchase of right-of-use assets		(36,410)	-	-	-
Net cash used in investing activities		(633,050)	(12,965,565)	-	-

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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021 (CONTINUED)

	Note	Group		Company	
		2021 RM	2020 RM	2021 RM	2020 RM
Cash flows from financing activities	(a)				
Drawdown of banker's acceptances		2,140,767	1,270,527	-	-
Drawdown of term loans		408,995	3,322,394	-	-
Repayment of banker's acceptances		(1,270,527)	-	-	-
Repayment of lease liabilities		(114,148)	(149,177)	-	-
Repayment of term loans		(661,528)	(100,060)	-	-
Net cash from financing activities		503,559	4,343,684	-	-
Net increase/(decreased) in cash and cash equivalents		2,698,646	(2,635,474)	(2,551)	2,441
Cash and cash equivalents at the beginning of the financial year		2,748,132	5,396,713	128,072	125,631
Effects of exchange rate changes on cash and bank balances		43,119	(13,107)	-	-
Cash and cash equivalents at the end of the financial year		5,489,897	2,748,132	125,521	128,072

(a) There were non-cash changes in liabilities arising from financing activities.

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

**TT VISION HOLDINGS BERHAD
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NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

TT Vision Holdings Berhad (“the Company”) is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the LEAP Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at 9-1, 9th Floor, Wisma Penang Garden, 42, Jalan Sultan Ahmad Shah, 10050 George Town, Penang. The principal place of business of the Company is located at Plot 106, Jalan Hilir Keluang 5, Bayan Lepas FIZ 4, 11900 Bayan Lepas, Penang.

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.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 28 April 2022.

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”), International Financial Reporting Standards and the requirements of Companies Act 2016 in Malaysia.

2.2 Adoption of amendments/improvements to MFRSs

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

Amendments/Improvements to MFRSs

MFRS 4	Insurance Contracts
MFRS 7	Financial Instruments: Disclosures
MFRS 9	Financial Instruments
MFRS 16	Leases
MFRS 139	Financial Instruments: Recognition and Measurement

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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 MFRSs and amendment/ improvements to MFRSs that have been issued, but yet to be effective:

<u>New MFRS</u>		Effective for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
<u>Amendments/Improvements to MFRSs</u>		
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 5	Non-current Assets Held for Sale and Discontinued Operations	1 January 2023 [#]
MFRS 7	Financial Instruments: Disclosures	1 January 2023 [#]
MFRS 9	Financial Instruments	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 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 112	Income Taxes	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 [#]

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

The Group and the Company have not adopted the following new MFRSs and amendment/improvements to MFRSs that have been issued, but yet to be effective (continued):

		Effective for financial periods beginning on or after
<u>Amendments/Improvements to MFRSs</u>		
MFRS 140	Investment Property	1 January 2023 [#]
MFRS 141	Agriculture	1 January 2022 [^]

[^] *The 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. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below.

Annual Improvements to MFRS Standards 2018–2020

Annual Improvements to MFRS Standards 2018–2020 covers amendments to:

- MFRS 1 *First-time Adoption of Malaysian Financial Reporting Standards* – simplifies the application of MFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.
- MFRS 9 *Financial Instruments* – clarifies the fees an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.
- Illustrative Examples accompanying MFRS 16 *Leases* – deletes from Illustrative Example 13 the reimbursement relating to leasehold improvements in order to remove any potential confusion regarding the treatment of lease incentives.
- MFRS 141 *Agriculture* – removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in MFRS 141 with those in other MFRS Standards.

Amendments to MFRS 3 Business Combinations

The amendments update MFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version which was issued by Malaysian Accounting Standards Board in April 2018.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

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. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (continued)

Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures

These amendments address an acknowledged inconsistency between the requirements in MFRS 10 and those in MFRS 128, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business, as defined in MFRS 3. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business.

Amendments to MFRS 16 Leases

The amendments exempt lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications, applying to reduction in lease payments originally due on or before 30 June 2022 subject to fulfilment of other conditions.

Amendments to MFRS 101 Presentation of Financial Statements

The amendments include specifying that an entity's right to defer settlement of a liability for at least twelve months after the reporting period must have substance and must exist at the end of the reporting period; clarifying that classification of liability is unaffected by the likelihood of the entity to exercise its right to defer settlement of the liability for at least twelve months after the reporting period; clarifying how lending conditions affect classification of a liability; and clarifying requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

The amendments require an entity to disclose its material accounting policy information rather than significant accounting policies. The amendments, amongst others, also include examples of circumstances in which an entity is likely to consider an accounting policy information to be material to its financial statements. To support this amendments, MFRS Practice Statement 2 was also amended to provide guidance on how to apply the concept of materiality to accounting policy information disclosures. The guidance and examples provided in the MFRS Practice Statement 2 highlight the need to focus on entity-specific information and demonstrate how the four-step materiality process can address standardised (or boilerplate) information and duplication of requirements of MFRSs in the accounting policy information disclosures.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

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

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. A brief discussion on the above significant new MFRS and amendments/improvements to MFRSs that may be applicable to the Group and the Company are summarised below. (continued)

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors

The amendments revise the definition of accounting estimates to clarify how an entity should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important because the changes in accounting estimates are applied prospectively to transactions, other events, or conditions from the date of that change, but changes in accounting policies are generally also applied retrospectively to past transactions and other past events.

Amendments to MFRS 112 Income Taxes

The amendments specify how an entity should account for deferred tax on transactions such as leases and decommissioning obligation.

In specified circumstances, MFRS 112 exempts an entity from recognising deferred tax when it recognises assets or liabilities for the first time. There had been some uncertainties about whether the exemption from recognising deferred tax applied to transactions such as leases and decommissioning obligations – transactions for which an entity recognises both an asset and a liability. The amendments clarify that the exemption does not apply and that entity is required to recognise deferred tax on such transactions.

Amendments to MFRS 116 Property, Plant and Equipment

The amendments prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the entity is preparing the asset for its intended use. Instead, an entity shall recognise such sales proceeds and related cost in profit or loss.

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets

The amendments specify which costs an entity includes in determining the cost of fulfilling a contract for the purpose of assessing whether the contract is onerous.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2. BASIS OF PREPARATION (CONTINUED)

2.4 Functional and presentation 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 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 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 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 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

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.

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 acquisitions-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.

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.1 Basis of consolidation (continued)

(a) Subsidiaries and business combination (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combinations 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.

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 or a financial asset.

Changes in the Group's ownership interest in a subsidiary that do not result in 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 interest

Non-controlling interests represent the equity in subsidiary 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

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.2 Separate financial statements

In the Company's statement of financial position, investment in subsidiaries 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 3.11(b).

Contributions to subsidiaries are amounts for which the settlement is neither planned nor likely to occur in the foreseeable future is, in substance, considered as part of the Company's investment in the subsidiaries.

3.3 Foreign currency transactions

Translation of foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of the Group entities using 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 except for monetary items that are designated as hedging instruments in either a cash flow hedge or a hedge of the Group's net investment of a foreign operation. When settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences are recognised in profit or loss in the separate financial statements of the parent company or the individual financial statements of the foreign operation. In the consolidated financial statements, the exchange differences are considered to form part of a net investment in a foreign operation and are recognised initially in other comprehensive income until its disposal, at which time, the cumulative amount is reclassified to 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 items (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).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments

Financial instruments are recognised in the statements of financial position when, and only when, the Group and the Company become 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 and the Company have 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 and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15 *Revenue from Contracts with Customers*.

(a) Subsequent measurement

The Group and the Company categorise the financial instruments as follows:

(i) Financial assets

For the purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income with recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through other comprehensive income with no recycling of cumulative gains and losses upon derecognition
- Financial assets at fair value through profit or loss

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

The Group and the Company reclassify financial assets when and only when their business models for managing those assets change.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(i) Financial assets (continued)

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. There are three measurement categories into which the Group and the Company classify their debt instruments:

• **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 losses is in accordance with Note 3.11(a). Gains and losses are recognised in profit or loss when the financial asset is derecognised, modified or impaired.

• **Fair value through other comprehensive income ("FVOCI")**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, and the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. The policy for the recognition and measurement of impairment is in accordance with Note 3.11(a). Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(i) Financial assets (continued)

Debt instruments (continued)

• **Fair value through profit or loss (“FVPL”)**

Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVOCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statements of financial position at fair value with net changes in fair value recognised in the profit or loss.

Equity instruments

The Group and the Company subsequently measure all equity investments at fair value. Upon initial recognition, the Group and the Company can make an irrevocable election to classify its equity investments that is not held for trading as equity instruments designated at FVOCI. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the profit or loss when the right of payment has been established, except when The Group and the Company benefit from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVOCI are not subject to impairment assessment.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(a) Subsequent measurement (continued)

The Group and the Company categorise the financial instruments as follows (continued):

(ii) Financial liabilities

The Group and the Company classify their financial liabilities in the following measurement categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, including derivatives (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument) or financial liabilities designated into this category upon initial recognition.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value with the gain or loss recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 *Financial Instruments* are satisfied. The Group and the Company have not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost

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

(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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(b) Financial guarantee contracts (continued)

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 amount of the loss allowance determined in accordance with Section 5.5 of MFRS 9 and the amount initially recognised, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15.

(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 is 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; 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.4 Financial instruments (continued)

(d) Derecognition (continued)

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 derecognition, the entity shall not offset the transferred asset and the associated liability.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 3.11(b).

Cost of assets includes expenditures 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. The cost of self-constructed assets also includes cost of materials, direct labour, and any other direct attributable costs but excludes internal profits.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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.

(b) Subsequent costs

The cost of replacing a 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 part will flow to the Group and 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 the profit or loss as incurred.

(c) Depreciation

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

	Useful lives (years)
Machinery and equipment	5 years
Computers	5 – 10 years
Office equipment, furniture and fittings	10 years
Motor vehicles	5 years
Renovation and signboard	10 years

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 financial statements until the assets are no longer in use.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.5 Property, plant and equipment (continued)

(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.

(e) Construction in progress

Capital work-in-progress consists of expenditure incurred on the construction of property, plant and equipment which take a substantial period of time to be ready for their intended use.

Capital work-in-progress is stated at cost during the period of construction. No depreciation is provided on capital work-in-progress and upon completion of the construction, the cost will be reclassified to other class of property, plant and equipment.

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 and lease liabilities as separate line items in the statements of financial position.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

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.

Leasehold land and buildings are measured at fair value, based on the valuation by an external independent valuer, less accumulated depreciation on buildings and any accumulated impairment losses recognised after the date of revaluation. Valuations are performed with sufficient regularity to ensure that the fair value of the leasehold land and buildings does not differ materially from the carrying amount. Any accumulated depreciation as at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

A revaluation surplus is recognised in other comprehensive income and credited to the revaluation reserve. However, the increase shall be recognised in profit or loss to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss. If an asset's carrying amount is decreased as a result of a revaluation, the decrease shall be recognised in profit or loss. However, the decrease shall be recognised in other comprehensive income to the extent any credit balance existing in the revaluation reserve in respect of that asset.

The revaluation reserve is transferred to retained earnings as the assets are used. The amount of revaluation reserve transferred is the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any accumulated impairment losses, and adjusted 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 3.11(b).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Right-of-use asset (continued)

All right-of-use assets are depreciated on straight-line basis by allocating their depreciable amounts over their remaining useful lives.

	Useful lives (years)
Leasehold land	48.5 years
Building	48.5 years
Motor vehicles	5 years
Office premise	2 years

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 financial statements until the assets are no longer in use.

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.6 Leases (continued)

(b) Lessee accounting (continued)

Lease liability (continued)

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 of the lease liability and the right-of-use assets. 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 “other 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Intangible assets

(a) Research and development

Research costs are recognised in profit or loss as incurred.

An intangible asset arising from development is recognised when the following criteria are met:

- it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- management intends to complete the intangible asset and use or sell it;
- there is an ability to use or sell the asset;
- it can be demonstrated how the intangible asset will generate future economic benefits;
- adequate resources to complete the development and to use or sell the intangible asset are available; and
- the expenditures attributable to the intangible asset during its development can be reliably measured.

Other development costs that do not meet these criteria are recognised in profit or loss as incurred. Development costs previously recognised as an expense are not recognised as an intangible asset in a subsequent period.

Capitalised development costs are measured at cost less accumulated amortisation and accumulated impairment losses. The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(b).

(b) Amortisation

The amortisation methods used and estimated useful lives are as follows:

	Method	Useful lives (years)
Development expenditure	Straight-line	5 years

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

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Inventories

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

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a first-in-first-out basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based in normal operating capacity. These 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 cost necessary to make the sales.

3.9 Contract assets/(liabilities)

Contract asset is the right to consideration in exchange for goods or services transferred to the customers when that right is conditioned on something other than the passage of time (for example, the Company's future performance). The policy for the recognition and measurement of impairment losses is in accordance with Note 3.11(a).

Contract liability is the obligation to transfer goods or services to customers for which the Group and the Company have received the consideration or have billed the customers.

3.10 Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and bank balances, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change of value.

3.11 Impairment of assets

(a) Impairment of financial assets and contract assets

Financial assets measured at amortised cost, financial assets measured at fair value through other comprehensive income ("FVOCI"), lease receivables, contract assets, 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

For trade receivables, 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 120 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 obligations to 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.

The Group and the Company consider a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets (continued)

(a) Impairment of financial assets and contract assets (continued)

At each reporting date, the Group and the Company assess whether financial assets carried at amortised cost and debt securities at FVOCI 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 expected credit losses (or reversal) shall be recognised in profit or loss, as an impairment gain or loss. For financial assets measured at FVOCI, the loss allowance shall be recognised in other comprehensive income and shall not reduce the carrying amount of the financial asset in the statement of financial position.

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.

(b) Impairment of non-financial assets

The carrying amounts of non-financial assets (except for inventories) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group and the Company make an estimate of the asset's recoverable amount.

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").

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.11 Impairment of assets (continued)

(b) Impairment of non-financial assets (continued)

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 exceed its recoverable amount, the carrying amount of asset is reduced to its recoverable amount.

Impairment losses are recognised in profit or loss, except for assets that were previously revalued with the revaluation surplus recognised in other comprehensive income. In the latter case, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

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 unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

3.12 Share capital

Ordinary shares

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 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 the profit or loss in the period in which the employees render their services.

3.14 Revenue and other income

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 are applied for each contract with a customer or a combination of contracts with the same customer (or related parties of the customer). For practical expedient, the Group and the Company applied revenue recognition to a portfolio of contracts (or performance obligations) with similar characteristics if the Group and the Company reasonably expect that the effects on the financial statements would not differ materially from recognising revenue on the individual contracts (or performance obligations) within that portfolio.

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 standalone selling price is not directly observable, the Group and the Company estimate it by using the costs plus margin approach.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.14 Revenue and other income (continued)

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.

(a) Sale of goods – manufacturing

The Group manufactures and sells a range of vision inspecting products, automated solar cell testing and sorting equipment, research and development works of all kinds to customers. Revenue from sale of manufactured goods are recognised at a point in time when control of the products has been transferred, being when the customer accepts the delivery of the goods.

Sales are made with credit term which is consistent with market practice, therefore, no element of financing is deemed present. A receivable is recognised when the customer accepts the delivery of the goods as the consideration is unconditional other than the passage of time before the payment is due.

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 recognise a contract liability for the difference.

(b) Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered because the customer receives and uses the benefits simultaneously. This is determined based on the time elapsed (output method).

(c) Interest income

Interest income is recognised using the effective interest method.

(d) Other income

Other income is recognised on an accrual basis.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.15 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Where the grant relates to an asset, it is recognised as deferred income in the statements of financial position and transferred to profit or loss over the expected useful life of the related asset. Where the grant relates to an expense item, it is recognised in profit or loss, under the heading of "other income", on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed.

The benefit derived from a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.

3.16 Borrowing costs

Borrowing costs are interests and other costs that the Group 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 begins 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.

3.17 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (continued)

(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 statement 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, unused 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.

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.

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.17 Income tax (continued)

(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 tax 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.

3.18 Earnings per share

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

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

3.19 Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The managing director 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.

3.20 Fair value measurements

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

For 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.20 Fair value measurements (continued)

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 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.

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 years include the following:

(a) Impairment of financial assets and contract assets

The impairment provisions for financial assets and contract assets are based on assumptions about risk of default and expected loss rate. The Group and the Company use judgement in making these assumptions and selecting inputs to the impairment calculation, based on the Group's and the Company's past history, existing market conditions as well as forward looking estimates including the possible impact of COVID-19 pandemic at the end of each reporting period.

The Group and the Company use a provision matrix to calculate expected credit losses for trade receivables and contract assets. The provision rates are depending on the number of days that a trade receivable is past due.

The provision matrix is initially based on the Group's and the Company's historical observed default rates. The Group and the Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forward-looking estimates and expected credit losses is a significant estimate. The amount of expected credit losses is sensitive to changes in circumstances and of forecast economic conditions over the expected lives of the financial assets and contract assets. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

The carrying amount of the Group's and the Company's financial assets and contract assets are disclosed in Note 26(b).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

(b) Write-down of obsolete or slow-moving inventories

The Group writes down its obsolete or slow-moving inventories based on the assessment of their estimated net selling price. Inventories are written down when events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Group specifically analyses sales trend and current economic trends when making a judgement to evaluate the adequacy of the write-down of obsolete or slow-moving inventories. Where expectations differ from the original estimates, the differences will impact the carrying amount of inventories.

The economic uncertainties resulting from the COVID-19 pandemic have impacted and may continue to impact selling prices and the sale ability of inventories. When future events differ from current expectations, the carrying amount of unsold inventories may have to be written down or written back in future financial periods.

The carrying amounts of the Group's inventories are disclosed in Note 9.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT

	Note	Machinery and equipment RM	Computers RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Renovation and signboard RM	Construction in progress RM	Total RM
Group Cost								
At 1 January 2020		5,032,160	1,438,912	429,144	166,436	87,253	10,507,505	17,661,410
Additions		331,526	25,400	146,500	-	9,685	774,076	1,287,187
Transfer to right-of-use assets	6	-	-	-	-	-	(11,281,581)	(11,281,581)
Written off		(468,947)	(256,734)	-	-	-	-	(725,681)
At 31 December 2020		4,894,739	1,207,578	575,644	166,436	96,938	-	6,941,335
Additions		-	138,470	64,750	-	133,477	56,181	392,878
Transfer from right-of-use assets	6	-	-	-	773,903	-	-	773,903
Written off		(98,506)	-	-	-	-	-	(98,506)
At 31 December 2021		4,796,233	1,346,048	640,394	940,339	230,415	56,181	8,009,610

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Machinery and equipment RM	Computers RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Renovation and signboard RM	Construction in progress RM	Total RM
Group								
Accumulated depreciation								
At 1 January 2020		3,485,396	933,916	354,165	166,435	87,253	-	5,027,165
Depreciation for the financial year	22	869,420	205,981	51,245	-	745	-	1,127,391
Written off		(468,947)	(256,734)	-	-	-	-	(725,681)
At 31 December 2020		3,885,869	883,163	405,410	166,435	87,998	-	5,428,875
Depreciation for the financial year	22	502,716	198,284	43,126	-	12,092	-	756,218
Transfer from right-of-use assets		-	-	-	773,902	-	-	773,902
Written off		(98,506)	-	-	-	-	-	(98,506)
At 31 December 2021		4,290,079	1,081,447	448,536	940,337	100,090	-	6,860,489

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Note	Machinery and equipment RM	Computers RM	Office equipment, furniture and fittings RM	Motor vehicles RM	Renovation and signboard RM	Construction in progress RM	Total RM
Group								
Carrying amount								
At 1 January 2020		1,546,764	504,996	74,979	1	-	10,507,505	12,634,245
At 31 December 2020		1,008,870	324,415	170,234	1	8,940	-	1,512,460
At 31 December 2021		506,154	264,601	191,858	2	130,325	56,181	1,149,121

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. RIGHT-OF-USE ASSETS

	Note	Leasehold land RM	Building RM	Motor vehicles RM	Office premise RM	Total RM
Group						
Cost/Revaluation						
At 1 January 2020		17,050,000	3,750,000	773,903	121,788	21,695,691
Transfer from property, plant and equipment	5	-	11,281,581	-	-	11,281,581
Revaluation		(50,000)	(1,031,581)	-	-	(1,081,581)
At 31 December 2020		17,000,000	14,000,000	773,903	121,788	31,895,691
Additions		-	36,410	-	-	36,410
Transfer to property, plant and equipment	5	-	-	(773,903)	-	(773,903)
Termination		-	-	-	(121,788)	(121,788)
At 31 December 2021		17,000,000	14,036,410	-	-	31,036,410
Accumulated depreciation						
At 1 January 2020		496,602	129,311	773,902	30,446	1,430,261
Depreciation charge for the financial year	22	331,068	336,384	-	60,895	728,347
Revaluation		(827,670)	(465,695)	-	-	(1,293,365)
At 31 December 2020		-	-	773,902	91,341	865,243
Depreciation charge for the financial year	22	350,515	289,411	-	30,447	670,373
Transfer to property, plant and equipment		-	-	(773,902)	-	(773,902)
Termination		-	-	-	(121,788)	(121,788)
At 31 December 2021		350,515	289,411	-	-	639,926

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. RIGHT-OF-USE ASSETS (CONTINUED)

	Leasehold land RM	Building RM	Motor vehicles RM	Office premise RM	Total RM
Group					
Carrying amount					
At 1 January 2020	16,553,398	3,620,689	1	91,342	20,265,430
At 31 December 2020	17,000,000	14,000,000	1	30,447	31,030,448
At 31 December 2021	16,649,485	13,746,999	-	-	30,396,484

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. RIGHT-OF-USE ASSETS

(a) Leasehold land, building and office premise

The Group leases land, building and office premise for their office space and operation site. The leases for office space and operation site generally have lease term between 2 to 51.5 years.

(b) Assets pledged as security

The carrying amount of the property, plant and equipment of the Group pledged to the licensed banks to secured the banking facilities as disclosed in Note 14(a) to the financial statements are as follows:

	Group	
	2021	2020
	RM	RM
Leasehold land	16,649,485	17,000,000
Building	13,746,999	14,000,000
	30,396,484	31,000,000

(c) Fair value information

	Level 1	Level 2	Level 3	Total
31 December 2021				
Leasehold land	-	16,649,485	-	16,649,485
Building	-	13,746,999	-	13,746,999
	-	30,396,484	-	30,396,484
31 December 2020				
Leasehold land	-	17,000,000	-	17,000,000
Building	-	14,000,000	-	14,000,000
	-	31,000,000	-	31,000,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6. RIGHT-OF-USE ASSETS (CONTINUED)

(d) Fair value information (continued)

There are no Level 1 and Level 3 leasehold land and building or transfers between levels during the financial year ended 31 December 2021 and 31 December 2020.

Level 2 fair value

Level 2 fair value of leasehold land and building were revalued on 31 December 2020. The leasehold land was revalued using the market comparison approach that reflects recent transaction prices of similar properties. The most significant input into this valuation approach is price per square foot for comparable properties. The leasehold building was revalued using the depreciated replacement cost approach whereby an estimate is made of the replacement cost new and then allowing for depreciation. There has been no change to the valuation technique during the financial year.

Valuation processes applied by the Group

The fair value of leasehold land and buildings are determined by external independent property valuers with appropriate recognised professional qualifications and recent experience in the location and category of property being valued. There has been no change to the valuation technique during the financial year.

Highest and best use

In estimating the fair value of the leasehold land and building, the highest and best use of the leasehold land and building is their current use.

Had the revalued land and buildings been carried at historical cost less accumulated depreciation, the carrying amount that would have been included in the financial statements of the Group are as follows:

	Group	
	2021	2020
	RM	RM
Leasehold land	1,326,265	1,356,069
Building	12,540,824	13,654,477
	<u>13,867,089</u>	<u>15,010,546</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7. INTANGIBLE ASSETS

Group	Note	Development expenditure RM
Cost		
At 1 January 2020		5,034,998
Additions		2,142,182
Written off	22	(1,043,216)
		<hr/>
At 31 December 2020		6,133,964
Additions		1,357,395
Written off	22	(2,459,746)
		<hr/>
At 31 December 2021		<u>5,031,613</u>
Accumulated Amortisation		
At 1 January 2020		934,999
Amortisation charge for the financial year	22	851,813
Written off		(762,762)
		<hr/>
At 31 December 2020		1,024,050
Amortisation charge for the financial year	22	655,242
Written off	22	(776,669)
		<hr/>
At 31 December 2021		<u>902,623</u>
Carrying Amount		
At 31 December 2020		<u>5,109,914</u>
At 31 December 2021		<u>4,128,990</u>

(a) Amortisation

The amortisation of development expenditure of the Group amounting to RM655,242 (2020: RM851,813) are included in research and development expenses.

(b) Development expenditure

Development expenditure represent software under development and yet to be commercialised. It is reasonably anticipated that the costs will be recovered through future commercial activities. Upon commercialisation of the software, the development expenditure will be amortised according to the amortisation policy of the Group.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8. INVESTMENT IN SUBSIDIARIES

	Company	
	2021	2020
	RM	RM
At cost		
Unquoted shares in Malaysia	34,349,991	34,349,991

Details of subsidiaries are as follows:

Name of company	Principal place of business/ country of incorporation	Ownership interest		Principal activities
		2021	2020	
		%	%	
<i>Direct subsidiaries</i>				
TT Vision Technologies Sdn. Bhd. ("TTV")	Malaysia	100	100	Development and manufacturing of machine vision equipment, and provision of related products and services.
TT Innovation Centre Sdn. Bhd. ("TTI")	Malaysia	100	100	Development and manufacturing of machine vision equipment, and provision of related products and services.

9. INVENTORIES

	Group	
	2021	2020
	RM	RM
Raw materials	2,243,392	1,930,680
Work-in-progress	6,799,639	4,313,794
	9,043,031	6,244,474

- (a) The cost of inventories of the Group recognised as an expense in cost of sales during the financial year was RM27,580,692 (2020: RM15,825,557).
- (b) The cost of inventory of the Group recognised as an expense in cost of sales during the financial year in respect of write-down of inventories to net realisable value was RM 21,033 (2020: RM177,264).

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10. TRADE AND OTHER RECEIVABLES

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Trade					
Trade receivables	(a)	6,782,695	3,486,306	-	-
Non-trade					
Other receivables		18,390	35,942	-	-
Amount owing by a subsidiary	(b)	-	-	4,785,512	4,981,533
Deposits		21,264	24,125	-	-
Prepayments		140,687	405,258	-	-
		180,341	465,325	4,785,512	4,981,533
Total trade and other receivables		6,963,036	3,951,631	4,785,512	4,981,533

(a) Trade receivables

Trade receivables are non-interest bearing and normal credit terms offered by the Group and the Company ranges from 30 to 120 (2020: 30 to 120) days from the date of invoices. Other credit terms are assessed and approved on a case by case basis.

(b) Amount owing by a subsidiary

The non-trade amount owing by a subsidiary is unsecured, non-interest bearing and receivable on demand.

The information about the credit exposures are disclosed in Note 26(b).

11. CONTRACT ASSETS/(LIABILITIES)

	Group	
	2021 RM	2020 RM
Contract assets relating to sale of machine contracts	12,015,916	4,224,667
Contract liabilities relating to sale of machine contracts	(4,804,985)	(4,143,857)

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11. CONTRACT ASSETS/(LIABILITIES) (CONTINUED)

Significant changes in contract balances

	Group	
	2021	2020
	RM	RM
Contract assets		
At beginning of the financial year	4,224,667	2,176,487
Transfer from contract assets recognised at the beginning of the period to receivables	(2,625,646)	(1,950,217)
Revenue recognised for unbilled goods transferred to customers	10,416,895	3,998,397
At end of the financial year	<u>12,015,916</u>	<u>4,224,667</u>
Contract liabilities		
At beginning of the financial year	(4,143,857)	(4,870,519)
Revenue recognised during the year	4,143,857	4,870,519
Billing issued during the year	(4,804,985)	(4,143,857)
At end of the financial year	<u>(4,804,985)</u>	<u>(4,143,857)</u>

12. SHARE CAPITAL

	Group and Company			
	Number of ordinary shares		Amount	
	2021	2020	2021	2020
			RM	RM
Issued and fully paid up:				
At beginning/end of the financial year	383,500,000	383,500,000	41,280,308	41,280,308

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13. OTHER RESERVES

		Group	
	Note	2021	2020
		RM	RM
Revaluation reserve	(a)	13,254,087	13,177,407
Reorganisation reserve	(b)	(22,937,998)	(22,937,998)
		<u>(9,683,911)</u>	<u>(9,760,591)</u>

(a) Revaluation reserve

The revaluation reserve represents increase in the fair value of leasehold land and building, net of tax and decreases to the extent that such decreases relate to an increase on the same asset previously recognised.

(b) Reorganisation reserve

The reorganisation reserve arose from the acquisition of TTV during financial year 2018.

14. LOANS AND BORROWINGS

		Group	
	Note	2021	2020
		RM	RM
Non-current liabilities			
Term loans	(a)	5,910,212	6,240,027
Current liabilities			
Term loans	(a)	727,800	650,518
Lease liabilities	(b)	-	114,148
Banker's acceptances	(a)	2,140,767	1,270,527
		<u>2,868,567</u>	<u>2,035,193</u>
Total borrowings			
Term loans	(a)	6,638,012	6,890,545
Lease liabilities	(b)	-	114,148
Banker's acceptances	(a)	2,140,767	1,270,527
		<u>8,778,779</u>	<u>8,275,220</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14. LOANS AND BORROWINGS (CONTINUED)

(a) Term loans and banker's acceptances

Term loans of the Company bear interests ranging from 3.60% to 3.80% (2020: 4.85% to 5.05%) per annum. The interest of banker's acceptances are chargeable at 1.00% (2020: 1.00%) above accepted bills-i. The term loans and banker's acceptances of the Company are secured and supported as follows:

- (i) Legal charge against leasehold land and buildings of the Group (Note 6); and
- (ii) Registered open and all monies charge.

(b) Lease liabilities

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

	Group	
	2021	2020
	RM	RM
Minimum lease payments:		
Not later than one year	-	116,189
Less: Future finance charges	-	(2,041)
	<hr/>	<hr/>
Present value of finance lease payments	-	114,148
	<hr/>	<hr/>
Present value of minimum lease payments payable:		
Not later than one year	-	114,148
Less: Amount due within twelve months	-	(114,148)
	<hr/>	<hr/>
Amount due after twelve months	-	-
	<hr/>	<hr/>

15. DEFERRED INCOME

	Group	
	2021	2020
	RM	RM
Non-current		
Government grant:		
At beginning of the financial year	358,043	672,721
Released to profit or loss	(269,681)	(314,678)
	<hr/>	<hr/>
At end of the financial year	88,362	358,043
	<hr/>	<hr/>

Government grants relates to assets

Government grants have been received for the purchase of certain items of property, plant and equipment.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. DEFERRED TAX LIABILITIES

	At 1 January 2021 RM	Recognised in profit or loss (Note 24) RM	Recognised in other comprehensive income (Note 25) RM	At 31 December 2021 RM
Group				
Deferred tax liabilities:				
Property, plant and equipment	171,526	33,834	-	205,360
Right-of-use assets	3,922,516	-	(76,680)	3,845,836
	<u>4,094,042</u>	<u>33,834</u>	<u>(76,680)</u>	<u>4,051,196</u>

	At 1 January 2020 RM	Recognised in profit or loss (Note 24) RM	Recognised in other comprehensive income (Note 25) RM	At 31 December 2020 RM
Group				
Deferred tax liabilities:				
Property, plant and equipment	(34,860)	206,386	-	171,526
Right-of-use assets	4,023,003	-	(100,487)	3,922,516
	<u>3,988,143</u>	<u>206,386</u>	<u>(100,487)</u>	<u>4,094,042</u>

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated at gross):

	Group	
	2021	2020
	RM	RM
Unused tax losses	<u>3,594,600</u>	<u>3,176,900</u>

The availability of unused tax losses for offsetting against future taxable profits of the subsidiaries in Malaysia are subject to requirements under the Income Tax Act, 1967 and guidelines issued by the tax authority.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16. DEFERRED TAX LIABILITIES (CONTINUED)

Unrecognised deferred tax assets (continued)

The unused tax losses are available for offset against future taxable profits of the Group up to the following financial years:

	Group	
	2021	2020
	RM	RM
2028	2,194,900	2,194,900
2029	930,700	930,700
2030	51,300	51,300
2031	417,700	-

17. TRADE AND OTHER PAYABLES

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Trade				
Trade payables	6,755,819	3,388,669	-	-
Non-trade				
Other payables	267,754	256,014	933	-
Accruals	371,232	1,260,517	32,200	50,200
	638,986	1,516,531	33,133	50,200
Total trade and other payables	7,394,805	4,905,200	33,133	50,200

Trade payables of the Group are non-interest bearing and the normal trade credit term granted to the Group and the Company ranges from 30 to 90 (2020: 30 to 90) days.

For explanation on the Group's and the Company's liquidity risk management processes, refer to Note 26(b)(ii).

18. REVENUE

	Group	
	2021	2020
	RM	RM
Sale of goods	46,768,620	24,685,936
Rendering of services	494,969	240,911
	47,263,589	24,926,847

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18. REVENUE (CONTINUED)

Disaggregation of revenue

For the purpose of disclosure for disaggregation of revenue, it disaggregates revenue into primary geographical markets, major goods or services, timing of revenue recognition (i.e., goods transferred at a point in time or services transferred overtime).

Group	Manufacturing RM
2021	
<i>Primary geographical markets:</i>	
East Asia	8,104,802
Southeast Asia	38,822,097
Central Europe	295,069
North America	41,621
	<u>47,263,589</u>
 <i>Major goods or services:</i>	
Machines	46,768,620
Machine support services	494,969
	<u>47,263,589</u>
 <i>Timing of revenue recognition:</i>	
At a point in time	<u>47,263,589</u>
 2020	
<i>Primary geographical markets:</i>	
East Asia	1,834,862
Southeast Asia	22,982,246
North America	109,739
	<u>24,926,847</u>
 <i>Major goods or services:</i>	
Machines	24,685,936
Machine support services	240,911
	<u>24,926,847</u>
 <i>Timing of revenue recognition:</i>	
At a point in time	<u>24,926,847</u>

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

19. OTHER INCOME

	Group	
	2021	2020
	RM	RM
Amortisation on deferred income	269,681	314,678
Fair value gain on money market fund	57,800	4,058
Grant income	200	405,468
Net unrealised gain on foreign exchange	41,916	-
Miscellaneous	146,021	209,042
	<hr/>	<hr/>
	515,618	933,246

Included in the miscellaneous income is wage subsidy of RM133,200 (2020: RM177,600) received from the Malaysian Government to help the Group to retain its employees over a period of 6 months (2020: 6 months).

20. FINANCE INCOME

	Group	
	2021	2020
	RM	RM
Interest income	162,223	79,788
	<hr/>	<hr/>

21. FINANCE COSTS

	Group	
	2021	2020
	RM	RM
Interest expenses on:		
- Term loans	227,204	118,743
- Lease liabilities	2,040	8,707
- Banker's acceptances	67,864	58,852
- Bank guarantee	11,990	1,667
	<hr/>	<hr/>
	309,098	187,969

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

22. PROFIT/(LOSS) BEFORE TAX

Other than disclosed elsewhere in the financial statements, the following items have been charged in arriving at profit/(loss) before tax:

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Amortisation of intangible assets	655,242	851,813	-	-
Auditors' remuneration	96,000	75,000	31,000	25,000
Depreciation of property, plant and equipment	756,218	1,127,391	-	-
Depreciation of right-of-use assets	670,373	728,347	-	-
Employee benefits expense	7,662,316	7,075,955	24,000	24,000
Expenses relating to short-term lease	28,861	-	-	-
Expense relating to lease of low value assets	24,944	23,783	-	-
Intangible assets written off	1,683,077	280,454	-	-
Inventories written down	21,033	177,264	-	-
Net realised loss on foreign exchange	43,212	182,476	-	-
Net unrealised loss on foreign exchange	-	32,311	-	-

23. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2021 RM	2020 RM	2021 RM	2020 RM
Salaries and other staff benefits	6,864,414	6,460,929	24,000	24,000
Defined contribution plans	797,902	615,026	-	-
	7,662,316	7,075,955	24,000	24,000
Included in employee benefits expenses are:				
Directors' fee	48,000	48,000	24,000	24,000
Directors' benefits in kind	216,423	217,720	-	-
Directors' other emoluments	916,983	910,186	-	-
	1,181,406	1,175,906	24,000	24,000

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. INCOME TAX EXPENSE/(INCOME)

The major components of income tax expense/(income) for the financial years ended 31 December 2021 and 31 December 2020 are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Statements of comprehensive income				
Current income tax:				
- Current income tax charge	319	-	-	-
- Adjustment in respect of prior year	1,107	(5,800)	-	(5,800)
	1,426	(5,800)	-	(5,800)
Deferred tax:				
- Origination/(reversal) of temporary differences	871,378	(25,656)	-	-
- Adjustment in respect of prior year	(837,544)	232,042	-	-
	33,834	206,386	-	-
Income tax expense/(income) recognised in profit or loss	35,260	200,586	-	(5,800)

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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24. INCOME TAX EXPENSE/(INCOME) (CONTINUED)

The reconciliations from the tax amount at the statutory income tax rate to the Group's and the Company's tax expense/(income) are as follows:

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Profit/(loss) before tax	10,244,138	2,208,430	(181,505)	(184,454)
Tax at Malaysian statutory income tax rate of 24%	2,458,558	529,968	(43,600)	(44,300)
Adjustments:				
Income not subject to tax	(2,093,382)	(844,080)	-	-
Non-deductible expenses	406,321	272,056	43,600	44,300
Deferred tax assets not recognised on tax losses	100,200	16,400	-	-
In respect of current income tax of prior year	1,107	(5,800)	-	(5,800)
In respect of deferred tax of prior year	(837,544)	232,042	-	-
Income tax expense/(income)	35,260	200,586	-	(5,800)

25. OTHER COMPREHENSIVE INCOME

	Revaluation reserve	Total (Gross)	Income tax benefits	Total (Net of tax)
	RM	RM	RM	RM
Group				
2021				
Items that will not be reclassified subsequently to profit or loss				
Tax effects relating to revaluation of land and building	-	-	76,680	76,680

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25. OTHER COMPREHENSIVE INCOME (CONTINUED)

	Revaluation reserve RM	Total (Gross) RM	Income tax (expenses)/ benefits RM	Total (Net of tax) RM
Group				
2020				
Items that will not be reclassified subsequently to profit or loss				
Net surplus on revaluation of land and buildings	211,784	211,784	(50,800)	160,984
Tax effects relating to revaluation of land and building	-	-	151,287	151,287
	211,784	211,784	100,487	312,271

26. 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) Fair value through profit or loss ("FVPL")
- (ii) Amortised cost ("AC")

	Carrying amount RM	AC RM	FVPL RM
At 31 December 2021			
Financial assets			
Group			
Trade and other receivables, less prepayments	6,822,349	6,822,349	-
Other investment	11,986,942	-	11,986,942
Cash and bank balances	5,489,897	5,489,897	-
	24,299,188	12,312,246	11,986,942
Company			
Other receivables	4,785,512	4,785,512	-
Cash and bank balances	125,521	125,521	-
	4,911,033	4,911,033	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Categories of financial instruments (continued)

	Carrying amount RM	AC RM	FVPL RM
At 31 December 2021			
Financial liabilities			
Group			
Loans and borrowings	(8,778,779)	(8,778,779)	-
Trade and other payables	(7,394,805)	(7,394,805)	-
	<u>(16,173,584)</u>	<u>(16,173,584)</u>	<u>-</u>
Company			
Other payables	(33,133)	(33,133)	-
At 31 December 2020			
Financial assets			
Group			
Trade and other receivables, less prepayments	3,546,373	3,546,373	-
Other investment	13,082,775	-	13,082,775
Cash and bank balances	2,748,132	2,748,132	-
	<u>19,377,280</u>	<u>6,294,505</u>	<u>13,082,775</u>
Company			
Other receivables	4,981,533	4,981,533	-
Cash and bank balances	128,072	128,072	-
	<u>5,109,605</u>	<u>5,109,605</u>	<u>-</u>
Financial liabilities			
Group			
Loans and borrowings	(8,275,220)	(8,275,220)	-
Trade and other payables	(4,905,200)	(4,905,200)	-
	<u>(13,180,420)</u>	<u>(13,180,420)</u>	<u>-</u>
Company			
Other payables	(50,200)	(50,200)	-

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management

The Group's and the Company's activities are exposed to a variety of financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, foreign currency risk and interest rate risk. The Group's and the Company's overall financial risk management objective is to optimise value for its shareholders.

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.

(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 trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

Trade receivables and contract assets

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

The carrying amounts of trade receivables are not secured by any collateral or supported by any other credit enhancements. In determining the recoverability of these receivables, the Group and the Company consider any change in the credit quality of the receivables from the date the credit was initially granted up to the reporting date. The Group and the Company have adopted a policy of dealing with creditworthy counterparties as a means of mitigating the risk of financial loss from defaults.

The Group and the Company apply the simplified approach to provide for impairment losses prescribed by MFRS 9 *Financial Instruments*, which permits the use of the lifetime expected credit losses provision for all trade receivables and contract assets. To measure the impairment losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The impairment losses also incorporate forward looking information.

Credit risk concentration profile

At the end of the reporting period, the Group has a significant concentration of credit risk in the form of one (2020: two) trade receivables, representing approximately 21% (2020: 58%) of the Group's total trade receivables.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(i) Credit risk (continued)

Trade receivables and contract assets (continued)

The information about the credit risk exposure on the Company's trade receivables and contract assets using provision matrix are as follows:

Group	Contract assets	Trade receivables					Total
		Current	1 to 30 days past due	> 30 days past due	> 60 days past due	> 90 days past due	
At 31 December 2021							
Gross carrying amount at default	12,015,916	5,539,481	283,858	832,475	34,558	92,323	6,782,695
Impairment losses	-	-	-	-	-	-	-
At 31 December 2020							
Gross carrying amount at default	4,224,667	1,629,543	89,192	136,826	-	1,630,745	3,486,306
Impairment losses	-	-	-	-	-	-	-

Other receivables and other financial assets

For other receivables and other financial assets (including 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 receivables and other financial assets are 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.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 120 days past due in making a contractual payment.

Intercompany loans between entities within the Group are repayable on demand. For loans that are repayable on demand, expected credit losses are assessed based on the assumption that repayment of the loan is demanded at the reporting date. If the borrower does not have sufficient highly liquid resources when the loan is demanded, the Group will consider the expected manner of recovery and recovery period of the intercompany loan.

As at the end of the reporting date, the Group and the Company did not recognise any loss allowance for impairment for other receivables and other financial assets. Refer to Note 3.11(a) for the Group's and the Company's significant accounting policies for impairment of financial assets.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting financial obligations when they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities between financial assets and liabilities. The Group's and the Company's exposure to liquidity risk arises principally from trade and other payables and loans and borrowings.

The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by facilities. The Group and the Company maintain sufficient liquidity and available funds to meet daily cash needs, while maintaining controls and security over cash movements. The Group and the Company use a series of processes to obtain maximum benefits from its flow of funds, such that they are efficiently managed to maximise income from investment and minimise cost on borrowed funds. The Group's and the Company's finance department also ensures that there are sufficient unutilised stand-by facilities, funding and liquid assets available to meet both short-term and long-term funding requirements.

Maturity analysis

The maturity analysis of the Group's and the Company's financial liabilities by their relevant maturity at the reporting date based on contractual undiscounted repayment obligations are as follows:

	Contractual cash flows				Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 to 5 years RM	More than 5 years RM	
Group					
At 31 December 2021					
Term loans	6,638,012	955,744	3,452,663	6,675,549	11,083,956
Bankers' acceptances	2,140,767	2,140,767	-	-	2,140,767
Trade and other payables	7,394,805	7,394,805	-	-	7,394,805
	16,173,584	10,491,316	3,452,663	6,675,549	20,619,528
At 31 December 2020					
Term loans	6,890,545	888,732	3,488,435	3,694,652	8,071,819
Lease liabilities	114,148	116,189	-	-	116,189
Bankers' acceptances	1,270,527	1,270,527	-	-	1,270,527
Trade and other payables	4,905,200	4,905,200	-	-	4,905,200
	13,180,420	7,180,648	3,488,435	3,694,652	14,363,735

TT VISION HOLDINGS BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(ii) Liquidity risk (continued)

Maturity analysis (continued)

Company	Contractual cash flows				Total RM
	Carrying amount RM	On demand or within 1 year RM	Between 1 to 5 years RM	More than 5 years RM	
At 31 December 2021					
Other payables	33,133	33,133	-	-	33,133
At 31 December 2020					
Other payables	50,200	50,200	-	-	50,200

(iii) Foreign currency risk

Foreign currency risk is the risk of fluctuation in fair value or future cash flows of a financial instrument as a result 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 sales, purchases and borrowings that are denominated in a foreign currency).

The foreign currencies in which these transactions are denominated are mainly Europe Dollar ("EURO") United States Dollar ("USD"), Japanese Yen ("JPY"), Singapore Dollar ("SGD") and Renminbi ("RMB").

The Group's unhedged financial assets and liabilities that are not denominated in their functional currencies are as follows:

	2021 RM	2020 RM
Financial assets and liabilities not held in functional currencies:		
Group		
<u>Trade receivables</u>		
USD	2,140,483	1,222,945
<u>Cash and bank balances</u>		
USD	4,878,078	1,981,624

TT VISION HOLDINGS BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

	2021	2020
	RM	RM
Financial assets and liabilities not held in functional currencies:		
Group		
<u>Trade payables</u>		
EURO	(47,198)	(48,524)
USD	(1,831,277)	(504,873)
JPY	(4,155)	(25,584)
SGD	(63,773)	(20,643)
RMB	(234)	-
	<u>(1,946,637)</u>	<u>(599,624)</u>

Sensitivity analysis for foreign currency risk

The Group's principal foreign currency exposure relates mainly to EURO, USD, JPY, SGD and RMB.

The following table demonstrates the sensitivity to a reasonably possible change in the EURO, USD, JPY and SGD with all other variables held constant on the Group's total equity and profit for the financial year.

	Carrying amount	Changes in rate	Effect on profit for the financial year/equity
	RM	%	RM
Group			
31 December 2021			
USD	5,187,284	+15%	591,350
		-15%	(591,350)
EURO	(47,198)	+15%	(5,381)
		-15%	5,381
SGD	(63,773)	+15%	(7,270)
		-15%	<u>7,270</u>

TT VISION HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iii) Foreign currency risk (continued)

Sensitivity analysis for foreign currency risk (continued)

	Carrying amount RM	Changes in rate %	Effect on profit for the financial year/equity RM
Group			
31 December 2020			
USD	2,699,696	+15%	307,765
		-15%	(307,765)
EURO	(48,524)	+15%	(5,532)
		-15%	5,532
JPY	(25,584)	+15%	(2,917)
		-15%	2,917
SGD	(20,643)	+15%	(2,353)
		-15%	2,353

(iv) Interest rate risk

Interest rate risk is the risk of fluctuation in fair value or future cash flows of the Group's and the Company's financial instruments as a result of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their long-term loans and borrowings with floating interest rates. The Group's and the Company's policy is to obtain the most favorable interest rates available. Any surplus funds of the Company will be placed with licensed financial institutions to generate interest income.

TT VISION HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Financial risk management (continued)

(iv) Interest rate risk (continued)

Sensitivity analysis for interest rate risk

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant on the Group's total equity and profit for the financial year.

	Carrying amount RM	Changes in basis point	Effect on profit for the financial year/equity RM
Group			
31 December 2021			
Term loans	(6,638,012)	+50	(25,224)
		-50	25,224
			<hr/>
31 December 2020			
Term loans	(6,890,545)	+50	(26,184)
		-50	26,184
			<hr/>

(c) Fair value measurement

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

Other long term financial assets and liabilities are reasonable approximation of fair value because they are floating rate instruments which are re-priced to market interest rates or estimated by discounting future cash flows using current lending rates for similar types of arrangements.

It is not practical to determine the fair value of lease liabilities which are at fixed rate due to lack of market information of comparable instruments with similar characteristic and risk profile.

Policy on transfer between levels

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

**TT VISION HOLDINGS BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair value measurement (continued)

During the financial year, there was no transfer between the fair value measurement hierarchy.

- (i) Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- (ii) Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Transfer between Level 1 and Level 2

There has been no transfer between Level 1 and Level 2 fair values during the financial years.

- (iii) Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

27. RELATED PARTIES

(a) Identification of related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operational decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

Related parties of the Group include:

- (i) Subsidiaries; and
- (ii) Key management personnel of the Group, comprise persons (including directors) having the authority and responsibility for planning, directing and controlling the activities or indirectly.

(b) Significant related party transactions

There are no significant related party transactions other than disclosed elsewhere in the financial statements.

Significant outstanding balances with related parties at the end of the reporting period are as disclosed in Note 10.

TT VISION HOLDINGS BERHAD
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

27. RELATED PARTIES (CONTINUED)

(c) Compensation of key management personnel

	Group		Company	
	2021	2020	2021	2020
	RM	RM	RM	RM
Total key management personnel compensation	1,181,406	1,175,906	24,000	24,000

28. EARNINGS PER SHARE

Basic earnings per share

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 outstanding during the financial year, calculated as follows:

	2021	2020
	RM	RM
Profit attributable to the owners of the Company	10,179,689	2,007,844
Weighted average number of ordinary shares for basic earnings per share	383,500,000	383,500,000
	2021	2020
	sen	sen
Basic earnings per ordinary share	2.65	0.52

Diluted earnings per share

There are no diluted earnings per share as the Company does not have any dilutive potential ordinary shares outstanding as at the end of the reporting period.

TT VISION HOLDINGS BERHAD
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29. CAPITAL MANAGEMENT

The primary objective of the Group's and of the Company's capital management is to ensure that they maintain a strong credit rating and healthy capital ratio in order to support their business and maximise shareholder value.

The Group and the Company manage their capital structure and make adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group and the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies and processes during the financial years ended 31 December 2021 and 31 December 2020.

		Group		Company	
	Note	2021 RM	2020 RM	2021 RM	2020 RM
Loans and borrowings	14	8,778,779	8,275,220	-	-
Trade and other payables	17	7,394,805	4,905,200	33,133	50,200
Total debts		16,173,584	13,180,420	33,133	50,200
Total equity		55,859,348	45,573,790	39,227,891	39,409,396
Gearing ratio (times)		0.29	0.29	0.01	0.00

There were no changes in the Group's and the Company's approach to capital management during the financial years under review.

The Group and the Company do not subject to externally imposed capital requirements.

30. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

(a) Status of corporate proposals

On 30 December 2021, KAF Investment Bank Berhad ("KAF IB") had on behalf of the Board, announced that the major shareholders of the Company, Goon Koon Yin, Wong Yih Hsow, Jennie Tan Yen-Li, Tan Oon Pheng and Malaysian Technology Development Corporation Sdn. Bhd. had requested the Board to consider undertaking voluntary withdrawal of the Company's listing from the LEAP Market of Bursa Securities pursuant to Rules 8.05 and 8.06 of the Listing Requirements ("Proposed Withdrawal of Listing"). The Proposed Withdrawal of Listing is to facilitate the proposed listing of TTVHB on the ACE Market of Bursa Securities.

On 27 January 2022, KAF IB further announced that the Company had sought Bursa Securities' approval for an exemption from complying with Rules 8.06(1)(c) and 8.06(1)(d) of the Listing Requirements ("Proposed Exemption"). The Proposed Exemption was approved by Bursa Securities vide its letter dated 28 February 2022.

**TT VISION HOLDINGS BERHAD
(Incorporated in Malaysia)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**30. SIGNIFICANT EVENT SUBSEQUENT TO THE END OF THE FINANCIAL YEAR
(CONTINUED)**

(a) Status of corporate proposals (continued)

On 18 April 2022, KAF IB announced that the Company had sought Bursa Securities' approval for the withdrawal of listing from the Official List of the LEAP Market of Bursa Securities ("Withdrawal"). The Withdrawal was approved by Bursa Securities vide its letter dated 25 April 2022.

As at the date of this report, the Proposed Withdrawal of Listing is pending completion.

Save as disclosed above, there were no other corporate proposals announced or pending completion as at the date of this report.

(b) COVID-19 pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 outbreak as a pandemic in recognition of its rapid spread across the globe. Many countries including Malaysian Government imposed the Movement Control Order ("MCO") to curb the spread of the COVID-19 pandemic. The COVID-19 pandemic also resulted in travel restriction, lockdown and other precautionary measures imposed in various countries. The emergence of the COVID-19 pandemic since early 2020 has brought significant economic uncertainties in Malaysia and markets in which the Group and the Company operate.

The Group and the Company have performed an assessment on the overall impact of the situation on the Group's and the Company's operations, financial implications, including the recoverability of the carrying amount of assets and subsequent measurements of assets and liabilities, and concluded that there was no material adverse effect on the financial statements for the financial year ended 31 December 2021.

Given the fluidity of the 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 December 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

31. SEGMENT INFORMATION

Geographical Information

Revenue information based on geographical location of customers are as follows:

	Revenue RM'000
Group	
31 December 2021	
Malaysia	38,432
China	7,524
Korea	564
Philippines	386
Germany	295
United States	42
Hong Kong	17
Singapore	2
Vietnam	2
	<hr/> 47,264 <hr/>
31 December 2020	
Malaysia	22,490
China	1,713
Hong Kong	122
Philippines	282
United States	110
Thailand	210
	<hr/> 24,927 <hr/>

The Group operated predominantly in Malaysia. Hence, no geographical segment on non-current assets are presented.

Information about major customers

Revenue from two (2020: two) customers represented approximate RM31,925,668 (2020: RM14,549,271) of the Group's total revenue.

**TT VISION HOLDINGS BERHAD
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STATEMENT BY DIRECTORS

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

We, **GOON KOON YIN** and **WONG YIH HSOW**, being two of the directors of TT VISION HOLDINGS BERHAD, do hereby state that in the opinion of the directors, the accompanying financial statements 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 position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year then ended.

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

.....
GOON KOON YIN
Director

.....
WONG YIH HSOW
Director

Date: 28 April 2022

Registration No. 201801011030 (1273046-H)

**TT VISION HOLDINGS BERHAD
(Incorporated in Malaysia)**

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

I, **GOON KOON YIN**, being the director primarily responsible for the financial management of TT VISION HOLDINGS BERHAD, do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements 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.

.....
GOON KOON YIN

Subscribed and solemnly declared by the abovenamed at George Town in the State of Penang on 28 April 2022.

Before me,

WONG YUEE HARNG
P 189
Commissioner for Oaths

Registration No. 201801011030 (1273046-H)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TT VISION HOLDINGS BERHAD
(Incorporated in Malaysia)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of TT Vision Holdings Berhad, which comprise the statements of financial position as at 31 December 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 6 to 78.

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 December 2021, and of their financial performance and 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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TT VISION HOLDINGS BERHAD
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Key Audit Matters

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

Group

Inventories (Note 9 to the financial statements)

The Group's inventories are measured at the lower of cost and net realisable value. Judgement is required in estimating their net realisable values and identifying slow-moving inventories.

Our response:

Our audit procedures included, among others:

- understanding the design and implementation of controls associated with monitoring and detection write down/off of slow-moving inventories as at 31 December 2021;
- observing year-end physical inventory count to observe physical existence and condition of the finished goods and reviewing the design and assessing the implementation of controls during the count;
- checking subsequent sales and evaluating the Group's assessment on estimated net realisable value on selected samples of inventory items; and
- evaluating whether the inventories have been written down to their net realisable value for inventory items with net realisable value lower than their cost.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TT VISION HOLDINGS BERHAD
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Key Audit Matters (continued)

Trade receivables and contract assets (Note 10 and Note 11 to the financial statements)

The Group has significant trade receivables and contract assets as at 31 December 2021 which include certain amounts which are long outstanding. We focused on this area because the directors made significant judgements over assumptions about risks of default and expected loss rate. In making the assumptions, the directors selected inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of the reporting period.

Our response:

Our audit procedures included, among others:

- developing an understanding of significant credit exposures which were significantly overdue or deemed to be in default through analysis of ageing reports and other collection or legal reports;
- obtaining confirmation of balances from selected receivables;
- checking subsequent receipts, customer correspondences, and considering level of activity with the customer and explanation by the Group on recoverability with significantly past due balances; and
- assessing the reasonableness and calculation of expected credit loss as at the end of the reporting period.

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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
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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 Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company do 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 Group and 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 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 Directors' Report, 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 a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and 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.

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
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Auditors' Responsibilities for the Audit of the Financial Statements (Continued)

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

- identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and 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 and 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 represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
TT VISION HOLDINGS BERHAD
(Incorporated in Malaysia)**

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

Hor Kwai Keong
No. 01994/02/2024 J
Chartered Accountant

Penang

Date: 28 April 2022