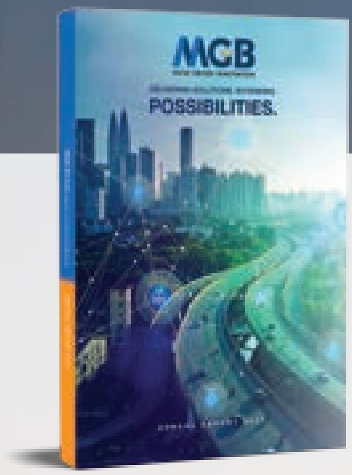
MGB

VALUE DRIVEN INNOVATION

# DELIVERING SOLUTIONS. EXTENDING POSSIBILITIES.

ANNUAL REPORT 2021




## DELIVERING SOLUTIONS. EXTENDING POSSIBILITIES.

MGB Berhad is pursuing innovative technological solutions to set new standards in enriching lives through delivery of our distinctive and proven capabilities. We are driven to provide high-quality and cost competitive end-to-end solutions for the building sector. This is what defines us as Malaysian Generations Builder (**"MGB"**).

This year's strong conceptual cover conveys the boldness and strength of our vision. Imbued in corporate blue tones, a modern urban development is portrayed with buildings and infrastructure to reflect the Group's business focus. Patches of greenery lushly abound to indicate the sustainable balance we bring to every project. The interlinked graphic icons capture the agility and responsiveness of MGB's strategies through digital interconnectivity and technological innovations.

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## VALUE DRIVEN INNOVATION

In MGB, we constantly look to bring innovative inspiration that gives our clients the best end result. We believe in efficient innovation that drives to be better, our people that gives us strength to inspire others and our unfailing determination to serve our clients. With multiple professional expertise, we promise to give the future a better tomorrow.

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## REASON TO BELIEVE

### INNOVATION

Driving efficiency by constantly adopting new methods to optimise value, quality, time, resources and processes for better productivity.

### PEOPLE

Integrity and solid leadership are core strengths of MGB that fuel value, innovation and inspires human connection that makes a difference.

### RELIABILITY

Demonstrated through accountability, product quality, efficiency in project management and overall service experience.

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## MANIFESTS THROUGH

MGB

MALAYSIAN GENERATIONS BUILDER

Scan this to view our **Annual Report 2021**

Our Annual Report, financial and other information about MGB Berhad can also be found at **www.mgbgroup.com.my**

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# OUR VISION

To be a recognised design and build expert setting new standards in creating living spaces to enrich life.

# OUR MISSION

To constantly push boundaries and surpass expectations through Quality, Reliability and Innovation.

# BRAND VALUES

## PASSION

We believe that passion in the business causes us to self-innovative. It spurs us to explore and to embrace new ideas of working, new software and new ways of communication to create greater timeliness and efficiency for our clients. Greater efficiency means a better bottomline.

## CREATIVITY

We understand that every generation has different needs. Innovation can come through creative thinking that provides apt solutions that cater to the specific needs, so that greater value is felt by the end consumer.

## CARE

We believe in a working culture that puts people first – people innovation. Apart from caring for their well-being, we believe in promoting and nurturing talent by providing the right environment and guidance to create a culture of seeking progress.

**REVENUE**

**RM593.76**

million

**PROFIT AFTER TAX**

**RM26.58**

compared to RM14.00 million in FY2020

**COMPLETED OVER**

**18,000**

units of properties

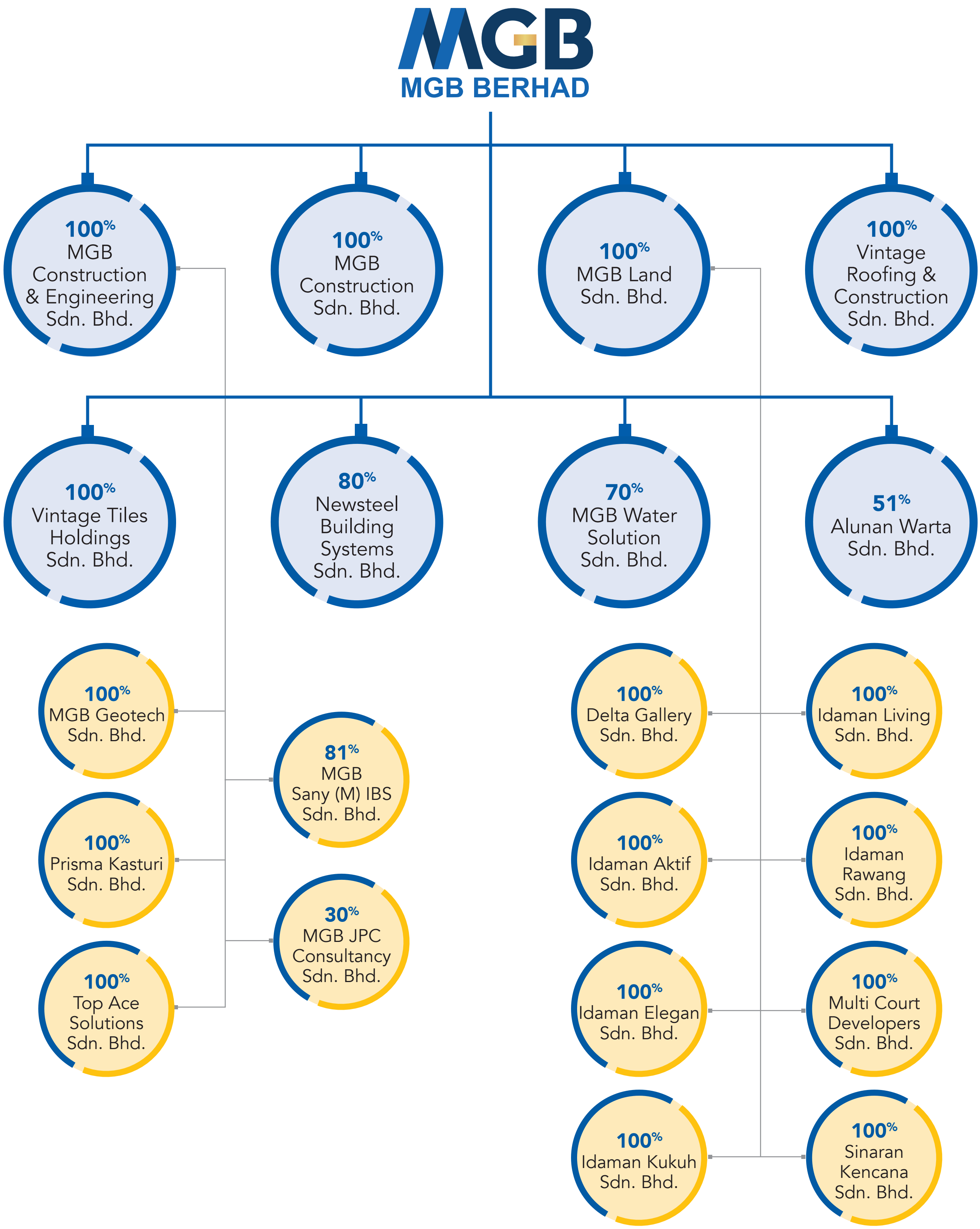
**MOSHPA OSH EXCELLENCE AWARD**

for 6 years running


WE ARE ON
TARGET AND
HITTING
NEW MILESTONES

# CORPORATE **STRUCTURE**

as at 31 March 2022



# CORPORATE **INFORMATION**
as at 31 March 2022

## BOARD OF DIRECTORS

**Dato' Abdul Majit bin Ahmad Khan**
DIMP
Independent Non-Executive Chairman

**Tan Sri Dato' Sri Lim Hock San**
PSM, SSAP, DSSA, JP
Executive Vice Chairman

**Datuk Wira Lim Hock Guan**
DCSM, DMSM, PJK, JP
Group Managing Director

**Datuk Lim Lit Chek**
DPSM
Executive Director & Chief Executive Officer

**Dato' Beh Hang Kong**
DSIS
Independent Non-Executive Director

**Puan Nadhirah binti Abdul Karim**
Independent Non-Executive Director

## AUDIT COMMITTEE

**Dato' Beh Hang Kong**
(Chairman)
**Dato' Abdul Majit bin Ahmad Khan**
**Puan Nadhirah binti Abdul Karim**

## NOMINATION AND REMUNERATION COMMITTEE

**Dato' Abdul Majit bin Ahmad Khan**
(Chairman)
**Dato' Beh Hang Kong**
**Puan Nadhirah binti Abdul Karim**

## RISK MANAGEMENT COMMITTEE

**Datuk Wira Lim Hock Guan**
(Chairman)
**Datuk Lim Lit Chek**
**Dato' Abdul Majit bin Ahmad Khan**
**Dato' Beh Hang Kong**
**Puan Nadhirah binti Abdul Karim**

## COMPANY SECRETARIES

**Mr Chong Voon Wah**
SSM PC No. 202008001343
(MAICSA 7055003)
**Ms Khoo Wei Lee**
SSM PC No. 201908001577
(MAICSA 7063165)

## REGISTERED OFFICE

H-7, Sunway PJ@51A
Jalan SS9A/19
Seksyen 51A
47300 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T +603-7874 5888
F +603-7874 5889

## BUSINESS ADDRESS

### HEAD OFFICE

H-G, Sunway PJ@51A
Jalan SS9A/19
Seksyen 51A
47300 Petaling Jaya
Selangor Darul Ehsan
Malaysia
T +603-7874 5888
F +603-7874 5889

### MGB SANY (M) IBS SDN. BHD.

Lot 74
Jalan Emas Kawasan Industri Nilai 1
Kawasan Perindustrian Nilai
71800 Nilai
Negeri Sembilan Darul Khusus
Malaysia
T +606-797 1855
F +606 797 1614

## SALES GALLERY & OFFICES

### ZENOPY RESIDENCES

A-1-13A, Zenopy
Jalan LP 7/4
Taman Lestari Perdana
Puncak Jalil
43300 Seri Kembangan
Selangor Darul Ehsan
Malaysia
Hotline : 1700 81 9091
Email : customercarezenopy@mgbgroup.com.my

### LAMAN BAYU

No 27-29, Jalan Putera Indah 12/1
Bandar Putera Indah
Tongkang Pechah
83000 Batu Pahat
Johor Darul Takzim
Malaysia
T +607-445 8899
F +607-445 8888

## SHARE REGISTRAR

**Tricor Investor & Issuing House Services Sdn. Bhd.**
Registration No. 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
T +603-2783 9299
F +603-2783 9222

## SOLICITORS

Steven Tai, Wong & Partners

Manjit Singh Sachdev, Mohammad Radzi & Partners

Nanthakumar & Co

## AUDITOR

**Messrs UHY** (AF 1411)
Suite 11.05, Level 11
The Gardens South Tower
Mid Valley City
Lingkaran Syed Putra
59200 Kuala Lumpur
T +603-2279 3088
F +603-2279 3099

## PRINCIPAL BANKERS

Public Bank Berhad

AmBank (M) Berhad

OCBC Bank (M) Berhad

United Overseas Bank (M) Berhad

Hong Leong Bank Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : MGB
Stock Code : 7595
Sector : Construction

## WEBSITE

www.mgbgroup.com.my

## EMAIL

Customer Service:
custcare@mgbgroup.com.my

## SOCIAL MEDIA

Follow us on: **MGB Berhad**

# DIRECTORS' **PROFILES**

## DATO' ABDUL MAJIT BIN AHMAD KHAN

**Independent Non-Executive Chairman**

AGE **76**

GENDER **MALE**

**Dato' Abdul Majit bin Ahmad Khan ("Dato' Abdul Majit")** was appointed to the Board as Independent Non-Executive Chairman of the Company on 1 August 2014. He is the Chairman of the Nomination and Remuneration Committee, Member of Audit Committee and also a Member of Risk Management Committee of the Company.

Dato' Abdul Majit holds a Bachelor of Economics (Honours) from University of Malaya. He served with the government for 34 years and held various positions in the Prime Minister's Department and the Ministry of Foreign Affairs of Malaysia. His positions provided him with wide exposures in various countries that he served at, such as Laos, Vietnam, USA, Nigeria, Ghana, Cote de Ivoire, Sierra Leone and Cameroon, the Democratic People's Republic of Korea and the People's Republic of China.

In his capacity as the Under Secretary of West Asia and the Organisation in Islamic Cooperation (**"OIC"**), he participated in several Ministerial and Prime Ministerial visits to West Asian Countries and OIC Meetings. He was the Director General of the Association of Southeast Asian Nations ("ASEAN") Division of the Ministry of Foreign Affairs, from 1996 until 1998. As Director General of ASEAN Division, he actively participated in the organisation of the 30th ASEAN Ministerial Meeting held in Kuala Lumpur as well as the ASEAN Heads of Summit and the 10+3 Summit Meetings in Malaysia. In 1998, he was appointed as the Ambassador of Malaysia to the People's Republic of China until his retirement on 2 January 2005. He also served as the Chairman of the Malaysian Investment Development Authority (MIDA) for 2 years before his contract ended on 20 April 2021.

Currently, Dato' Abdul Majit is the President of the Malaysia-China Friendship Association (position held since 2005), Honorary Chairman of the Malaysia-China Chamber of Commerce and as an Adjunct Professor to the Institute of China Studies, University of Malaya. He is also the co-founder of Zheng He International Peace Foundation based in Washington D.C.

Dato' Abdul Majit is a Director of Zecon Berhad and Dutaland Berhad, both listed on Bursa Malaysia Securities Berhad. He is also a Director of Hong Leong Asset Management Berhad. He was appointed as Senior Independent Non-Executive Chairman of Unitrade Industries Berhad on 11 September 2021.

He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

# TAN SRI DATO' SRI LIM HOCK SAN, *JP*

**Executive Vice Chairman**

AGE **64** | GENDER **MALE**

**Tan Sri Dato' Sri Lim Hock San ("Tan Sri Dato' Sri Lim")** was appointed to the Board as Non-Independent Non-Executive Director on 1 August 2014 and he was re-designated as the Group Managing Director on 5 July 2016. Subsequently, Tan Sri Dato' Sri Lim was re-designated as Executive Vice Chairman on 1 August 2021.

Upon graduation in 1982 with First Class Honours in Civil Engineering from the University of Wales, Science & Technology (UWIST), UK. Tan Sri Dato' Sri Lim returned to Malaysia to assist in the family business of lorry transportation and construction works. Two decades later, the businesses have expanded into property development, insurance and tourism industries. On 6 December 2001, he was appointed as the Managing Director of LBS Bina Group Berhad (**"LBGB"**). Tan Sri Dato' Sri Lim was re-designated as Executive Chairman of LBGB on 1 March 2021.

With excellent entrepreneurship, acquired management skills and experienced technical expertise, Tan Sri Dato' Sri Lim became the Key Leader and spearheaded LBGB Group to become one of the leading players in the property development industry.

These were the outstanding accolades awarded personally to Tan Sri Dato' Sri Lim:-

i. Second Prize in the British Steel Corporation Competition for Design in Hollow Steel Section, 1982
ii. The inaugural Platinum Entrepreneur Award by SMI Association of Malaysia, 2011
iii. Prestigious Entrepreneur of the Year by Asia Pacific Entrepreneurship Awards (APEA), 2012
iv. Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2014
v. World Chinese Economic Summit (WCES) Lifetime Achievement Award for continued efforts in enhancing bilateral relations between Malaysia and China (Guangdong Province), 2015
vi. The BrandLaureate Hall of Fame – Lifetime Achievement Brand Icon Leadership Awards by Asia Pacific Brands Foundations, 2015
vii. Global Best Company for Leadership of Property Development of the Year by International Alternative Investment Review (IAIR) Awards, 2016
viii. Most Affluent Chinese Entrepreneur Awards, 2016
ix. Property Insight Prestigious Developer Awards (PIPDA) – Personality of the Year, 2017
x. Asia Corporate Excellence & Sustainability Awards (ACES) – Outstanding Leader in Asia, 2017
xi. Special Distinguished Award for Promotion of China-ASEAN Relations at the 9th World Chinese Economic Summit (WCES), 2017
xii. Worldwide Excellence Award (WEA) – Person of the Year, 2017
xiii. Queen Victoria Commemorative Medal by The Europe Business Assembly, 2017
xiv. 8th Global Leadership Awards 2018 – Lifetime Achievement Award, 2018
xv. The BrandLaureate Prominent Business Brand Awards: Most Eminent - Prominent Business Brand Leadership Award, 2018
xvi. The BrandLaureate Special Edition World Awards: BrandLaureate World Brandpreneur Hall of Fame – Lifetime Achievement Award, 2018
xvii. FIABCI Malaysia Property Award – Property Man of the Year, 2018
xviii. Des Prix Infinitus Asean Property Award 2019 – Lifetime Achievement, 2019
xix. Property Insight Prestigious Developers Awards (PIPDA) 2019 – Lifetime Achievement Award, 2019
xx. iProperty Development Excellence Awards (iDEA) 2019 – Innovative Leader of the Year, 2019

Being a humble philanthropist and an active advocate of social and community works, Tan Sri Dato' Sri Lim sits on the board of these organisations:

1. Chairman, Board of Governors of SMJK Katholik
2. Chairman, Board of Governors of SJK (C) Tun Tan Siew Sin
3. Chairman, Selangor/K.L Lim Clansmen Association
4. President, The Federation of Hokkien Associations Malaysia
5. President, Malaysia-Guangdong Chamber of Investment Promotion
6. Honorary Life President, Persekutuan Persatuan-Persatuan Ann Koai Malaysia
7. Honorary Life President, Persatuan Anxi Selangor Dan W.P. Kuala Lumpur
8. Deputy President, The Federation of Malaysia Lim Associations
9. Vice President, Fujian Overseas Exchanges Association 6th Council
10. Vice President, The World Lin's Association
11. Honorary Life Chairman, Board of Governors of SJK (C) Sungai Way
12. Honorary Life Chairman, Selangor Petaling Business & Industry Association
13. Honorary Chairman, Rumah Berhala Leng Eng Tian
14. Honorary Life President, Gabungan Persatuan Cina Petaling Jaya, Selangor
15. Honorary President, Malaysia-China Chamber of Commerce
16. Honorary President, Malaysia-China Silk Road Entrepreneurs Association
17. Honorary President, The Federation of Malaysian Clans and Guilds Youth Association
18. Honorary President, Catholic High School Alumni Association
19. Honorary President, Persatuan Penganut Tho Guan Sen
20. Honorary President, Young Malaysians Movement
21. Honorary Life Adviser, The Federation of Chinese Associations Malaysia
22. Honorary Life Adviser, Tan Kah Kee Educational Charity Foundation
23. Honorary Adviser, The Federation of Malaysia Chinese Surname Association
24. Honorary Adviser, Gabungan Persatuan Keturunan Cina Negeri Sembilan
25. Adviser, Persatuan Ko Chow Sungai Way
26. Adviser, Kelab Sungai Way
27. Adviser, Majlis Pembangunan Sekolah Menengah Jenis Kebangsaan Malaysia
28. Advisory Committee, Malaysia China Mergers & Acquisitions Association
29. Overseas Representative of the 17th People's Congress of Quanzhou, China
30. Overseas Representative, The 5th Session of the 12th Chinese People's Political Consultative Conference 2017
31. Overseas Representative, Fujian Chinese People's Political Consultative Conference 2015
32. Committee, The 6th China Overseas Exchange Association
33. Committee, China Federation 10th Plenary Session
34. Committee, Fujian Provincial Federation
35. Committee, The 5th China Overseas Friendship Association

Tan Sri Dato' Sri Lim sits on the Board of several subsidiary companies of LBGB Group.

Tan Sri Dato' Sri Lim is the brother of Datuk Wira Lim Hock Guan (Group Managing Director). He is a Substantial Shareholder of the Company.

Save as disclosed herein, he does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

# DIRECTORS' PROFILES

## DATUK WIRA LIM HOCK GUAN, *JP*

**Group Managing Director**

AGE **60**

GENDER **MALE**

**Datuk Wira Lim Hock Guan ("Datuk Wira Lim")** was appointed to the Board as the Non-Independent Non-Executive Director of the Company on 1 August 2014 and he was re-designated as Executive Director of the Company on 5 July 2016. Subsequently, Datuk Wira Lim was re-designated as Group Managing Director on 1 August 2021. He is the Chairman of the Risk Management Committee of the Company.

Datuk Wira Lim holds a degree in Civil Engineering from the Tennessee Technology University, USA. He started his career as a Civil Engineer upon his graduation.

He has more than 30 years of extensive experience in the field of property development and construction. He was appointed as Executive Director of LBS Bina Group Berhad (**"LBGB"**) on 6 December 2001. He was re-designated as Managing Director on 1 March 2021. On 14 January 2022, Datuk Wira Lim was re-designated as Group Managing Director/Chief Executive Officer of LBGB. He is in charge of the LBGB Group's projects and he is one of the major driving forces behind the LBGB Group's successful implementation of the projects in the Klang Valley. Datuk Wira Lim sits on the Board of several subsidiary companies of the LBGB Group. He is the Chairman of Risk Management Committee and member of the ESOS Committee in LBGB.

He is also active in community works and has involved in several non-profit-making organisations. He is the Vice President of Malaysia-Guangdong Chamber of Investment Promotion. He is also a qualified sharpshooter from National Riffle Association, Washington D.C.

He is the brother of Tan Sri Dato' Sri Lim Hock San, the Executive Vice Chairman of the Company and a Substantial Shareholder of the Company.

Save as disclosed herein, he does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

# DATUK LIM LIT CHEK

**Executive Director & Chief Executive Officer**

AGE **45**

GENDER **MALE**

**Datuk Lim Lit Chek ("Datuk Lim")** was appointed to the Board as Executive Director & Chief Executive Officer (**"CEO"**) of the Company on 1 December 2016. He also serve as the Member of the Risk Management Committee of the Company effective on 1 January 2022.

Datuk Lim graduated with a Master's Degree in Engineering Management from the Ivy League's Cornell University in New York. He also holds a First Class Honours Bachelor Degree in Civil Engineering and a Bachelor Degree in Business Administration with the highest distinction from the RMIT University in Melbourne.

His other academic achievements include winning the VICROADS Education Prize, Best Student Award, Golden Key National Honor Society Award, Most Innovative Award in Concrete Design Competition (C.I.A.), all of which in Australia and the Fellowship Merit Award from Cornell University.

As a member of Board of Engineering Malaysia, Datuk Lim has 19 years of experience in the field of property development and construction.

In 2007, he founded MITC Engineering Sdn. Bhd. (now known as MGB Construction & Engineering Sdn. Bhd.) and held the position of Managing Director. Under his astute leadership, the business has achieved great milestone.

He is actively involved in Non-Government Organisation. He is currently the President of Petaling Lim Clan Association, Vice President of Malaysia Guangdong Chamber of Investment Promotion (MGCIP), Vice President of Selangor Petaling Business and Industry Association, Vice President of KL-Selangor Anxi Association, Vice President of Selangor Sungai Way Hokkian Association and a member of Mega Chinese Methodist Church.

Datuk Lim is a Substantial Shareholder of the Company.

He does not hold any directorship in other public companies. Save as disclosed herein, he does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

# DIRECTORS' PROFILES

## DATO' BEH HANG KONG

**Independent Non-Executive Director**

AGE **64** | GENDER **MALE**

**Dato' Beh Hang Kong ("Dato' Beh")** was appointed to the Board as the Managing Director of the Company on 16 January 2008 and was re-designated as an Executive Director on 4 July 2016. On 1 February 2019, Dato' Beh was re-designated as Independent Non-Executive Director of the Company, 2 years after being appointed as Non-Independent Non-Executive Director. He is currently the Chairman of Audit Committee, Member of Risk Management Committee and also a Member of Nomination and Remuneration Committee of the Company.

Dato' Beh has about 30 years of experience in property investment and development industry. He started his career in 1980 as a reporter with China Press Berhad. In 1985, Dato' Beh established a company involved in marketing of office equipment before he extensively invested into property investments and development. From 1986 to 1990, he served as Municipal Councillor for the Majlis Perbandaran Shah Alam.

Presently, Dato' Beh is the Deputy Board Chairman of China-Malaysia Qinzhou Industrial Park (CMQIP) in Qinzhou, Quangxi, People's Republic of China and the Executive Director of Yong Tai Berhad, a company listed on Bursa Malaysia Securities Berhad.

On the Non-Governmental Organisation side, he is a director of Malaysia-China Business Council (MCBC), Chairman of China-Asean Entrepreneur Association (Malaysia) and Deputy Chairman of Malaysia-Guangdong Chamber of Investment and Promotion (MGCIP).

He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## PUAN NADHIRAH BINTI ABDUL KARIM

**Independent Non-Executive Director**

AGE **34** | GENDER **FEMALE**

**Puan Nadhirah binti Abdul Karim ("Puan Nadhirah")** was appointed to the Board as Independent Non-Executive Director of the Company on 1 February 2019. She is a Member of Audit Committee, Risk Management Committee and also Nomination and Remuneration Committee of the Company.

Puan Nadhirah graduated with an Honour Degree in Bachelor of Accountancy from Universiti Teknologi Mara and a Member of Malaysian Institute of Accountants (MIA). She started her career as an auditor upon her graduation. She has 12 years of experiences working in an audit firm where bringing with her a wealth of experience from auditing, financial reporting practices and processes, taxation matters and corporate advisory which involved in the field such as manufacturing, trading, retail and consulting services.

She does not hold any directorship in other public companies. She does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.


"Good leaders create a vision, articulate the vision, passionately own the vision, and relentlessly drive it to completion; while good management is the art of making problems so interesting and their solutions so constructive that everyone wants to get to work and deal with them."

# PROFILES OF KEY MANAGEMENT

## KEY MANAGEMENT

**Datuk Lim Lit Chek***
Executive Director &
Chief Executive Officer

**Mr Lim Kim Hoe**
Deputy Chief Executive Officer

**Mr Wong Tack Leong**
Deputy Chief Executive Officer

**Mr Chew Wee Seong**
Chief Operating Officer

**Mr Ong Lek Shoen**
Chief Operating Officer
Infrastructure

**Ms Tan Suan Suan**
Head of Department
Accounts & Finance

**Ms Yong Shew Mooi**
Head of Department
Treasury & Purchasing

**Ms Lee Kar Yen**
Head of Department
Contract

*For details of Datuk Lim Lit Chek's profile, please refer to page 11 of this Annual Report.*

## MR LIM KIM HOE

**DEPUTY CHIEF EXECUTIVE OFFICER**

AGE **37** | GENDER **MALE**

**Mr Lim Kim Hoe ("Mr Lim")** is currently the Deputy Chief Executive Officer of the Company. Prior to that, he served as the Executive Director of the Company from 1 August 2014 to 1 January 2022.

Subsequent to his resignation as the Executive Director of the Company, there were no changes to his directorships in the subsidiary companies.

Mr Lim graduated with an Honour Degree in Bachelor of Engineering (Civil) from the University of Melbourne, Australia. After graduation, he began his career with LBS Bina Group Berhad (**"LBGB"**) where he gained invaluable experience in property management, business development and construction activities. He left LBGB and joined VTI Vintage Berhad (now known as MGB Berhad) as Executive Director in 2014 where he has successfully uplifted the Company from being classified as PN17 company.

Currently through his role as Deputy Chief Executive Officer, Mr Lim plays a significant leadership role in overseeing the Group's business development, property management, design & build and value engineering. He steered and managed the pioneering team of the Industrialised Building Systems (IBS) precast which has completed approximately 4,000 units of properties for the first three years of the production.

Mr Lim is the son of Tan Sri Dato' Sri Lim Hock San, the Executive Vice Chairman of the Company.

He does not hold any directorship in other public companies. Save as disclosed herein, he does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## KEY MANAGEMENT

**Mr Kwok Kong Wei**
Chief Operating Officer
MGB Construction & Engineering Sdn. Bhd.

**Mr Toh Chiew Kian**
Head of Department
Human Resource, Operation & Admin

**Ms Khoo Wei Lee**
Head of Department
Secretarial, Corporate Affairs & Risk Management

**Mr Lau Chee Tat**
Chief Executive Officer
MGB Sany (M) IBS Sdn. Bhd.

**Ms Eng Geok Tin**
General Manager
MGB Sany (M) IBS Sdn. Bhd.

**Mr Chan Ah Soon**
Senior General Manager
MGB Geotech Sdn. Bhd.

## MR WONG TACK LEONG

**DEPUTY CHIEF EXECUTIVE OFFICER**

AGE **50** | GENDER **MALE**

**Mr Wong Tack Leong ("Mr Wong")** was appointed as Deputy Chief Executive Officer of the Company on 1 December 2016. He oversees the operational functions including Human Resource and Administration, Construction and Project Management, Contract and Procurement, Infrastructure Division, Treasury and overseeing the IBS Precast Concrete manufacturing.

He holds Bachelor of Building (Quantity Surveying) from University of South Australia. He is also a Member of Australia Institute of Quantity Surveyors, an Associate Member of the Malaysian Institute of Arbitrators and Institute of Value Management Malaysia.

He joined MITC Engineering Sdn. Bhd. (now known as MGB Construction & Engineering Sdn. Bhd.) (**"MGBCE"**) as a General Manager in 2007 and was later promoted as Executive Director of MGBCE.

Prior to joining the Company, he worked as an associate Quantity Surveyor Consultant in construction industry. He has over 26 years of experience in various aspects of construction sector particularly in relation to building and infrastructure projects as well as oil and gas related fields. He has wide range of knowledge and actively involved in pre and post building contract implementation, EPCC contract, costing and feasibility studies.

He is Deacon of Mega Subang Chinese Methodist Church as well as member of other charitable and non-profit-making organisations.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

# PROFILES OF KEY MANAGEMENT

## MR CHEW WEE SEONG

**CHIEF OPERATING OFFICER**

AGE **51** | GENDER **MALE**

**Mr Chew Wee Seong ("Mr Chew")** was re-designated as Chief Operating Officer (**"COO"**) of the Company on 1 December 2016. Currently, he is responsible for the Group's corporate functions including Accounts & Finance, Legal, Secretarial, Corporate Affairs & Risk Management as well as Credit Admin & Property Management Department.

He is a Bachelor of Finance graduate of St. Cloud State University in the United States. He is also a MBA (Merit) graduate from the prestigious Cardiff Metropolitan University in Cardiff, United Kingdom. In addition, he is a professional property manager registered and licensed by the Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVAEP) to carry out professional property management practice under the Valuers, Appraisers, Estate Agents and Property Managers Act 1981 (as amended) (Act 242).

Mr Chew served as Head of Credit Administration Department with a leading local bank. For more than five (5) years of working experience in the banking and finance industry, he gained extensive experience in areas such as credit processing, marketing, credit control and review, security and risk management and consumer banking operations. His previous experience also provided him with training in marketing, financial management and planning skills.

Mr Chew joined LBS Bina Group Berhad (**"LBGB"**) Group in August 2000. He gained a vast experience in property development. Over the years with LBGB Group, he has held several portfolios including customer service, maintenance, sales and marketing, credit administration and property management for projects of LBGB Group.

He was appointed as the Chief Executive Officer (**"CEO"**) of the Company from August 2014 to November 2016, before he was re-designated as COO of the Company. During his tenure as CEO of the Company, he oversaw the corporate function of the Group, as well as the day-to-day operation of both construction and manufacturing. He has successfully turned around the Company from a loss making to profitable entity and also successfully uplifted the Company from being classified as PN17.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## IR ONG LEK SHOEN

**CHIEF OPERATING OFFICER INFRASTRUCTURE**

AGE **49**

GENDER **MALE**

**Ir Ong Lek Shoen ("Ir Ong")** was appointed as Chief Operating Officer, Infrastructure, on 1 June 2021. He is responsible for the main infrastructure works and water treatment works of the Group.

He holds a Bachelor of Engineering (Hons) in Civil Engineering from University of Malaya and has obtained the Professional Engineer with Practising Certificate from Board of Engineers Malaysia (BEM). He is Member of APEC, INT. ENG & IEM.

Ir Ong has more than twenty-five (25) years of working experience in project management and property development industry. He has served at various property development companies including several public listed companies namely Glomac Berhad and Hua Yang Bhd. Prior to joining MGB Group, he was the Project Director of Petaling Tin Bhd, overseeing and leading a team in the development of projects in Selangor, Negeri Sembilan and Sabah.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## MS TAN SUAN SUAN

**HEAD OF DEPARTMENT ACCOUNTS & FINANCE**

AGE **39**

GENDER **FEMALE**

**Ms Tan Suan Suan ("Ms Tan")** was appointed as Head of Department of Accounts & Finance of the Company on 1 January 2018. Ms Tan is responsible to lead and oversee the entire accounting and finance functions of the Group, which include statutory reporting and banking and finance matters.

Ms Tan graduated with Bachelor of Commerce majoring in Account & Finance from University of Queensland, Australia. She is a member of Malaysian Institute of Accountants (MIA) and Certified Practicing Accountants (CPA), Australia.

Ms Tan began her career with Messrs. Ernst & Young (**"EY"**) in 2005. Throughout the years with EY, she has accumulated vast experience in audit and advisory services and audited listed entities from various sectors including property development, construction, manufacturing, concessionaire and food and beverages.

Prior to joining the Company, she was the Senior Manager of Account & Finance Department of Kerjaya Prospek Group Berhad (**"KPGB"**) reporting to Managing Director. Apart from overseeing accounting and finance functions, she was the key representative for any corporate exercises. During her tenure with KPGB, she has involved in a corporate restructuring exercise and successfully completed a major merger and acquisition and private placement of shares. Besides, she was also responsible for investors relation and analyst briefing matters.

She does not hold any directorship in other public companies. She does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

# PROFILES OF KEY MANAGEMENT

## MS YONG SHEW MOOI

**HEAD OF DEPARTMENT**
**TREASURY & PURCHASING**

AGE **51**

GENDER **FEMALE**

**Ms Yong Shew Mooi ("Ms Yong")** was appointed as Head of Department Treasury & Purchasing on 1 January 2019. She is responsible for the Group's cashflow and working capital management. She is also responsible for ongoing management of purchasing strategy and activity, ensuring optimal supplier performance and price, maintaining strategic supplier relationships as well as monitoring the logistics of the materials purchased.

Ms Yong graduated with a Master of Business Administration from University of Sunshine Coast and is a Holder of Association of Chartered Certified Accountants (UK). She is a Fellow of the Association of Chartered Certified Accountants (UK) and also a Member of the Malaysian Institute of Accountants (MIA).

Ms Yong started her career by joining a local plastic packaging manufacturing company in 1997 and was in the position as Financial Controller when she left the company in 2011. Subsequently, she joined a software company and held the position of Finance Manager cum Director until March 2013. She joined VTI Vintage Berhad (now known as MGB Berhad) in April 2013 and responsible for the Group's accounting & reporting, finance and administration.

She does not hold any directorship in other public companies. She does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## MS LEE KAR YEN

**HEAD OF DEPARTMENT**
**CONTRACT**

AGE **44**

GENDER **FEMALE**

**Ms Lee Kar Yen ("Ms Lee")** was appointed as Head of Department of Contract on 1 January 2018. She is involved in all pre and post contracts of projects and oversees the administration of Contract Department of the Company.

Ms Lee graduated with Bachelor of Science majoring in Construction Management from University Science Malaysia. She started her career in year 2000 and has more than 22 years of experience in the field of building contract administration and quantity surveying.

Prior to her current position, she joined MITC Engineering Sdn. Bhd. (now known as MGB Construction & Engineering Sdn. Bhd.) as the Contract Manager where she led the department in managing and supervising full range of pre and post contract activities, including tenders, budgets, estimations, claims and payment certification.

She does not hold any directorship in other public companies. She does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## MR KWOK KONG WEI

**CHIEF OPERATING OFFICER**
**MGB CONSTRUCTION & ENGINEERING SDN. BHD.**

AGE **49** | GENDER **MALE**

**Mr Kwok Kong Wei ("Mr Kwok")** was appointed as the General Manager, Project Department on 1 January 2019 and he was re-designated to Chief Operating Officer of MGB Construction & Engineering Sdn. Bhd. on 1 January 2021. He is responsible for overall planning, implementation and construction of the Group's projects particularly in Klang Valley and Pahang. He is also key liaison personnel between the Company and various authorities for construction related approval. Additionally, he monitors the Work Done progress of construction, Stage Completion Claim, Plant & Machinery, Maintenance and construction technical related matters for all the Group's projects.

He started his career in construction industry in 1997 and since then, he has accumulated 25 years of experience. Over the years, he had been involved extensively in the development and construction of various projects such as bridges construction, pilling and foundation works, highland resort, high-rise and landed residential projects.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## MR TOH CHIEW KIAN

**HEAD OF DEPARTMENT**
**HUMAN RESOURCE, OPERATION & ADMIN**

AGE **48** | GENDER **MALE**

**Mr Toh Chiew Kian ("Mr Toh")** was appointed as Head of Department, HR, Operation & Admin on 1 April 2015. He is responsible to lead HR, Operation & Admin department in organisational development, recruitment, employee engagement, performance & rewards management, admin and IT related operation.

Mr Toh holds a Master of Science in Engineering Business Management from University of Warwick and Diploma in Technology (Mechanical and Manufacturing Engineering) from Tunku Abdul Rahman College. He obtained the SHO Certificate and Leadership Certificate from the Federation of Malaysian Manufacturer (FMM) and Faith International University (Tacoma, USA).

Mr Toh held various position in the subsidiaries companies within the OYL Berhad Group from 1996 to 2012. He started his career as Project, Sales and Service Engineer with York Malaysia Sales & Services Sdn. Bhd. in 1996. He was being transferred to the manufacturing plant OYL Condair Industries Sdn. Bhd. as Industrial Engineering Engineer in charge of the factory productivity, machinery & quality improvement programmes. He was promoted to head Environmental, Safety and Health (ESH) taking charge of the five (5) factories within the OYL Group of companies in Selangor. Being the ESH Manager, he has successfully implemented various Safety, Health & Environment Management Programmes including certification of the ISO 14001 and OHSAS 18001 Management system. In his last position as Training and Development Manager in OYL Group, he was responsible for the development of the talent management such as being in charge with the Young Engineer and Manager Program, which includes but not limited to the implementation of technical and soft skills training for the employees.

Prior to joining the Company, he was the General Manager of Charis Green Pasture Sdn. Bhd., responsible for setting up the outlets of a well-known dessert chain in Klang Valley. His task inclusive of design, built, commission and operation of all the F&B outlets.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

# PROFILES OF KEY MANAGEMENT

## MS KHOO WEI LEE

**HEAD OF DEPARTMENT**
**SECRETARIAL, CORPORATE AFFAIRS & RISK MANAGEMENT**

AGE **41** | GENDER **FEMALE**

**Ms Khoo Wei Lee ("Ms Khoo")** was appointed as the Head of Department of Secretarial, Corporate Affairs & Risk Management on 1 November 2021. Subsequently, she was appointed as the Joint Company Secretary of Group on 21 February 2022.

She graduated with an Advance Diploma in Commerce (Business Management) from Tunku Abdul Rahman College. She is also an Associate Member of Malaysian Institute of Chartered Secretaries and Administrators (MAICSA).

Ms Khoo has more than 15 years' experience in corporate secretarial practice. She started her career with an established secretarial firm from 2004 to 2007 providing a wide array of corporate secretarial services to private companies and public listed groups. Subsequently, she joined commercial industries and was attached to the corporate secretarial department of several listed companies in Malaysia. Prior joining the Group in November 2021, she was the Group Company Secretary of Menang Corporation (M) Berhad.

She does not hold any directorship in other public companies. She does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## MR LAU CHEE TAT

**CHIEF EXECUTIVE OFFICER**
**MGB SANY (M) IBS SDN. BHD.**

AGE **49** | GENDER **MALE**

**Mr Lau Chee Tat ("Mr Lau")** was appointed as the Chief Executive Officer of MGB SANY (M) IBS Sdn. Bhd. on 1 July 2020. He is responsible for overseeing the Industrialised Building System (IBS) precast products manufacturing operations.

He graduated with Bachelors of Computer Science (Hons) from the University Science of Malaysia in 1997. He has over 20 years of experience in business development and held senior management positions and most notably in the tele-communication and IT industry where he accumulated a wealth experience in both local and international in the aspect of business development.

Prior to his current position, Mr Lau joined MITC Engineering Sdn. Bhd. (now known as MGB Construction & Engineering Sdn. Bhd.), a subsidiary of the Company in 2017 as the General Manager of Business Development. He was then promoted to the position of General Manager of MGB SANY (M) IBS Sdn. Bhd. where he successfully set up two (2) manufacturing plants with total annual production capacity of approximately 6,000 units of properties.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## MS ENG GEOK TIN

**GENERAL MANAGER**
**MGB SANY (M) IBS SDN. BHD.**

AGE **54** | GENDER **FEMALE**

**Ms Eng Geok Tin ("Ms Eng")** was appointed as General Manager of MGB SANY (M) IBS Sdn. Bhd. on 15 July 2019. Currently, she is responsible for leading the Company's Industrialised Building System (IBS) precast concrete manufacturing plant in Alam Perdana, Selangor and Nilai, Negeri Sembilan.

She graduated with a Diploma in Cost Accounting from Systematic College in year 1988. She started her career in year 1988 in metal stamping manufacturing under electric and electronic industry for 15 years and held various senior management positions such as Senior Customer Service and Purchasing Manager. She then continued her career path under automotive industry and served as a Senior Purchasing and Operation Manager for 12 years.

Prior to joining the Company, she was attached to Tan Chong International Singapore Group as Deputy General Manager and based in Nanjing, People's Republic of China for three (3) years. She was the key person responsible for the overall operations such as planning, monitoring and managing the production, product quality and customer service. She was also responsible to ensure the manufacturing process and procedures uphold with ISO standard by maintaining sound and effective Quality Management System (QMS) as well as a Quality Management Representative (QMR).

She does not hold any directorship in other public companies. She does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. She has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

## MR CHAN AH SOON

**SENIOR GENERAL MANAGER**
**MGB GEOTECH SDN. BHD.**

AGE **61** | GENDER **MALE**

**Mr Chan Ah Soon ("Mr Chan")** was appointed as the General Manager, Project Department on 1 January 2019 and concurrently holds the position of Senior General Manager of MGB Geotech Sdn. Bhd., a subsidiary of the Company.

Currently, he is responsible for overall planning, implementation and construction of the Group's projects particularly projects in Klang Valley as well as overseeing the piling construction and foundation works.

He graduated with BTEC Higher National Diploma in Civil Engineering Studies from the University of South Bank, London. He started his career in 1987 and has 35 years of experience in the field of construction.

Prior to joining the Company, he held senior management positions in local construction-based companies and had been involved extensively in the development and construction of various projects. He has spearheaded a myriad of projects, *inter alia*, clinker plant, polymer latex plant, sun power plant, water treatment plant, bridges construction, piling and foundation works as well as highland resort and specialises in high-rise residential projects.

He does not hold any directorship in other public companies. He does not have any family relationship with any Director and/or Major shareholder, nor any conflict of interest with the Company. He has no convictions for any offences within the past five (5) years nor any public sanction or penalty imposed by regulatory bodies during the financial year.

# GROUP'S **FINANCIAL HIGHLIGHTS**

| Year Ended 31 December | 2017 RM'000 | 2018 RM'000 | 2019* RM'000 | Restated 2020 RM'000 | **2021 RM'000** |
|---|---|---|---|---|---|
| **Financial Performance** | | | | | |
| Revenue | 692,644 | 751,271 | 756,146 | 563,274 | **593,759** |
| Profit Before Tax | 50,119 | 45,849 | 20,905 | 23,373 | **39,977** |
| Profit After Tax and Non-controlling Interests | 34,491 | 30,409 | 12,481 | 14,003 | **26,578** |
| **Financial Position** | | | | | |
| Share Capital | 383,282 | 385,803 | 388,186 | 388,186 | **388,186** |
| Equity Attributable to Owners of The Parent | 407,824 | 442,532 | 456,713 | 470,618 | **497,702** |
| Net Tangible Assets | 149,802 | 183,850 | 200,190 | 215,576 | **243,007** |
| Total Assets | 816,632 | 1,042,189 | 968,580 | 963,482 | **937,398** |
| Total Borrowings | 106,416 | 231,639 | 159,375 | 175,485 | **86,583** |
| **Other Financial Information** | | | | | |
| Net Gearing Ratio | 0.20 | 0.48 | 0.28 | 0.22 | **0.09** |
| Market Capitalisation | 870,567 | 347,821 | 326,074 | 300,992 | **428,948** |
| Basic Earnings per share (sen) | 9.01 | 6.49 | 2.71 | 2.86 | **5.18** |
| Gross Dividend per share (sen) | – | – | – | – | **–** |
| Net Assets per share (sen) | 82.92 | 89.06 | 91.04 | 93.81 | **84.12** |
| Net Tangible Assets per share (sen) | 30.46 | 37.00 | 39.91 | 42.97 | **41.07** |

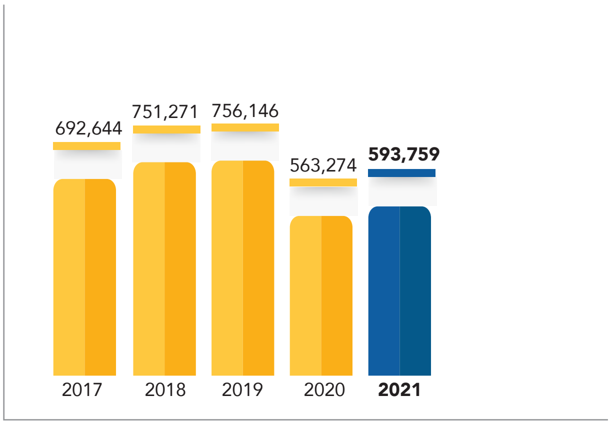
* The comparative figures have not been restated following the adoption of IFRIC Agenda Decision.

# FINANCIAL **CALENDAR**

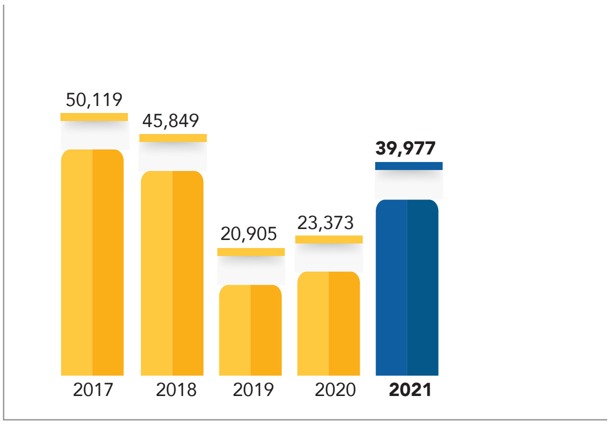
Financial Year Ended 31 December 2021

| Date | Event |
|---|---|
| **18 May 2021** | First Quarter ended 31 March 2021 |
| **27 August 2021** | Second Quarter ended 30 June 2021 |
| **18 November 2021** | Third Quarter ended 30 September 2021 |
| **22 February 2022** | Fourth Quarter ended 31 December 2021 |
| **29 April 2022** | **Publishing of Annual Report** |
| **15 June 2022** | **20th Annual General Meeting** |

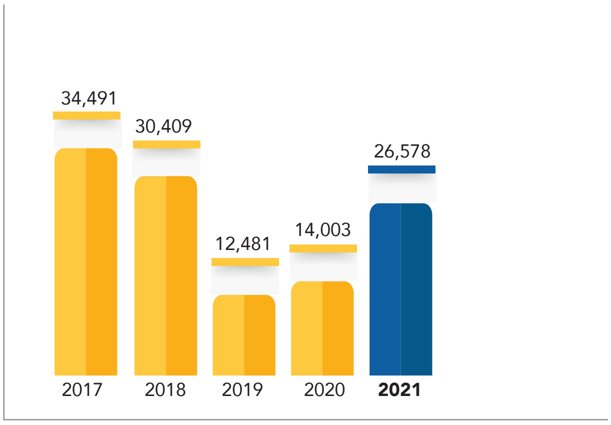
## REVENUE
(RM'000)



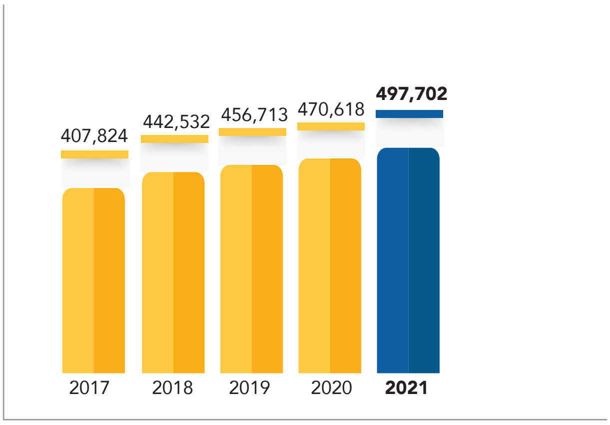

## PROFIT BEFORE TAX
(RM'000)



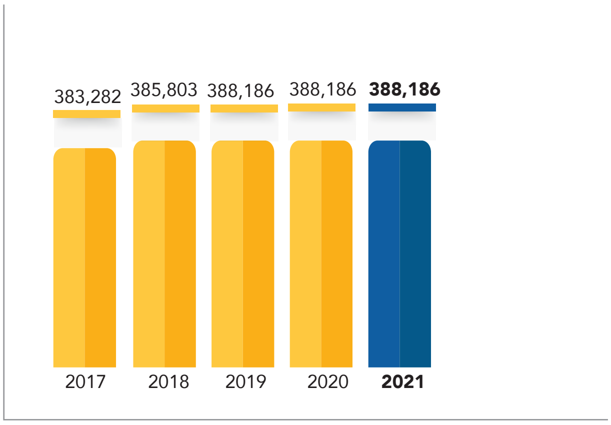

## PROFIT AFTER TAX AND NON-CONTROLLING INTERESTS
(RM'000)



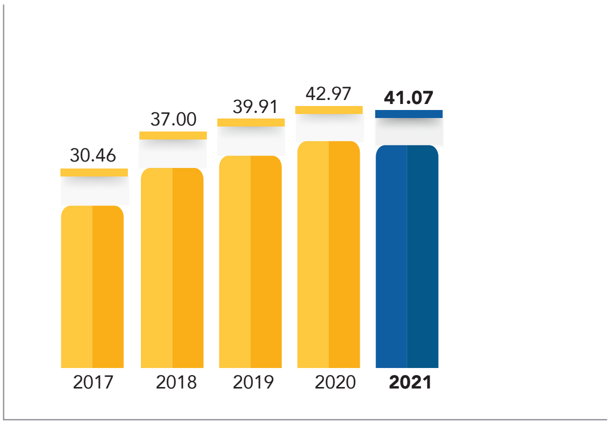

## EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT
(RM'000)




## SHARE CAPITAL
(RM'000)




## NET TANGIBLE ASSETS PER SHARE
(SEN)



# CHAIRMAN'S **STATEMENT**

Dear Shareholders,
On behalf of the Board of Directors of MGB Berhad (**"the Company"**) and all its subsidiaries (collectively known as **"the Group"**), it is my pleasure to present to you our Annual Report for the financial year ended 31 December 2021 (**"FY2021"**).

**DATO' ABDUL MAJIT BIN AHMAD KHAN**
*Independent Non-Executive Chairman*

More Than

**22 ongoing contracts**

## DRIVING THE BUSINESS AMIDST THE PANDEMIC

The resurgence of COVID-19 infections in the country in mid-2021 and subsequent reimposition of stringent Full Movement Control Order (**"FMCO"**) and Enhanced Movement Control Orders (**"EMCO"**) measures impacted the country's economic recovery and further dampened consumer confidence.

During this period, all construction activities in affected areas were halted, particularly in Selangor, where most of the Group's construction sites are located. This resulted in the suspension of work for approximately two months until the country moved to the National Recovery Plan (**"NRP"**), allowing various business sectors to gradually re-open. This staged progression was also supported by the COVID-19 National Immunisation Programme (**"NIP"**) having gained momentum, achieving a commendable level of 97.6% vaccination of the adult population as at 31 December 2021.

With such promising results, the Group is hopeful that the country can progress over to the endemic phase in due course. Such an outcome will augur well for the Group going forward as the economic recovery will be more sustainable, further supported by the recovering global economy and accelerated fiscal stimulus spending by the Government.

Meanwhile, the Group continues to focus on its core objective in construction and property development of affordable housing. Adhering to the new SOPs, the construction segment will strive for high operational uptime and adopt cost efficient measures to improve operational margins. Joint ventures that the Group entered in 2019 and 2020 pertaining to Rumah Selangorku Idaman have also marked notable progression in securing relevant approvals.

## GROUP PERFORMANCE HIGHLIGHTS

Despite the interruption to business operations brought on by the Movement Control Orders (**"MCOs"**), the Group managed to refocus its efforts, leading into an accelerated take-off in the recovery phase. This is seen in the increase in total revenue of the Group for FY2021, compared to the preceding financial year. The Group recorded revenue of RM593.76 million in FY2021 representing an increase of 5.41%, compared to RM563.27 million in financial year ended 31 December 2020 (**"FY2020"**) .

In the same vein, Profit After Tax (**"PAT"**) also recorded a significant increase, with RM26.58 million in FY2021 compared to RM14.00 million in FY2020. The Group did well to capitalise on the financial support packages and other incentives offered by the Government, translating this into cost savings and improved profits.

In tandem, the Group adopted prudent cash flow management to ensure there were no defaults in statutory and financing commitments, whilst at the same time maintaining responsible and timely payments to our subcontractors and suppliers to ensure smooth work flow and supplies.

The transition in introducing and implementing the Group's digital platform has been reassuringly smooth, managed in a timely and structured manner and has showcased itself with increased operational efficiencies. Innovative initiatives such as the utilisation of online banking platforms for bulk transactions brought savings in bank charges, reduced carbon footprint and shorter processing time as opposed to the conventional cheque processing system. Another initiative saw the implementation of a project management software, which allows more efficient planning and monitoring, and also minimises wastage. Towards this end, MGB had complied with the requirement of ISO 14001:2015 Environmental Management System.

# CHAIRMAN'S STATEMENT

Additionally, systems and processes at MGB were also reviewed, leading to product improvements for Industrialised Building System (**"IBS"**) production, achieving certification of ISO 9001:2015 Quality Management System.

In the financial year under review, the Group's construction entity successfully completed and handed over five projects namely Centrum – Cameron Highland, Rentak Perdana – AP Phase 3, Melodi Perdana – Substructure, Laman Bayu – Batu Pahat (Phase 1 & Phase 2) and Kita Bayu – Cybersouth.

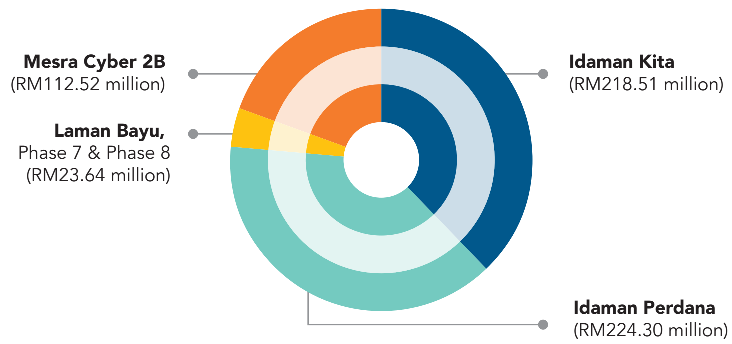
As at 31 December 2021, the Group was awarded construction contracts amounting to RM578.97 million, which contributed to an outstanding order book of RM1.90 billion.

For Rumah Selangorku Idaman projects, the Group has since been awarded two construction contracts worth RM442.81 million located at Mukim Dengkil, Daerah Sepang and Mukim Ijok, Kuala Selangor, to build a total of 2,080 affordable units.

The property development segment has delivered vacant possession of Zenopy Residences in December 2020, Laman Bayu Phase 1 in March 2021 and Laman Bayu Phase 2 in November 2021.

The Group's IBS manufacturing plant successfully delivered a total of 1,713 units of properties for our Alam Perdana and Cybersouth projects during the year under review. These comprised 901 units of Ritma Perdana @ LBS Alam Perdana and 812 units of Kita Ria, Kita@Cybersouth. The manufacturing plant is capable of producing a range of pre-cast concrete products, including walls, staircases, hollow core and full slabs, columns and beams.

**CONTRACTS AWARDED IN FY2021**




## INDUSTRY ACCOLADES

We are proud to highlight that our wholly owned subsidiary, MGB Construction & Engineering Sdn. Bhd. (**"MGBCE"**) secured yet another award, the 17th MOSPHA OSH Excellence Award 2021 Diamond for OSH Management on Construction of High Rise award in FY2021. This is a testimony of the Group's capability, having won this award for six consecutive years. Additionally, MGBCE is awarded with 5 stars CIDB Score for exemplary leadership, established brand presence, excellent management and technical capabilities, compliance to best practices, excellent integrated system and project management by *Lembaga Pembangunan Industri Pembinaaan Malaysia* on 23 February 2022.


## COMMITMENT TO OUR STAKEHOLDERS

MGB's value proposition is our competitive strength in technological capability, diverse industry expertise and experience, and the ability to successfully undertake all aspects of the value chain. This value proposition is geared to ensure the Group stays on track towards the realisation of its mission to build mass market and affordable living spaces for generational living in Malaysia.

MGB Group stands tall on a proven record of successfully completed projects which include property development, infrastructure and civil engineering projects that have contributed to the vibrant landscape of Malaysia. The Group is primed and ready to embrace new possibilities to create value through value driven technology, delivered with integrity, efficiency and accountability to unlock sustainable progress for all stakeholders.

On this note, the Group is pursuing innovative technological solutions to set new standards in enriching lives through the delivery of our distinctive and proven capabilities. We are driven to provide high-quality and cost competitive end-to-end solutions for the building sector.

MGB is mindful of a critical element in our assurance of comprehensive support and business continuity, which is engagement with key stakeholders. Effective negotiations with suppliers on pricing without compromising on quality, liaising with vendors to ensure uninterrupted supply chain, and offering homeowners an avenue to communicate housing defects via a software application, are just part and parcel of our scope to ensure customer satisfaction and further strengthen our corporate reputation.

Completed over
**18,000 units**
of properties with estimated Total Work Value of
**RM6 billion**

**REVENUE**
Increased to
**RM593.76 million** (FY2021)
from RM563.27 million (FY2020)

**EPS**
Increased to
**5.18 sen** (FY2021)
from 2.86 sen (FY2020)

**AFFORDABLE HOMES SPECIALIST**
**7,210 units**
of Rumah Idaman

**IBS**
Leading solutions provider for
**PROPERTY DEVELOPMENT AND INFRASTRUCTURE CONSTRUCTION**

# CHAIRMAN'S STATEMENT

## Commitment to Shareholders

Established Dividend Policy
**20% of PAT**
on ordinary operations profit
**on 23 February 2021**

Announcement payment of
Interim Dividend of
**RM0.00422 per share**
**on 22 February 2022**

Recommend payment of
Final Dividend of
**RM0.00493 per share**
**on 29 April 2022**

Engagement with our employees is another key priority, particularly during the heights of the pandemic, when remote working was implemented and communication moved to digital platforms for continuity. Electronic toolkits were adopted and training sessions were conducted online for the health and wellbeing of employees.

Our Investor Relations team was particularly active throughout this challenging period, engaging with fund managers and analysts to ensure full and transparent disclosure on the Company's operations and financial information. A total of 22 meetings were held during FY2021 to this purpose.

In appreciation of our shareholder's strong support and confidence, I am pleased to announce that on 23 February 2021, the Board has approved the Company's Dividend Policy to declare and pay a minimum dividend of 20% of the Company's PAT based on ordinary operations profits for FY2021.

On 22 February 2022, the Board has approved to make an Interim Single Tier Dividend of RM0.00422 per share in respect of the financial year ended 31 December 2021 that has been paid on 30 March 2022. In addition, the Board also decided to declare a final single tier dividend of RM0.00493 per share in respect of the financial year ended 31 December 2021 to be paid on 20 July 2022, subject to shareholders' approval in the forthcoming 20th Annual General Meeting.

## STRENGTHENING GOVERNANCE & SUSTAINABILITY

MGB is committed to sustainable operations as well as to improve environmental performance. We are determined to integrate strong Environmental, Social and Governance (**"ESG"**) focus, and excellence in health and safety track records. To this effect, MGB has place strong emphasis on transparency, accountability, good risk management, fair employment, labour rights and strong Board and Senior Management leadership. Furthering our commitment, the Board has established the Company's Remuneration Policy and Succession Planning Policy on 30 June 2021 and Sustainability Policy on 22 February 2022.

With focus on renewable energy for environmental sustainability, MGB had since installed solar panels at our workers' quarters in Alam Perdana, Selangor as a means to reduce dependence on the national electricity grid and for cost containment. This is in addition to the move to adopt a paperless work environment.

The pandemic necessitated the adoption of innovation and technology into the Group's way of life. Digitalisation has since taken centerstage and has proven to be an effective and efficient platform for business operations. Having an agile and tech-savvy workforce ensured this transition was both swift and smooth. This was critical to business sustainability, given the mandatory MCOs imposed.

Looking in on the social aspect, the Group is ever conscious of the health and safety of our employees. Adopting the mandatory requirements as well as additional precautionary measures to guard against the pandemic was a pre-requisite at our work sites. This is in addition to the earlier upgrade to ISO 45001:2018 (Occupational Health and Safety Management System).

The Group has long since embraced governance into its business operations, charting milestone markers along the way. Working to further strengthen governance, the Group has maintained ongoing revisions to its Whistleblowing Policy, periodic reminders of Anti-Bribery and Corruption Policy as well as its Gift, Entertainment and Hospitality Policy, Donations and Sponsorships Policy and External Auditors Policy, all of which are easily accessible at our corporate website.

## OUTLOOK AND PROSPECTS

Malaysia's construction industry recorded real growth of 9.2% in 2021, following a contraction of 19.4% in 2020. This was lower than previous forecasts of 11.2% growth. The downward revision is primarily due to the implementation of a nationwide lockdown in June 2021, which affected construction activity heavily.

Moving forward, the construction industry's output is expected to be supported by the gradual economic recovery, a focus on completing large infrastructure projects and an increase of investment in industrial and energy projects, as announced by the government. In June 2021, the government unveiled its energy transition plans until 2040, aiming to increase the proportion of renewable energy in the total energy mix from 2% in 2019 to 40% by 2035. In September 2021, the government announced the establishment of the Public Private Partnership (PPP) 3.0 model, as a specialised mechanism to fund infrastructure projects to stimulate economic growth in the 12th Malaysia Plan (2021-2025).

As part of the 12th Malaysia Plan, the government announced its goal of developing 120 cities towards achieving sustainable city status by 2025, by providing additional support to private sector projects implementing strategic development programmes. It also intends to construct 500,000 affordable houses by 2025.

Over the forecast period, the industry's growth will also be supported by a recovery in economic conditions, coupled with investments in residential, industrial and water infrastructure projects.

## MOVING FORWARD

On this note, I am indeed proud of the Group's experienced management team, proven IBS manufacturing plants, digital capabilities, capable and committed workforce, and a strong track record of completing over 16,000 units of properties since the Company's establishment in 2007. Even amidst the unprecedented challenges brought on by the pandemic, the Group is well equipped with the necessary attributes to forge onwards to greater heights.

Coupled with strong stakeholder engagement, we are confident of the economic recovery of the construction sector and the Group's strategic positioning to take full advantage of this upturn.

## APPRECIATION

Given the changing business landscape and expectations, I wish to announce that Tan Sri Dato' Sri Lim Hock San and Datuk Wira Lim Hock Guan have been re-designated as Executive Vice Chairman and Group Managing Director respectively on 1 August 2021. Their new roles will support the Group strategically moving forward. On the other hand, Mr Chin Sui Yin and Mr Lim Kim Hoe had resigned from the Board on 31 December 2021 and 1 January 2022 respectively. We thanked them for their worthy contributions to the Group and wish them well in their endeavours.

The pandemic has had a significantly adverse social and economic impact on the economy and population but it has also allowed some positive attributes to shine through. People rose to face the challenges head on, adapting themselves and formulating new ways of working for better outcomes. The selflessness and dedication displayed by the authorities and frontline healthcare workers cannot be emphasised enough.

My appreciation goes out to our business partners, bankers, fund managers and loyal customers for their continued support and unwavering confidence. I have seen the formidable resilience in our Management team and our committed employees, and wish to commend them for their exemplary team spirit.

I take this opportunity to also thank the members of the Board for their dedicated leadership and astute business acumen in guiding the Company progressively forward through this very challenging period.

Looking at the team we have, their vast experience and credible expertise, I have every confidence that the Group will continue to navigate carefully through the economic and healthcare uncertainties, to continue to achieve strong performance and success in the financial year ahead.

**DATO' ABDUL MAJIT BIN AHMAD KHAN**
*Independent Non-Executive Chairman*

# AWARDS & RECOGNITION

**13th MOSHPA OSH Excellence Award 2017**
– Gold Platinum Award

**14th MOSHPA OSH Excellence Award 2018**
– Platinum Award

**15th MOSHPA OSH Excellence Award 2019**
– Platinum Premier Award

**Quality Management System ISO 9001:2015**
(MGB Construction & Engineering Sdn. Bhd.)

**Quality Management System ISO 9001:2015**
(MGB Sany (M) IBS Sdn. Bhd.)

**Environmental Management System ISO 14001:2015**
(MGB Construction & Engineering Sdn. Bhd.)

**16th MOSHPA OSH Excellence Award 2020**
– Platinum Diamond Award

**2021 MOSHPA OSH**
– Diamond Award

Construction Industry Development Board (CIDB) Malaysia
**– Certificate of Achievement**
**– 5 Star SCORE rating**


**Occupational Health and Safety Management System ISO 45001:2018**
(MGB Construction & Engineering Sdn. Bhd.)

Construction Industry Development Board (CIDB) Malaysia
**– Certificate of Registration**
**– Grade 7**
(MGB Construction & Engineering Sdn. Bhd.)

Construction Industry Development Board (CIDB) Malaysia
**– Certificate of Registration**
**– Grade 7**
(MGB Sany (M) IBS Sdn. Bhd.)

IBS PRODUCTION
CAPABILITY PER YEAR

**6,000**
units of properties

**5 STARS CIDB SCORE**
BY LEMBAGA PEMBANGUNAN
INDUSTRI PEMBINAAAN MALAYSIA

REGISTERED CONTRACTOR WITH
**PUSAT KHIDMAT KONTRAKTOR ("PKK") AND THE CONSTRUCTION INDUSTRY DEVELOPMENT BOARD ("CIDB") WITH A G7 CLASSIFICATION**

# WE ARE STEADFASTLY DELIVERING OUR GOALS

# MANAGEMENT DISCUSSION AND ANALYSIS

**The information in this Management Discussion and Analysis should be read in conjunction with the Company's consolidated financial statements and the notes related thereto. The discussion of results, causes and trends should not be construed to imply any conclusions that such results, causes or trends will necessarily continue in the future.**

"MGB Group has over 14 years of extensive experience in constructing design and build projects to general construction for residential, commercial and industrial buildings, as well as infrastructure works.

Not one to rest on our laurels, the Group endeavours to pursue innovative technological solutions to develop cost-effective, faster to market, and high-quality engineering and building solutions for clients.

We aim to offer a full suite of innovative solutions, serving as a strategic partner from start to end.

**DATUK WIRA LIM HOCK GUAN,** ***JP***
*Group Managing Director*

## OVERVIEW OF GROUP'S BUSINESS AND OPERATIONS

MGB Group has entrenched itself firmly within the construction industry in constructing design and build projects to general construction for residential, commercial and industrial buildings as well as infrastructure works. In its 14-year track record, MGB has successfully completed well over 18,000 units of properties, particularly in the affordable homes segment.

The Company's wholly owned subsidiary, MGB Construction & Engineering Sdn. Bhd. (**"MGBCE"**) continues to reinforce its expertise across a complete range of services, from the initial planning and design stage to the final stages of operations and management.

Not content to rest on its laurels, the Group expanded its expertise to include foundation and geotechnical engineering services as well as manufacturing of precast concrete products. This promotes time and cost efficiency for clients, with structured workflow processes and good quality control from beginning to end.

In the year under review, business operations of our construction sites and Industrialised Building System (**"IBS"**) manufacturing plants were again disrupted due to the imposition of the government's Full Movement Control Order (**"FMCO"**) and Enhanced Movement Control Order (**"EMCO"**) to curb the high cases of COVID-19 due to new variant.

Notwithstanding the unprecedented challenges, the Group managed to achieve RM593.76 million in overall revenue for the financial year ended 31 December 2021 (**"FY2021"**), representing an 5.41% increase over the RM563.27 million recorded in the financial year ended 31 December 2020 (**"FY2020"**).

This strong performance can be attributed to the reduced disruption of business operations in FY2021 compared to that experienced over FY2020. This is a reflection of the commendable COVID-19 vaccination efforts by the government and the population's general compliance of safety measures, resulting in lower degree of severity over time.

A key point augmenting this is the Group's readiness to resume business operations once government controls were gradually eased. Systems, equipment, people and processes were diligently monitored, awaiting to capitalise immediately upon the lifting of movement controls on the business sector. The Group also cautiously monitored and controlled cost to achieve optimum production and progress. Thereby enabling rapid construction progress and higher recognition of profit.

The revenue and PBT of the Group have improved by RM30.49 million and RM16.60 million respectively, comparing the current financial year against the preceding financial year. The Construction segment was the key contributor to the overall improvement of revenue and PBT.

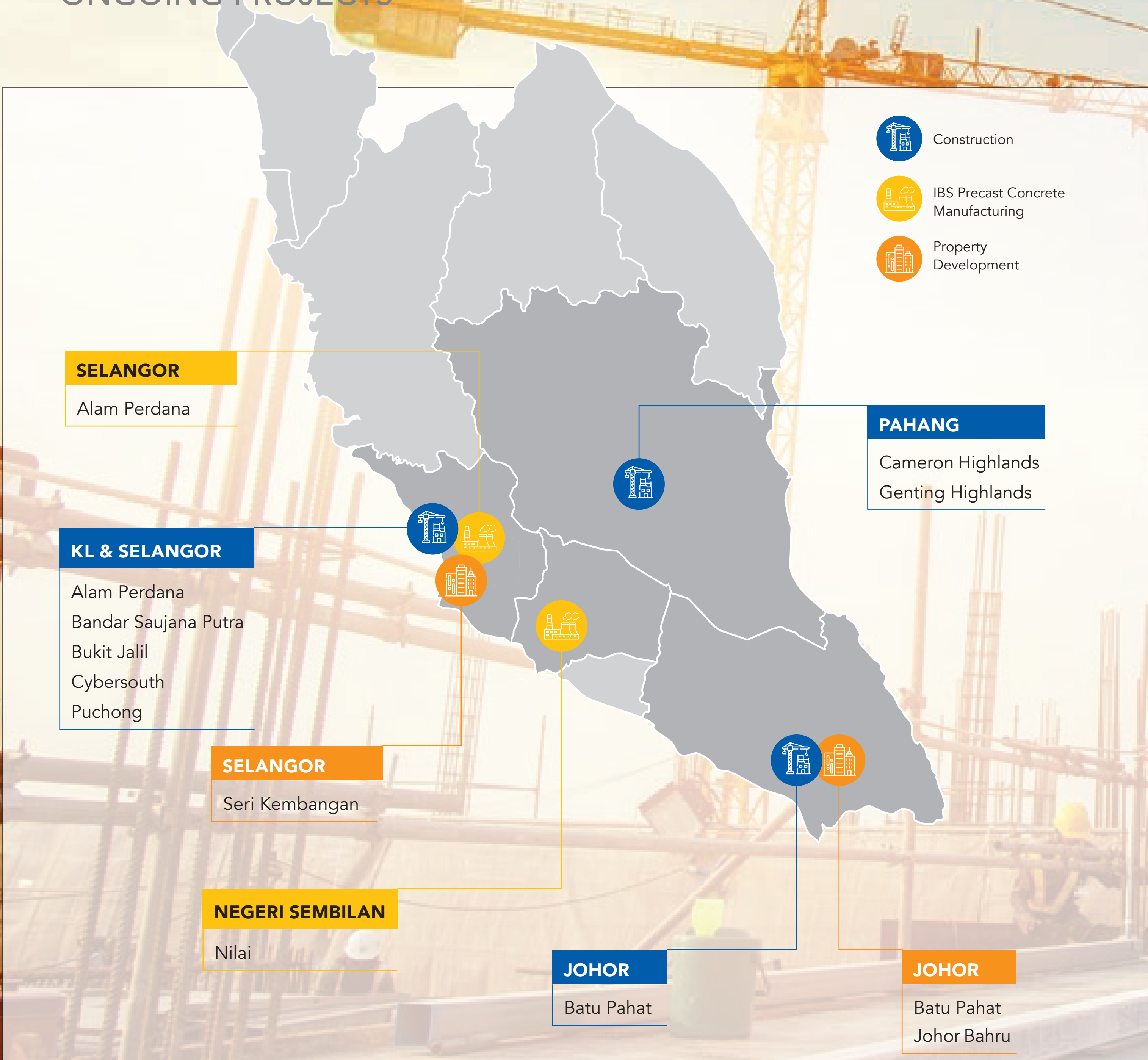
# MANAGEMENT DISCUSSION AND ANALYSIS

The Group's Construction and Trading business unit contributed 97.17% of the overall revenue, followed by its Property Development business unit with 2.83%.

With the increase in overall revenue, the Group's Profit After Tax (**"PAT"**) almost doubled (89.86%), from RM14.00 million in FY2020 to RM26.58 million in FY2021.

The revenue was mainly contributed by projects such as Residensi Bintang and PPAM in Bukit Jalil, Melodi Perdana and Ritma Perdana in Alam Perdana, Kita Harmoni and Kita Impian in Cybersouth and Skylake in Puchong.

## ONGOING PROJECTS



# AT A **GLANCE**
AS AT 31 DECEMBER 2021

**KEY BUSINESS ACTIVITY: CONSTRUCTION**

**MARKET CAPITALISATION**
**RM428.95 million**

**PROFIT BEFORE TAX**
**RM39.98 million**

**OUTSTANDING ORDER BOOK**
**RM1.90 billion**

**PROFIT AFTER TAX**
**RM26.58 million**

**VALUE OF CONTRACTS SECURED**
**RM578.97 million**

**TOTAL NUMBER OF EMPLOYEES**
**281**

**REVENUE**
**RM593.76 million**

# MANAGEMENT DISCUSSION AND ANALYSIS


| Total Revenue by Division | FY2021 (RM million) | FY2020 (RM million) |
|---|---|---|
| Construction & Trading | 576.95 | 479.13 |
| Property Development | 16.81 | 83.65 |
| Others | - | 0.49 |
| **Total** | **593.76** | **563.27** |

| Total Profit/(Loss) before Taxation by Division | FY2021 (RM million) | FY2020 (RM million) |
|---|---|---|
| Construction & Trading | 36.81 | 10.27 |
| Property Development | 5.20 | 15.31 |
| Others | (2.03) | (2.20) |
| **Total** | **39.98** | **23.28** |

At MGB, we are constantly examining opportunities to strengthen our financial resources, particularly now, given the economic downturn brought on by the pandemic. Such actions include conducting cost rationalisation efforts as well as exploring and adopting best practices for energy saving and environmental conservation throughout our operations.

Sound cash management policy and a pro-active approach to negotiate with financial institutions on existing banking facilities in order to achieve the best funding mix, has led to the decrease in finance cost. The Group reviews its borrowing portfolio closely to secure the most cost-efficient funding rate.

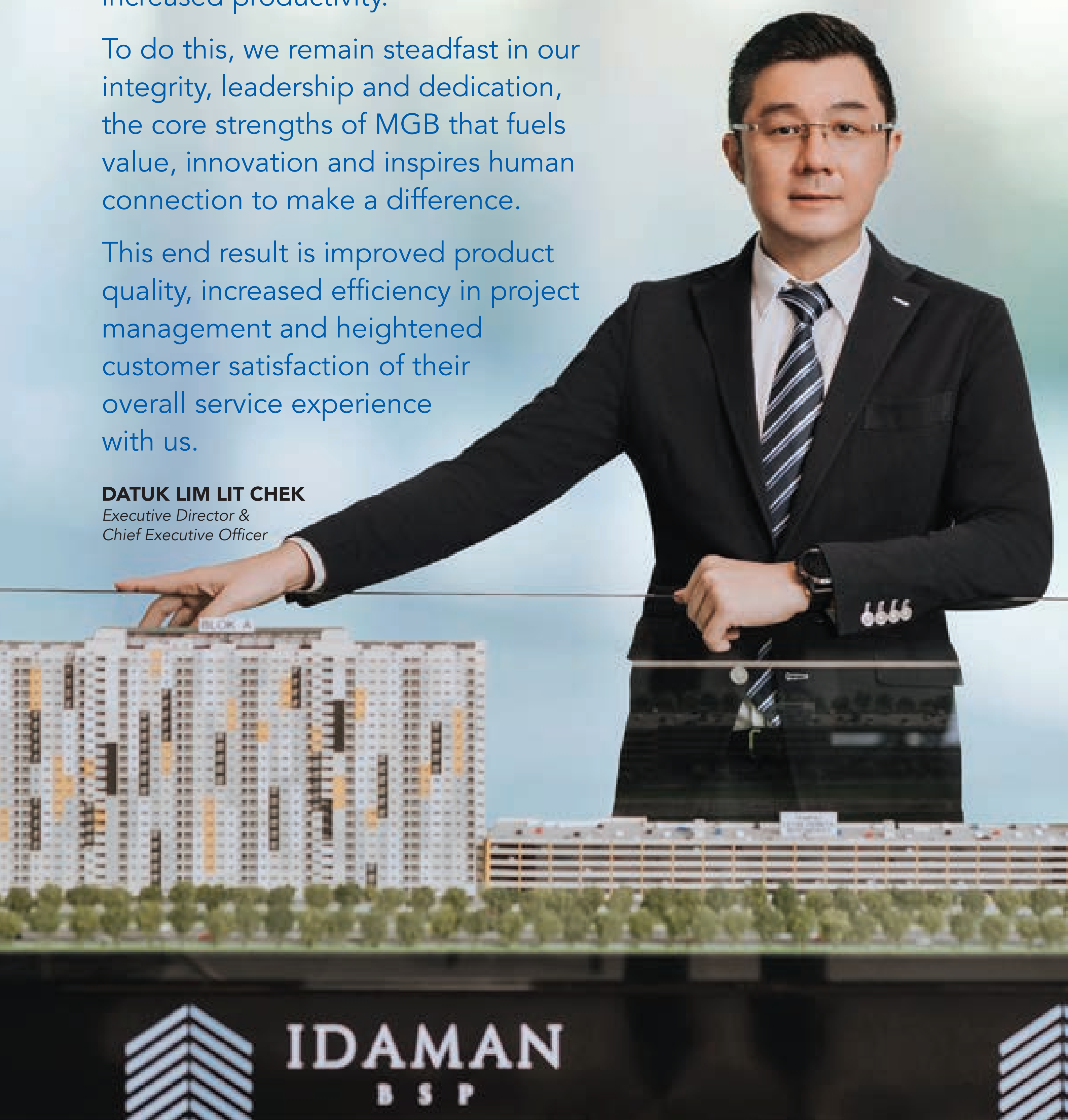
❝

At MGB, we are constantly exploring innovative methods to optimise value, quality, speed and processes for increased productivity.

To do this, we remain steadfast in our integrity, leadership and dedication, the core strengths of MGB that fuels value, innovation and inspires human connection to make a difference.

This end result is improved product quality, increased efficiency in project management and heightened customer satisfaction of their overall service experience with us.

**DATUK LIM LIT CHEK**
*Executive Director &*
*Chief Executive Officer*



# MANAGEMENT DISCUSSION AND ANALYSIS

MGB's reputation in completing our first high-rise project using IBS Precast Concrete in Cybersouth had served to reinforce the Group's experience, technical capabilities and improved technology to build affordable houses. This was a contributing factor in MGB being selected by the Selangor state government to join a consortium to develop the state's *Rumah Selangorku Idaman* (***"Rumah Idaman"***) project.

The *Rumah Idaman* project was conceived to assist deserving rakyat own their own homes and to this end, the Group is proud to be a partner in this fulfilling venture.


As at FY2021, MGB has successfully been awarded the following *Rumah Idaman* projects:

| Location | Units | Date of Commencement | Contract Value (RM) |
|---|---|---|---|
| Part of Lot 115430, Mukim Dengkil, Daerah Sepang, Selangor Darul Ehsan | 1,036 | 1 March 2021 | 218,512,940.00 |
| Lot 44928 (previously held under PT 40879), Mukim Ijok, Daerah Kuala Selangor, Selangor Darul Ehsan | 1,044 | 1 March 2021 | 224,297,920.00 |
| | | **Total** | **442,810,860.00** |

Two further awards were received for the development of a total of 118 units double-storey terrace known as Laman Bayu, Phase 3 and Phase 4 worth RM23.64 million, and development of a total of 605 single-storey and 41 double-storey units for Rumah Bandar Strata in Dengkil, Selangor, also known as Mesra Cyber 2B worth RM112.5 million.

As at 31 December 2021, the Group's outstanding order book stands at RM1.90 billion and is expected to support achievement of strong revenue and earnings growth over the next two to three years.

**Total Assets**

The Group's total assets stood at RM937.40 million as at 31 December 2021, a decrease of RM26.08 million or 2.71% compared to FY2020.

The movement in assets of the Group are detailed as follows:

1. Decrease in amount due from related companies of approximately RM65.51 million as less/no progress billings for approximately 1.5 months while construction progress was suspended during EMCO period coupled with timely collection for outstanding billings that fall due.
2. Decrease in cash and bank balances of approximately RM26.97 million following the settlement of several bank borrowings during the year as part of cash efficiency measurement.
3. Despite the decrease mentioned in items 1 and 2 above, inventories of the Group particularly under property development costs have increased by approximately RM56.60 million. The capitalisation of land cost and relevant authority contribution and consultant fees for upcoming development of Laman Bayu Phase 3 and Phase 4 and Molek have contributed to the increase recorded in inventories.

**Total Liabilities**

The Group's total liabilities stood at RM439.51 million as at 31 December 2021, a decrease of RM52.66 million or 10.70% compared to FY2020. The decrease in total liabilities mainly driven by the progressive repayment and settlement of several loans amounted to approximately RM88.9 million during the year.

**Capital Structure and Resources**

As at 31 December 2021, the cash at banks stood at RM43.10 million which comprises of fixed deposit with licensed banks, cash held under Housing Development Account and cash and bank balances.

Net gearing has improved from 0.22 to 0.09.

Debt funding continues to support the Group's operation, details of which are as follows:

| Facilities | Limit | Purpose |
|---|---|---|
| Bridging Loan | RM11 million | Working Capital – Project Specific |
| Term Loan *(under Danajamin Scheme)* | RM20 million | Working Capital – General |

Given the cautious management of operating cash flow and the robust pipeline of secured projects, the Board has approved the adoption of a dividend policy of minimum 20% of the Company's PAT based on ordinary operating profits back to the shareholders.

**Risk Management**

MGB is cognisant of the inherent risks throughout its business operations, ranging from financial uncertainty and legal liabilities, to technology issues and natural disasters. To ensure sustainability of its business operations, MGB undertook to identify such risks, gauge its potential for occurring and size of impact, and prepare contingencies for such instances.

To mitigate against such risks, MGB relies on its established Enterprise Risk Management Framework, benchmarked against the guidance issued by Committee of Sponsoring Organisation of the Treadway Commission (**"COSO"**) and ISO 31000 – Risk Management Principles and Guidelines, some of which are outlined below:

| Types of Risks | Context | Mitigation Plan |
|---|---|---|
| **Competition** | • In a contract-driven industry, direct competition from existing and new companies may offer aggressive pricing, affecting the Group's competitiveness and profit margin.<br>• Additionally, the prolonged slowdown and oversupply in the property market may also increase competition for construction contracts. | • Proactively seek new initiatives to drive operational efficiencies and strategic sourcing of construction materials.<br>• Explore ways to reduce cost and material wastage such as utilising in-house IBS precast products.<br>• Provide training to workers on new technology in order to increase internal efficiency and provide optimum solutions to customers and partners. |
| **Single Customer Dependency** | • All of the contracts in FY2020 were awarded by our immediate holding company, LBS Bina Group Berhad. | • Participate in external tendering of projects to diversify revenue sources.<br>• Establishment of consortium with PNSB Construction Sdn. Bhd., a State Government agency to develop *Rumah Idaman* projects. |
| **Price Fluctuation** | • Fluctuation in raw material prices, labour cost and currency rates will affect the profit margins of MGB's construction business. | • Practice efficient cost management by negotiating with suppliers on bulk purchase to secure better pricing and terms.<br>• Diversify supplier base for essential raw materials.<br>• Source local suppliers to avoid unnecessary foreign currency exchange fluctuation.<br>• Continuously deploy project management software to monitor efficient usage of materials. |
| **Financing** | • Due to the ongoing pandemic, the Government and financial institutions have introduced various financial packages and incentives for companies. | • Constant review of existing borrowing portfolio to maintain a healthy matrix between fix and floating rates facilities to mitigate the impact of interest fluctuation. |

# MANAGEMENT DISCUSSION AND ANALYSIS

| Types of Risks | Context | Mitigation Plan |
|---|---|---|
| **Adaptability to Change** | • The pandemic has forced businesses to adopt alternative marketing avenues for business sustainability. | • Embark on digital marketing initiatives, catalyse interactions and roll out promotions using online social media platform. |
| **COVID-19** | • The ongoing pandemic has necessitated a radical change in ways of working and approach to health and safety. | • Ensure timely implementation of mandatory measures to curb against infection at the workplace.<br>• Regular engagement to communicate actions and health awareness of SOPs.<br>• Update the Group's risk register to reflect the potential impact and likelihood of COVID-19 related risks. |

## GOVERNANCE AND PRACTICES

MGB is well aware of the importance of ethics and governance within our organisation and the impact it has on our corporate reputation over the short, medium and long-term. The Group continuously establishes and reviews the relevant policies and cascades this across the length and breath of the organisation. Such policies include the Whistleblowing Policy, Anti-Bribery and Corruption Policy, Succession Planning Policy, Gift, Entertainment and Hospitality Policy, Donations and Sponsorships Policy, External Auditors Policy, Human Rights Policy and Workplace Harassment Policy.

The Group is also cognisant of its responsibility to continuously improve the way we conduct business, subscribing to industry best practices to ensure high standards of operations. To this effect, we are proudly certified on the following:

ISO 9001:2015
**Quality Management System**

ISO 14001:2015
**Environmental Management System**

ISO 45001:2018
**Occupational Health and Safety Management System**

## CONSTRUCTION AND TRADING DIVISION

Commencing June 2021, the Government had again imposed FMCO to curb the resurgence of the COVID-19 cases, this time due to the new Delta variant. A heightened number of infections then further led to the Selangor state to impose EMCO from 3 July to 16 July 2021, impacting MGB heavily as most of the Group's construction sites were located there.

However, learning from past experience, the country soon moved into National Recovery Plan (**"NRP"**), in which various sectors were allowed to open up in stages. This has well cushioned the negative impact on the economic and social activities. Factors governing capacity of workforce permitted to resume work depended also on their vaccination status. Hence, construction activities only really took off in the second half of the year following this gradual easing. All projects were able to resume and caught up on the backlogs over the two-month closure.

*Ritma Perdana by IBS*

Despite the disruption to operations during the EMCO period, the Construction and Trading business unit still maintained its track record as the highest revenue contributor to the Group, bringing in revenue of RM576.95 million in FY2021. This represented an increase of 20.41% in revenue over RM479.13 million in the previous financial year. The Profit Before Tax (**"PBT"**) also remarkably increased from RM10.27 million in FY2020 to RM36.81 million in FY2021.

This uptrend was bolstered by the completion of 5 projects in the year under review, with a combined contract value of RM528.85 million with average QLASSIS score of 71, as below:

| Project | Property Type & Number of Units | Completion Date | Contract Value (RM million) |
|---|---|---|---|
| Centrum, Cameron Highland | 58 units of Shop Lots | 16/09/2021 | 112.0 |
| Rentak Perdana (AP Phase 3) | 356 units of Terrace + 28 units of Semi-D | 10/09/2021 | 168.9 |
| Melodi Perdana (Substructure) | Piling Work | 27/09/2021 | 11.65 |
| Laman Bayu, Batu Pahat (Phase 1 & Phase 2) | Phase 1<br>134 units of Double Storey Terrace House | 18/03/2021 | 61.6 |
| | Phase 2<br>231 units of Double Storey Terrace House | 10/11/2021 | |
| Kita Bayu, Cybersouth | 379 units of Double Storey Terrace + 698 units of Townhouse | 24/12/2021 | 174.7 |

The Construction and Trading segment also included the manufacturing arm (precast products) which supplies products internally. Internal revenue of approximately RM30.04 million was generated in the current financial year as compared to the preceding financial year of RM34.17 million.

With ever increasing capability and capacity over its 14-year tenure, MGB has built up its reputation within the industry and relevant authorities. Being a registered contractor with Pusat Khidmat Kontraktor (**"PKK"**) and the Construction Industry Development Board (**"CIDB"**) with a G7 classification, has enabled MGB to competitively bid for government projects.

**IBS Manufacturing**

The IBS plant in Nilai, Negeri Sembilan has contributed significantly to the Group's expansion, given that the manufacturing of IBS Precast Concrete components is central to MGB's core business.

Alongside the mobile plant in Alam Perdana, Selangor, operated by the Group's subsidiary MGB SANY (M) Sdn. Bhd., the total production capacity has since been ramped up to deliver 6,000 units of properties per year using IBS Precast Concrete. The details are captured in the next column.

| Projects | Units |
|---|---|
| **2018**<br>IRAMA PERDANA @ LBS ALAM PERDANA<br>Double Storey Terrace House | 673 units |
| **2019**<br>RENTAK PERDANA @ LBS ALAM PERDANA<br>Double Storey Terrace House | 856 units |
| KITA BAYU, KITA@CYBERSOUTH<br>Townhouse | 416 units |
| KITA BAYU, KITA@CYBERSOUTH<br>Double Storey Terrace House | 379 units |
| **2020**<br>KITA HARMONI, KITA@CYBERSOUTH<br>Double Storey Terrace House | 674 units |
| KITA IMPIAN, KITA@CYBERSOUTH<br>Serviced Apartment | 964 units |
| **2021**<br>RITMA PERDANA @ LBS ALAM PERDANA<br>Double Storey Terrace House | 901 units |
| KITA RIA, KITA@CYBERSOUTH<br>Serviced Apartment | 812 units |

Use of the IBS precast and IBS formwork onsite allowed the Group to meet project deadlines with less foreign workers onsite, aligning with mandatory SOPs to minimise the risk of pandemic infection.

# MANAGEMENT DISCUSSION AND ANALYSIS

## PROPERTY DEVELOPMENT DIVISION

As at 31 December 2021, the property development segment registered a revenue of RM16.81 million and PBT of RM5.20 million as compared to revenue of RM83.65 million and PBT of RM15.31 million respectively in FY2020, representing a reduction of approximately 79.90% and 66.04% respectively.

Lower revenue and PBT was recorded in current financial year following the delivery of vacant possession of all previous launched projects, including 398 units of serviced apartments at Zenopy Residences in December 2020, 134 units of Laman Bayu Phase 1 in March 2021 and 231 units of Laman Bayu Phase 2 in November 2021. Newly launched project in the fourth quarter of 2021, Laman Bayu Phase 3 and Phase 4, are yet to have any contribution. The newly launched phases have recorded encouraging bookings nearing 100%.

The pandemic exerted a strong downward pull on the overall economy, leading to weakened consumer demand. In light of this, the Home Ownership Campaign (**"HOC"**), a government initiative designed to support homebuyers looking to purchase property, particularly in urban areas, was extended until 31 December 2021. This offered exemptions on stamp duty on instruments of transfer and loan financing limits of above 70%. Taking advantage of this initiative, MGB's Property Development division worked in tandem to attract potential buyers with various incentives in the form of rebates and lucky draws with attractive prizes.

Coupled with the impetus of the HOC, historic low borrowing rates and strengthening GDP, the Group is confident that property-buying sentiments will return to pre-pandemic levels, augmented by the recovering global economy and accelerated fiscal stimulus spending by the Government.

## RESPONSE TO COVID-19

Following the pandemic outbreak within the country, MGB aligned closely with government SOPs and implemented stringent measures to prioritise the safety, health and mental wellbeing of its employees.

Such measures included social distancing, staggered working hours, continuous health screening for all employees and visitors, quarantine measures in the event of infected staff and use of personal protection equipment. The use of face masks, temperature checks and other measures have also been implemented.

An internal Care Group was formed to assist the roll out of stringent measures and enhance awareness on SOPs throughout the organisation.

## EMBRACING DIGITALISATION FOR SUSTAINABILITY

Amidst the overcast of the pandemic was a ray of light in the form of innovation and technology. The need to ensure sustainable business operations and continuous engagement throughout the recurring disruptions was responsible for the abrupt transition over to digital solutions.

The Group has displayed agility and responsiveness in harnessing such technology, adopted new digital technologies, switching to online marketing platforms and reduced over-reliance on traditional onsite marketing activities.

Virtual platforms offered a much-needed tool for business continuity, a case in hand was the Group's Annual General Meeting, postponed once due to the MCO, and then successfully conducted a fully virtual event on 3 August 2021.

## PROSPECTS MOVING FORWARD

The impact of movement restrictions during FY2021 has undoubtedly disrupted the pace of economic recovery anticipated by industry players. Despite the strong vaccination uptake from the national immunisation programme, the pandemic has not shown signs of abating, given the cases of infection with the emergence of new variants.

Nonetheless, the Group remains steadfast in its effort to further expedite construction progress at various construction sites in order to ensure operational uptime as well as rationalise project cost in a bid to improve operational margins.

Notably, the Group has secured six *Rumah Idaman* projects to build a total of 7,210 affordable units priced from RM250,000 in Klang Valley, such as Shah Alam, Bandar Saujana Putra, Dengkil, Puncak Alam and Puchong have also marked notable progression in getting relevant approvals. The Group continues to focus on its core objective in constructing and developing affordable housing. This is evident from the award of new contract in February 2021 to build 2,080 units of *Rumah Idaman*.

The Group has received more than 4,000 registration inquiries, with 1,312 units fully booked during the launch of the first *Rumah Idaman* project, namely Idaman BSP in Bandar Saujana Putra in January 2022. The Group is looking forward to complete the launch of six projects within one and a half years from now.

The Group will diligently seek out opportunities to secure more contracts to build *Rumah Idaman*, leveraging on our expertise and cost efficiency. We aim to also actively participate in other tenders for government projects.

We have learnt much over the last financial year. Adaptability, resilience and agility are key attributes critical to business sustainability. In this knowledge, we remain confident the Group would persevere through this challenging times right through to economic recovery and beyond.

# PROJECTS **UNDERTAKEN**

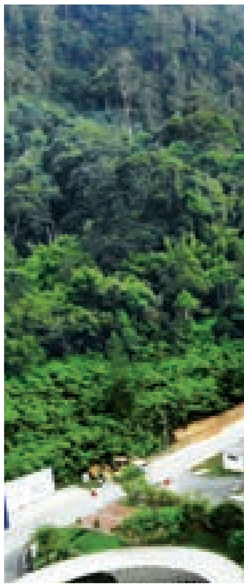
Kita Impian

Melodi Perdana

Mercu Jalil & Residensi Bintang

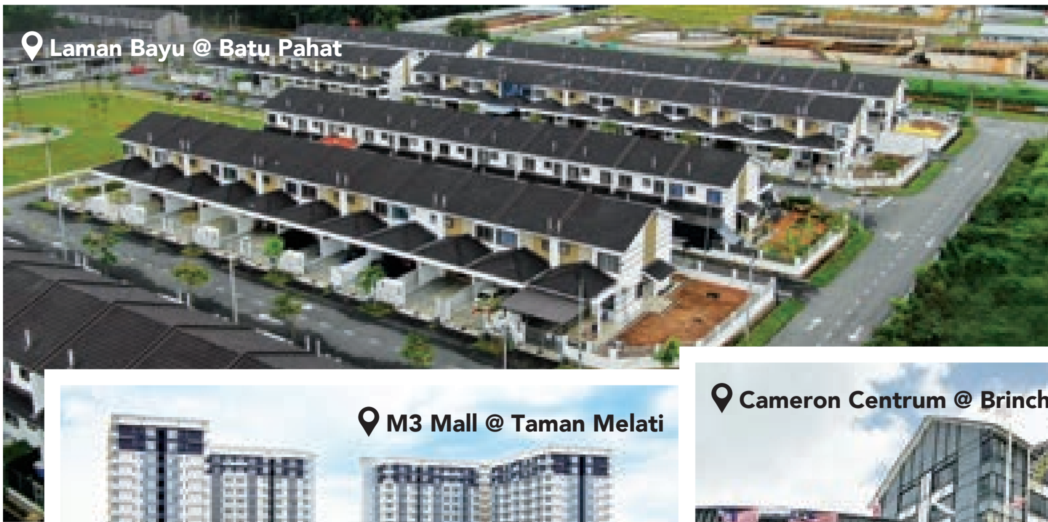
Kita Harmoni

# OUR FEATURED PROJECTS
# TRACK RECORD



SkyLake Residence @ Puchong

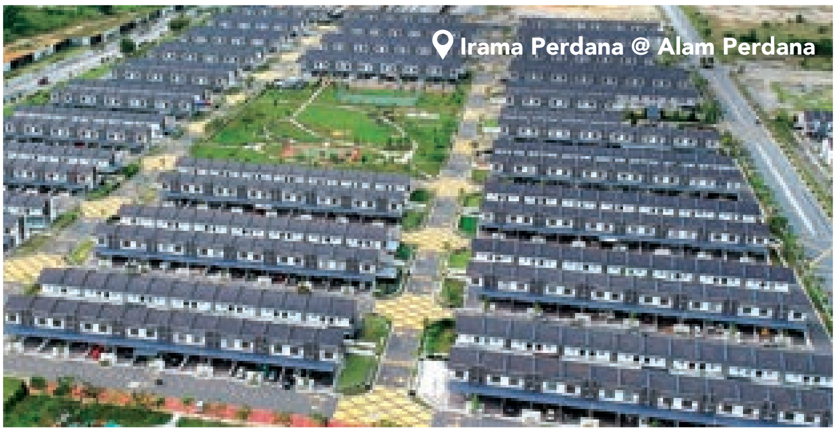
BSP 21 @ Bandar Saujana Putra



Laman Bayu @ Batu Pahat

M3 Mall @ Taman Melati

Cameron Centrum @ Brinchang



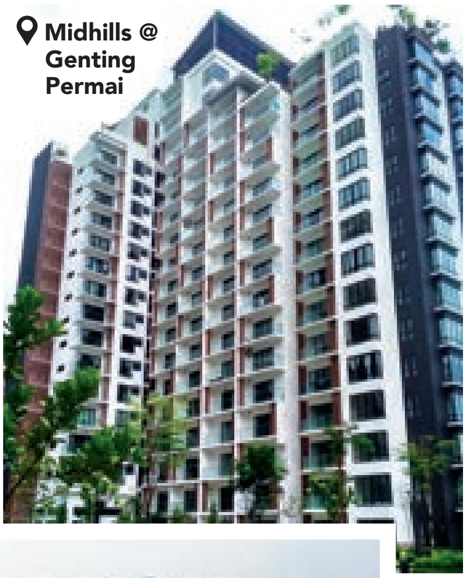
Irama Perdana @ Alam Perdana

BSP SkyPark @ Bandar Saujana Putra


SCAPES Hotel & Midhill Apartment @ Genting Highlands


Somer Square @ Cameron Golden Hills


Kita Bayu @ Cybersouth


Midhills @ Genting Permai


Rentak Perdana @ Alam Perdana


Barrington Square @ Cameron Golden Hills



Zenopy Residences

# GOVERNANCE

- Established the Company's Remuneration Policy and Succession Planning Policy on 30 June 2021 and Sustainability Policy on 22 February 2022
- Grooming an agile and tech-savvy workforce
- Updated Whistleblowing Policy
- Periodic reminders of Anti-Bribery and Corruption Policy

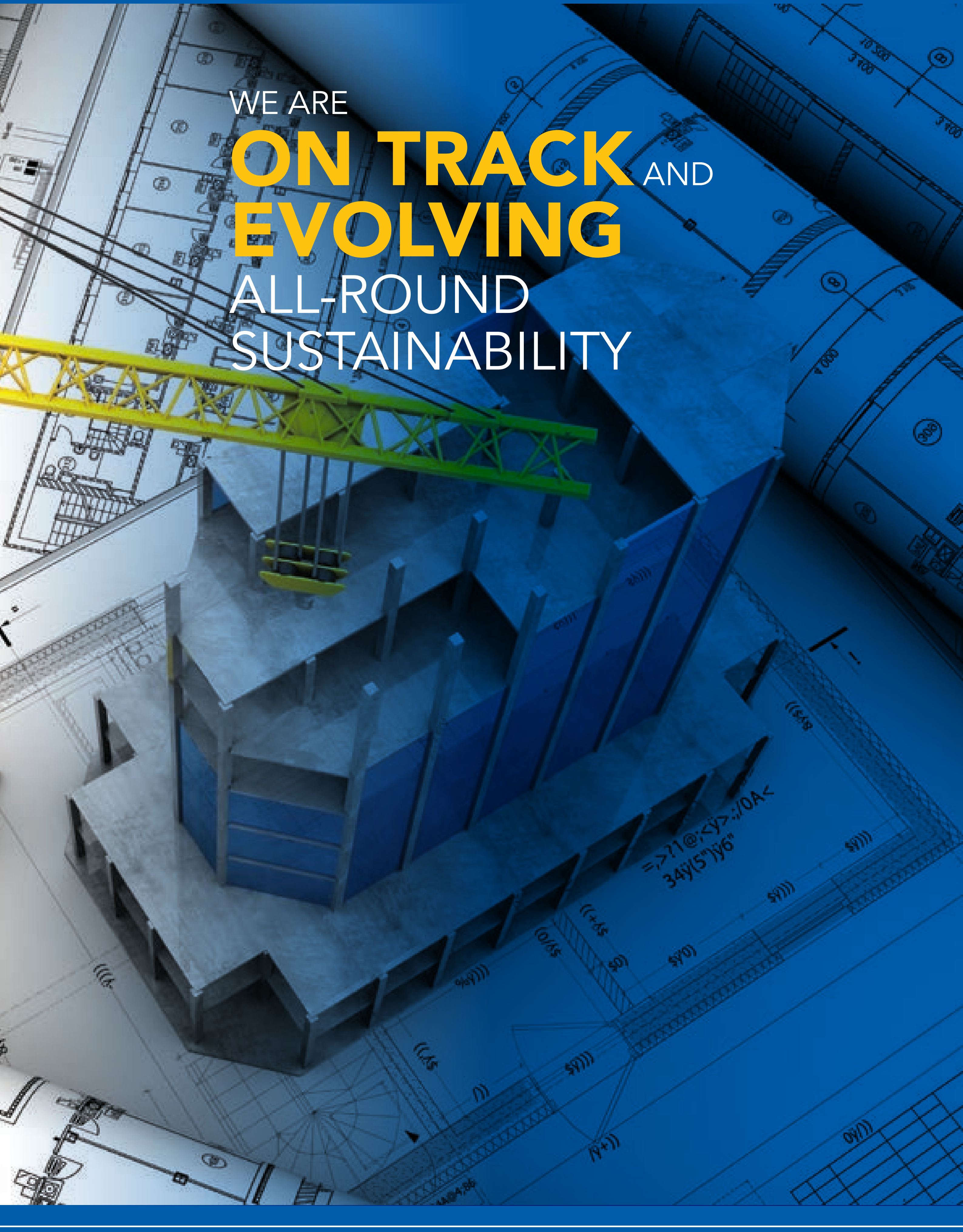
# ECONOMIC

- FY2021 Dividend Policy of 20% minimum dividend of the Company's PAT based on ordinary operations profits
- Harnessing digitalisation as an effective and efficient platform for business operations.

# ENVIRONMENTAL

- Installed solar panels at workers' quarters in Alam Perdana, Selangor to reduce dependence on the national electricity grid and for cost containment
- Adopted a paperless work environment

# WE ARE **ON TRACK** AND **EVOLVING** ALL-ROUND SUSTAINABILITY



# SUSTAINABILITY **STATEMENT**

The Board of Directors and Senior Management of MGB Berhad (**"MGB" or "the Group"**) recognises the importance of prioritising sustainability as part of its overall approach to value creation.

This sustainability statement is an abridged account of the Group's inaugural standalone sustainability report (**"SR2021"**) which can be found at the MGB corporate website: https://mgbgroup.com.my/. In essence, this statement serves to provide readers with a summarised but comprehensive view of MGB's progress on its journey of sustainability for financial year ended 31 December 2021 (**"FY2021"**).

This statement has been prepared in reference to the Bursa Malaysia Sustainability Reporting Guide Second Edition. Content has been scoped to the holding company of MGB as well as relevant operating companies and subsidiaries. We exercise a "local-where-we-operate" practice.

Content for inclusion has been determined by the GRI principles of accuracy, balance, clarity, comparability, reliability and timeliness, as well as the GRI content principles of stakeholder inclusiveness, sustainability context, materiality and completeness.

"

While our FY2021 Sustainability Report charts the details of our continued growth on this front, within this Sustainability Statement, we present an overview of our material topics, our management approach, and results achieved pertaining to our FY2021 target.

In our journey forward, MGB shall continue to strive for sustainable balance in all we do, focusing on a triple bottom line approach. Caring for people, planet and profit is a prerequisite towards ensuring long-term business and operational sustainability and sustained holistic value creation.

**MR LIM KIM HOE**
*Chairman, Sustainability Committee*

# SUSTAINABILITY STATEMENT

## SUSTAINABILITY JOURNEY AND MILESTONES

**2016**

- Development of strategies for sustainability

**2017**

- Inaugural sustainability report based on GRI

**2018 – 2019**

- Invited to take part in FTSE 4 Good Index
- Formalised Group wide Sustainability Policy

**2020**

- Appoint Formalising Adequate Procedures and strengthened risk management
- Developed Group ABC Policy

**2021 & Beyond**

- Developed first stand alone sustainability report aligned to GRI and SASB frameworks
- Performed comprehensive materiality assessment exercise

## MGB SUSTAINABILITY HIGHLIGHTS

| MGB Sustainability Pillars | Highlights and Achievements | Future Plans/Commitments, Targets and Pledges | SDGS |
|---|---|---|---|
| **Governance** | • Zero cases of corruption within the Group.<br>• Zero fines and penalties for non-regulatory compliance pertaining to occupational safety and health (**"OSH"**).<br>• Zero fines for environmental or social non-compliance including infringement of labour welfare and human rights.<br>• First stand alone sustainability report aligned to GRI and SASB frameworks.<br>• 100% of suppliers expressed acknowledgement and commitment to abide by MGB's Anti-Bribery and Corruption (**"ABC"**) Policy.<br>• 100% of project sites ISO 45001: 2008 certified. | • Continued high level of certification status for project sites.<br>• Improved oversight and training on anti-corruption.<br>• Greater gender diversity and increase number of independent directors on the Board.<br>• Undertaking internal corruption audit as well as on the supply chain. | 16 PEACE, JUSTICE AND STRONG INSTITUTIONS |

| MGB Sustainability Pillars | Highlights and Achievements | Future Plans/Commitments, Targets and Pledges | SDGS |
|---|---|---|---|
| **Economic** | • RM593.76 million Group revenue.<br>• RM39.98 million pre-tax earnings<br>• RM30.1 million paid out to employees in salaries and bonuses.<br>• RM13.40 million paid out in taxes.<br>• RM5.54 million repayment to financiers.<br>• RM26.62 million retained economic value.<br>• 100% local procurement.<br>• High scores for quality and design of homes including IBS score exceeding 90. | • Continued growth in revenue and earnings.<br>• Future returns to shareholders through dividends.<br>• Continued support for local vendors and suppliers.<br>• Increased use of IBS within the business model.<br>• Identify RE segments i.e. waste-to-energy for future business diversification. | 8 DECENT WORK AND ECONOMIC GROWTH<br>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE<br>12 RESPONSIBLE CONSUMPTION AND PRODUCTION |
| **Environmental** | • Identification of climate change risks and opportunities.<br>• 19.69% reduction in electricity consumption and Scope Two emissions respectively.<br>• 31.16% reduction in water consumption.<br>• Zero sites in, adjacent or near to areas of high biodiversity value. | • Reduce GHG emissions by 10% by 2023, and to achieve 45% reduction by 2030 (Baseline year FY2018).<br>• Reduce water consumption by 10% in 2030 (Baseline year FY2018). | 12 RESPONSIBLE CONSUMPTION AND PRODUCTION<br>15 LIFE ON LAND<br>13 CLIMATE ACTION |
| **Social** | • Zero non-conformance reports for non-compliance with regard to training and development activities.<br>• 26.49% of workforce comprising women. Diverse workforce in terms of age, gender and ethnicity.<br>• 38.03% of executive level staff comprising women.<br>• 83.66% Malaysian workforce.<br>• 112 new hires, 39 women.<br>• 119 turnovers, 48 of which were women.<br>• 81% of employees appraised.<br>• 100% rate of return for men post parental leave.<br>• 75% rate of return for women post parental leave.<br>• Compliance to Minimum Wage Act.<br>• 1,168 training hours, 0.5 training days per employee.<br>• Zero LTIs, fatalities and lost days. | • Ensure each employee receives at least 8 hours of training per annum.<br>• Diverse workforce in terms of age, gender and ethnicity.<br>• Zero fatality and zero LTI. | 5 GENDER EQUALITY<br>16 PEACE, JUSTICE AND STRONG INSTITUTIONS |

# SUSTAINABILITY STATEMENT

## GOVERNANCE OF SUSTAINABILITY AT MGB

Sustainability in MGB is driven by a robust and comprehensive sustainability governance structure that enables direct Board and Senior Management oversight on material topics as well as the overall sustainability strategies.

Environmental, Social & Governance (**"ESG"**) topics such as environmental monitoring, OSH, climate change, energy and resource consumption and others (that are material to the Group's business and operations) are periodically cascaded to the Board and Senior Management for their review, deliberation and decision making.

Governance of sustainability is integrated with the Group's overall governance structure to ensure that sustainability is progressively embedded within the overall strategic planning and management of the Group.

Increasingly, material ESG topics are being progressively considered within the overall approach for risks. This is due to the inherent connection between ESG matters and the consequent impact to the creation of financial and non-financial values.

## STRENGTHENING GOVERNANCE THROUGH POLICIES

Aside from the sustainability governance structure, MGB's approach to governance is also driven by its ESG Policy and the Sustainability Policy, both policies can be viewed at https://mgbgroup.com.my/sustainability/.

MGB has also established the following policies:

| | | |
|---|---|---|
| Directors' Code of Conduct | Anti-Bribery and Corruption Policy | Whistleblowing Policy |
| Board Charter | Remuneration Policy | HSE Policy |
| Code of Conduct and Business Ethics | Gift, Entertainment and Hospitality Policy | Succession Planning Policy |
| Dividend Policy | Company Constitution | External Auditors Policy |
| ESG Policy | Human Rights Policy | Sustainability Policy |
| Human Resources Learning Development Policy | Workplace Harassment Policy | Donations and Sponsorships Policy |

All policies can be viewed at https://mgbgroup.com.my/investor-relations/or https://mgbgroup.com.my/sustainability/.


## CODE OF CONDUCT AND BUSINESS ETHICS AND ANTI-CORRUPTION

In reinforcing desired behaviour and sustaining professionalism and ethical conduct across the Group's operations, MGB is guided by its Code of Conduct and Business Ethics. The Code lays the foundation for high levels of integrity and professionalism across the organisation.

The Code of Conduct and Business Ethics is to be complied with by all levels of the organisation; from the Board of Directors to all employees and the supply chain.

## ANTI-CORRUPTION

MGB's zero tolerance stance on corruption is exemplified in its Group wide ABC Policy, which was formally adopted in FY2020. The ABC Policy can be viewed at https://mgbgroup.com.my/ investor-relations/.

The policy was developed in compliance to Section 17A of the Malaysian Anti-Corruption Commission (**"MACC"**) Act and the ISO 37001:2016 Anti-Bribery Management System (**"ABMS"**).

The ABC Policy explicitly defines what are constituted as acts of corruption, which are to be avoided and what action is to be taken, especially by staff when such incidents occur. The policy works in tandem with the Group's Whistleblowing Policy and mechanism towards preventing corruption.

The ABC Policy is communicated to all suppliers prior to the awarding of contracts or commencement of any business dealings, including tender participation. All suppliers are notified of the ABC Policy in writing. As at 31 December 2021, 100% of suppliers have expressed their acknowledgement and commitment to abide by MGB's ABC Policy.

As part of its overall approach in reducing exposure to corruption, MGB continues to identify aspects of its operations that are susceptible to a higher risk. Additional anti-corruption training and safeguards have been implemented, including a clearly defined process for the calling of, evaluation and awarding of contracts, clear criteria and multi-stakeholder perspective for recruiting and rewarding employees, and also clear Standard Operating Procedures (**"SOPs"**) for the giving of corporate donations and gifts as well as receipt of the same.

FY2021 saw no complaints or reported incidents of corruption or unethical conduct from these identified departments.

**The Whistleblowing Policy was formalised and approved by the Board in June 2020, subsequently revised by the Board on 17 January 2022. Following are some of the key features of MGB's Whistleblowing Policy:**

- Full confidentiality to all whistleblowers provided
- No punitive action or reprisals in any form allowed on whistleblowers
- Escalation of report to regulatory authorities where necessary
- All reports to be thoroughly investigated
- Whistleblowing reports to be sent to the Chairman of Audit Committee

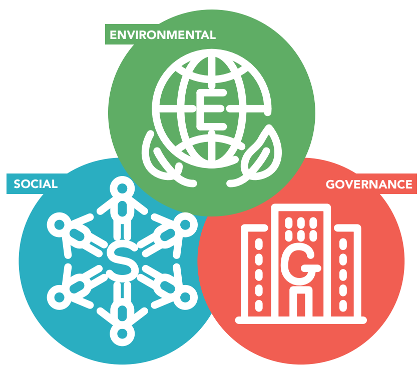
The Group will be implementing its Gift, Entertainment & Hospitality Policy by April 2022. Essentially, the policy shall provide governance on the receipt and giving of gifts and incentives, as well as providing controls for entertainment and hospitality provided by or received by any Board member, Senior Management personnel or employees.

## ESG GOVERNANCE OF THE SUPPLY CHAIN

Increasingly, MGB is strengthening the ESG criteria/requirements for suppliers. Suppliers who wish to remain on MGB's preferred list of vendors will need to provide written acknowledgement of their commitment to comply with all relevant policies of the Group.

Presently, engagement with relevant stakeholders continues to be a priority to enable them to obtain a clear understanding of MGB's motivations and objectives; and the importance of developing a more sustainable supply chain. Thus far, the response received has been positive from most suppliers.

MGB is also encouraging its suppliers to report on their ESG performance, particularly on measures taken to reduce environmental and social impacts.



# SUSTAINABILITY STATEMENT

## STAKEHOLDER ENGAGEMENT

Stakeholder engagement remains a crucial aspect of MGB's approach to sustainability. Stakeholders are defined as individuals, groups or entities that have the influence or power to impact MGB's business operations and its reputation, as well as the creation of financial-non-financial values.

Conversely, stakeholders also include individuals, groups or entities that are impacted or can be impacted by the Group's business operations, presence and processes. Following is a snapshot of stakeholder engagement activities for FY2021:

| Stakeholder | Engagement Channels | Concerns, Aspirations & Perspectives | Relevant Material Matter |
|---|---|---|---|
| **Shareholders and Investors** | • Annual General Meetings<br>• Annual Report<br>• Quarterly financial results<br>• Analyst briefings<br>• Engagement sessions through meetings and site visits<br>• Extraordinary General Meetings<br>• Regular shareholder communication/ announcement on Bursa Securities and corporate websites | • Economic performance<br>• Corporate governance<br>• Dividend returns | • Direct Economic Performance<br>• Regulatory Compliance<br>• Financial and ESG Risks Management |
| **Employees** | • Annual performance appraisal<br>• Employee engagement surveys<br>• Career development and trainings<br>• Events, celebrations & sports<br>• Management meetings<br>• Townhalls | • Career progression<br>• Competitive remuneration and benefits<br>• Health & Safety<br>• Professional and personal development | • COVID-19 Pandemic Management<br>• Occupational Health and Safety<br>• Talent & Human Resource Management<br>• Ethics and Integrity<br>• Indirect Economic Values Created |
| **Customers** | • Emails, phone calls, hotlines and surveys<br>• Website and social media<br>• Product launches and roadshows<br>• Marketing and promotional programmes and events | • Product delivery<br>• Product quality<br>• Regulatory compliance | • Build Quality<br>• COVID-19 Pandemic Management<br>• Digitalisation and Technology |
| **Government/ Regulators** | • Official meetings and visits<br>• Industry events and seminars | • Regulatory compliance<br>• Nation-building<br>• Socio-economic multiplier effects | • Regulatory Compliance<br>• Labour Rights (Construction workers' rights)<br>• COVID-19 Pandemic Management<br>• Occupational Health and Safety<br>• Indirect Economic Values Created<br>• Digitalisation and Technology |
| **Suppliers/ Contractors** | • Product launches and roadshows<br>• Regular meetings and site visits<br>• Supplier assessment system<br>• Subcontractor performance evaluation | • Business integrity<br>• Ethical procurement | • Labour Rights (Construction workers' rights)<br>• Local Procurement and Supply Chains<br>• Indirect Economic Values Created<br>• Digitalisation and Technology<br>• Raw Materials Consumption |
| **Local Communities** | • Charitable contributions<br>• Website and social media | • Community Outreach | • Indirect Economic Values Created<br>• Climate Change |
| **Media** | • Press Releases<br>• Website and social media | • Economic performance<br>• Product delivery | • Direct Economic Performance<br>• Ethics and Integrity<br>• Indirect Economic Values Created |

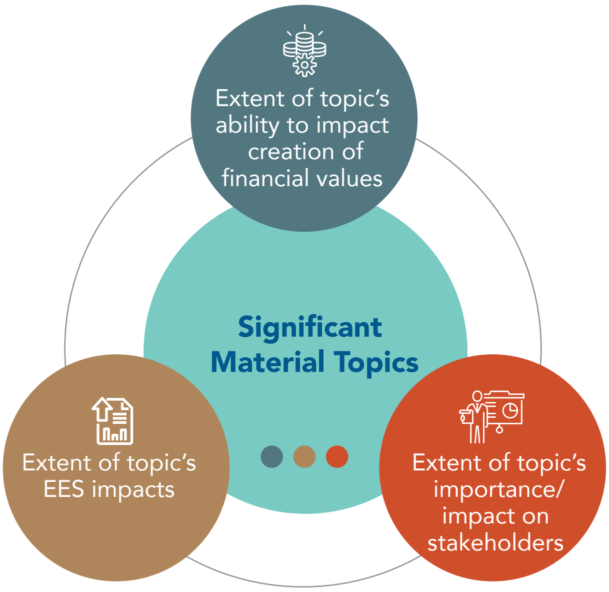
## APPROACHING MATERIALITY

A thorough materiality assessment exercise (**"MAE"**) was undertaken in FY2021 to determine what are the Group's top ESG topics. A materiality assessment workshop was conducted by an external ESG Guidance and Advisory Firm for management staff.

The objective of the workshop was to enable respondents to improve their understanding of the topic of materiality while supporting greater participation in the materiality assessment survey. The topics were assessed using a detailed ranking and ratings system supported by a weightage system allotted to topics based on the following criteria:

*MGB Berhad 19th AGM*

*MGB, LBS and the ESG Guidance and Advisory Firm during the Materiality Assessment Briefing Session*




*Criteria for identifying and selecting most significant material topics*

In FY2021, MGB developed the following matrix, which was presented to, and approved by the Board.

# SUSTAINABILITY STATEMENT

## ECONOMIC VALUES CREATED FOR STAKEHOLDERS

MGB creates both direct and indirect economic values through its business model. As per all businesses, the generation of financial values, customarily reflected in revenue and profits, is imperative towards sustaining operations and also in driving ESG performance.

The socio-economic multiplier effects generated from MGB's business model and operations leads to multiple positive outcomes for stakeholders. Among these include job and wealth creation, the creation of entrepreneurship, development of local supply chains and more. Other effects include the transformation of urban landscapes through property development that ushers prosperity and economic and infrastructure development.

The aforementioned are in line with several UNSDGs, namely SDGs 1, 8, 9, 10 and 16.

**Value in Terms of Economic Impact vs Environmental Footprint**

For FY2021, MGB has introduced the measurement of its economic performance against environmental performance. This is towards gauging efficiency of business operations against selected environmental metrices. For example, revenue against energy consumption or carbon emissions.

For FY2021, MGB has established the following efficiency measurements using revenue, profits, electricity and diesel consumption as well as carbon emissions:

| Absolute Figures | 2019 | 2020 | 2021 |
|---|---|---|---|
| Revenue (RM'000) | 756,146 | 563,274 | **593,759** |
| Electricity Consumption (kWh) | 562,590 | 584,636 | **469,512** |
| Carbon Emissions (CO2e) (Tonne) | 4,557 | 4,668 | **5,532** |
| Water Consumption (M3) | 25,166 | 20,545 | **14,144** |
| **Intensity Ratios** | **2019** | **2020** | **2021** |
| Total electricity (kWh per RM 'million revenue) | 744.02 | 1,037.92 | **790.75** |
| Carbon Emissions (CO2e) (Tonne per RM 'million revenue) | 6.03 | 8.29 | **9.32** |

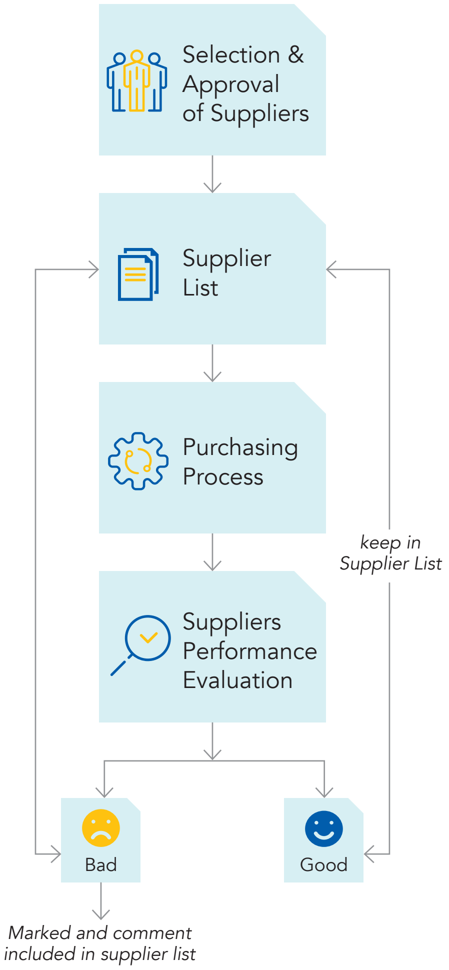
Following are some of the indirect economic values created by MGB over the past three years:

| | FY2019 RM | FY2020 RM | FY2021 RM |
|---|---|---|---|
| Economic Value Generated | 758,783,900 | 568,079,236 | **595,654,350** |
| Economic Value Distributed | 744,034,940 | 552,679,031 | **569,035,404** |
| (a) Total monetary value/spend on procurement (operating cost) | 696,107,144 | 509,230,060 | **519,981,451** |
| (b) Total payout to employees in salaries and benefits | 29,775,520 | 25,844,836 | **30,099,199** |
| (c) Taxes paid to government | 8,424,860 | 9,369,778 | **13,399,705** |
| (d) Repayments to Financiers | 9,701,191 | 8,084,857 | **5,535,585** |
| (e) Dividend Returns to Shareholders | – | – | **–** |
| (f) Community Investments | 26,225 | 149,500 | **19,464** |
| Economic Value Retained | 14,748,960 | 15,400,205 | **26,618,946** |

### Committed to Local Procurement and Local Supply Chains

Beyond supporting local businesses, the Locals First approach provides better operational and cost control, affords a lower environmental footprint and usually equates to faster response times. MGB defines local procurement as in procuring goods and services from Malaysia based suppliers/vendors.

Indirect benefits include job creation, increasing contribution to national taxes and promoting national development. As at end FY2021, MGB continues to maintain 100% local procurement.




1 **Selection and Approval of Suppliers**
Used to create a database of suppliers that will be kept for five (5) years, including technical information on their products for easy reference.

2 **Purchasing Processes**
Used for purchasing processes, including obtaining requisition permission, as well as the purchase order and formal delivery order approvals.

3 **Suppliers Performance Evaluation**
Used to assess the performance of the suppliers on certain criteria on an annual basis (whichever occurs first), and provides a score; if a supplier fails to meet a minimum score, it will be marked on the Supplier's List.

The most competitive bid based on set criteria will be awarded the contract. Procurement is a centralised function managed by MGB's Procurement Department. Procurement processes are developed based on ISO 9001: 2015 parameters.

### Quality and Customer Satisfaction

Through the use of BIM and IBS, MGB has able to deliver a greater consistency in product quality.

MGB also assesses quality based on the ISO 9001: 2015 system via internal & external audits. The external audit is conducted by an independent certification body.

| Project | Date of Certification | QLASSIC Score |
|---|---|---|
| Alam Perdana (Phase 3) – Rentak Perdana | 20 September 2021 | **70** |
| Cybersouth – Kita Bayu (Terrace House) | 8 December 2021 | **71** |
| Cybersouth – Kita Bayu (Townhouse) | 8 December 2021 | **71** |

*MGB QLASSIC Scores*

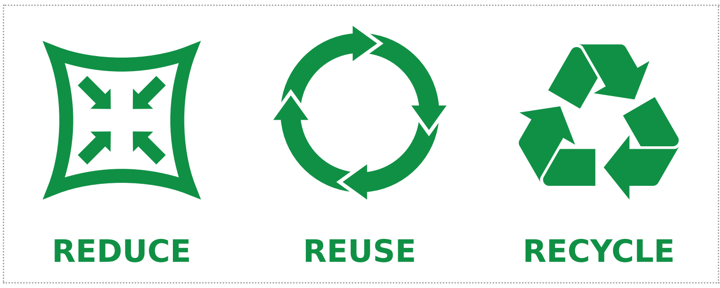
# SUSTAINABILITY STATEMENT

## ENVIRONMENTAL PERFORMANCE

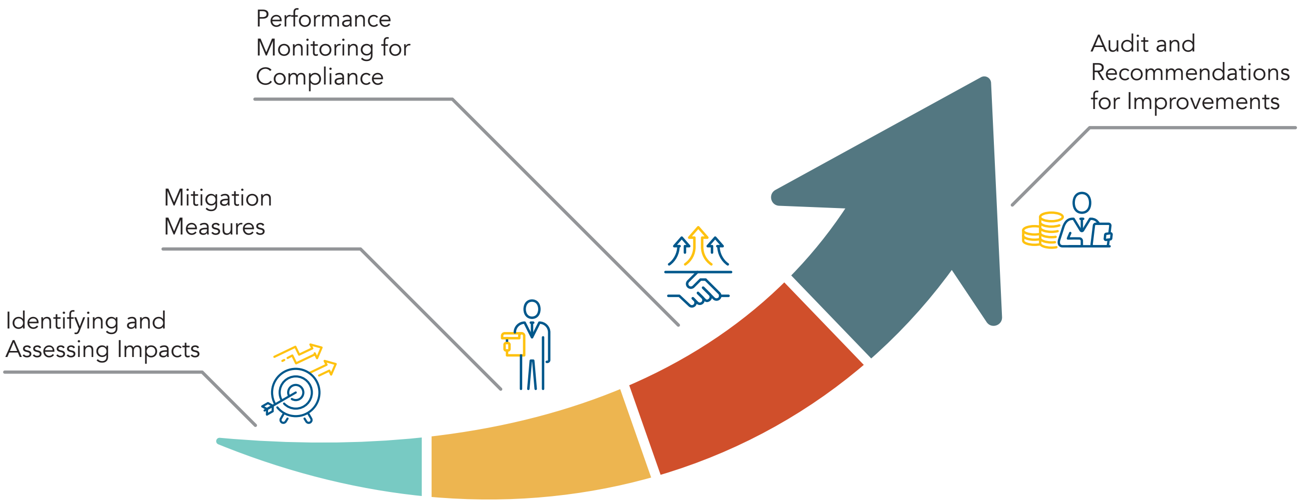
MGB continues to adopt measures to manage and reduce its environmental footprint. The Group has long adopted the ISO 14001:2015 best practice which is reinforced by the practice of the 3R principle: Reuse, Reduce & Recycle. The 3R principle is applied to all business processes across MGB's operations.

All project sites are ISO 14001:2015 certified. MGB also has established an ISO 14001:2015 certified environmental management system (**"EMS"**). Details of the system can be viewed at https://mgbgroup.com.my/sustainability/.

An Environmental Management Plan (**"EMP"**) is developed for each project site.




MGB's EMP Approach for all project sites




MGB received zero fines and/or penalties for FY2021. MGB's future aspirations regarding environmental performance include:

| Future Commitments and Targets | |
|---|---|
| • Continue refining existing methods to measure emissions.<br>• Reduce GHG emissions by 10% by 2023, and to achieve 45% reduction by 2030 (Baseline year FY2018).<br>• Reduce water consumption by 10% in 2030 (Baseline year FY2018).<br>• Continue embedding low carbon and sustainability considerations in the design and construction of buildings and infrastructure. | • Continue the adoption and improvement of IBS Precast concrete.<br>• Identify RE segments i.e. waste-to-energy in particular, for future business diversification.<br>• Ensure each employee receives at least 8 hours of training per annum. |

**Reshaping Construction Landscape through VadTech**

MGB as a VadTech specialist, has progressively introduced technology across its production process and value chain. This includes the Group's IBS technologies. Beyond IBS, MGB utilises technology across the production process to unlock value accretive opportunities.

This includes delivering, greater cost and resource efficiencies, providing improved building/concept designs and strengthening overall project management to reduce risks and manage ESG related impacts.

**Project Ideation and Design**

BIM and other design technologies enables MGB to develop innovative, modern designs that are cost and resource efficient.

**Digital Procurement**

A digital tender platform for selection of vendors enables transparent processes to deliver the optimum supplier value proposition.

**IBS Construction**

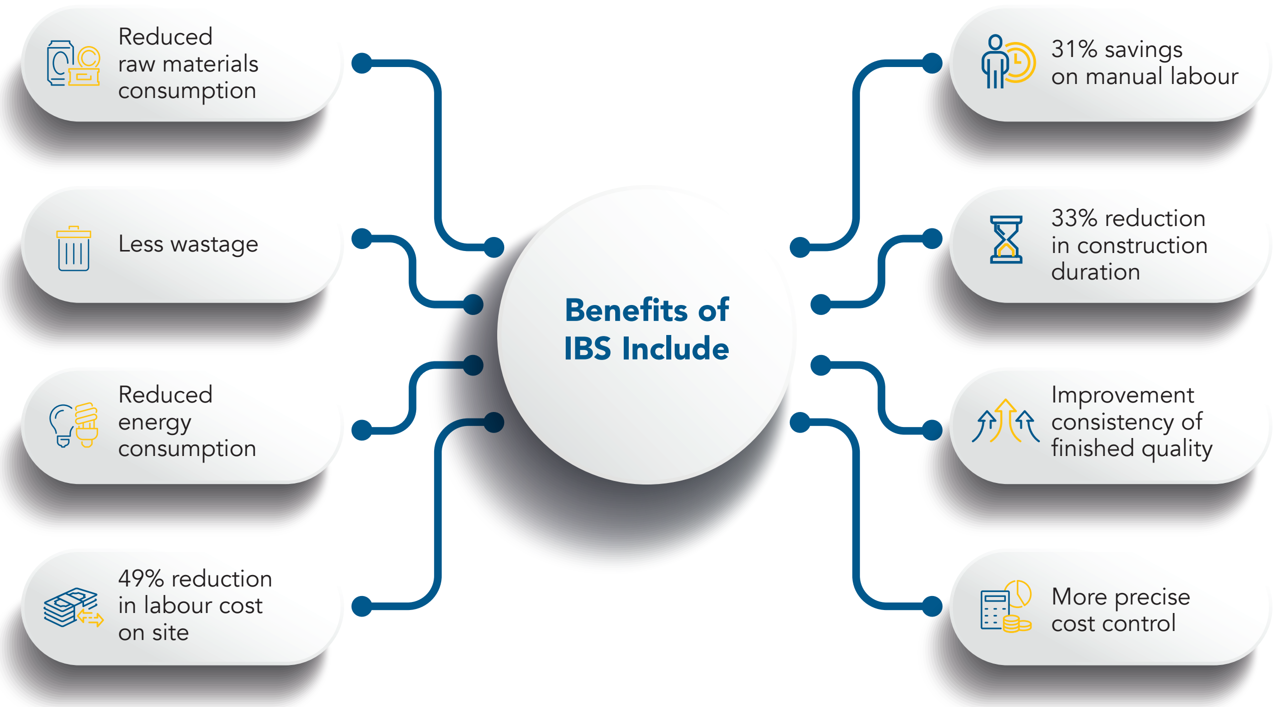
The use of aluminium formwork and pre-cast systems delivers tremendous benefits across the building and construction process.

**Digital Project Management**

Projects are managed using internal platforms that enable real-time collaboration and sharing.

**Driving Positive Change Through IBS**

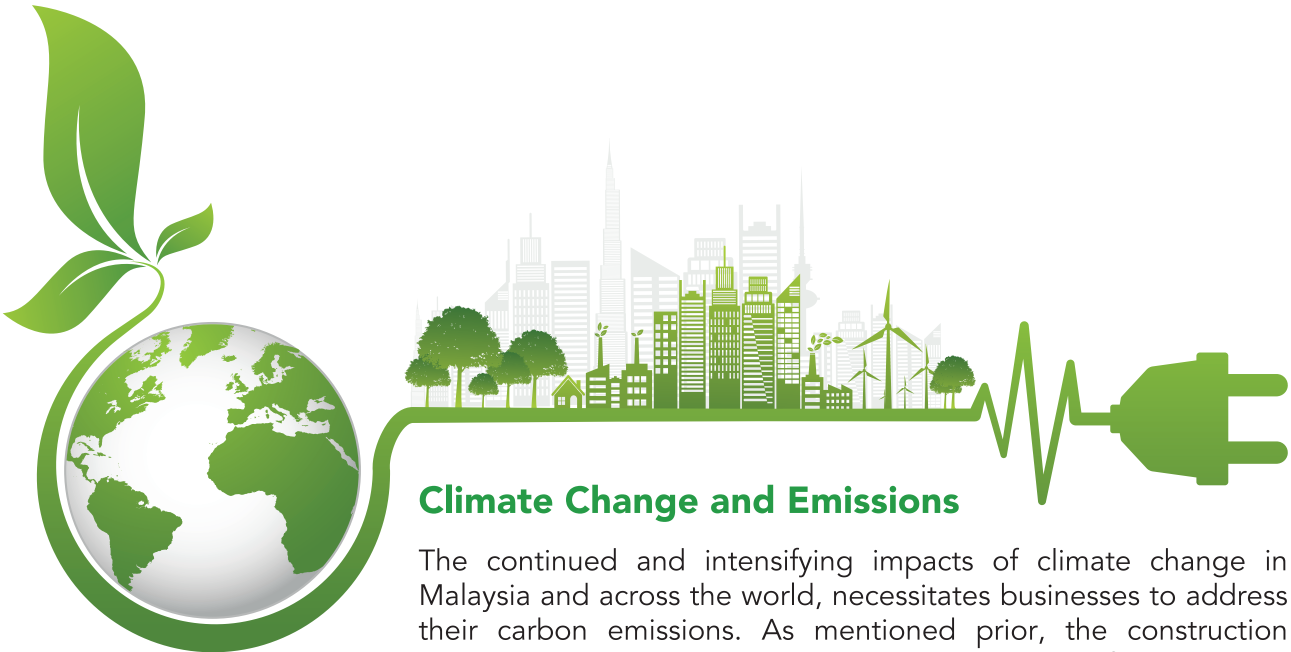
Specifically, MGB's IBS capabilities and its track record in undertaking such projects has distinguished the Group amidst a highly competitive industry.




Cumulatively, the two IBS manufacturing plants power MGB's ability to build more than 6,000 units of properties per annum comprising affordable homes, high-rise condos and apartments as well as landed properties, factories and other infrastructure.

MGB continues to set the benchmark for IBS in Malaysia – achieving high scores for undertaken projects. All scores were awarded by CIDB.

| Project | Year of Certification | IBS Score |
|---|---|---|
| Alam Perdana – Irama Perdana | 2021 | 84.00 |
| Alam Perdana – Rentak Perdana | 2021 | 82.00 |
| Cybersouth – Kita Bayu | 2021 | 63.60 |
| Cybersouth – Kita Harmoni | 2021 | 91.54 |
| Cybersouth – Kita Impian | 2021 | 65.80 |



## Climate Change and Emissions

The continued and intensifying impacts of climate change in Malaysia and across the world, necessitates businesses to address their carbon emissions. As mentioned prior, the construction and property development industries are some of the biggest contributors to carbon emissions and greenhouse gases.

MGB is supportive of the targets and aspirations set at COP26, which is centred on reducing carbon emissions through a strategic and concerted approach. MGB also supports UN SDG 13: Climate Action through ongoing efforts to reduce carbon emissions by improving efficiency in energy and resource consumption as well as in waste management. This also expresses support for UN SDG 12: Responsible Consumption and Production.

The Group's position on climate change is on par with that of related industry and trade associations such as CIDB. Where possible, it continues to promote the use of IBS systems across the industry; clients, industry peers and its supply chain towards reducing environmental impacts that contribute to climate change.

**Climate Change Risks and Opportunities**

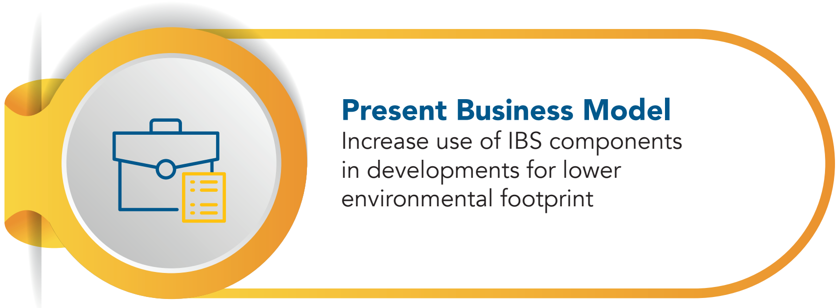
In essence, climate change poses both risks and opportunities to MGB's business model as follows:

| Opportunities | Risks and Impacts |
|---|---|
| • Greater awareness and urgency on climate change supports the use of IBS and "green" related technologies such as rainwater harvesting, reclaim water, new building designs and more.<br>• Greater adoption of BIM and IBS technology among project owners.<br>• Increased acceptance among homeowners for water and energy saving features within their homes.<br>• Increased focus on green building development.<br>• Stronger focus on project ideation and design towards reducing environmental impacts across the project lifecycle.<br>• Improved access to financing as more investors reward companies who take steps to combat climate change and mitigate their environmental footprint. | • Rising ambient temperatures necessitate new building design approaches to mitigate heat and to ensure comfort of occupants. May lead to increased building costs as well as requirement for air-conditioning (which leads to increased energy consumption and emissions). Hotter climes also affect the productivity and health of workers, especially construction workers on site.<br>• Changing weather patterns such as torrential rain may delay works on project sites or disrupt supply chains. OSH may also become impacted as rainy weather increases the risks of incidents.<br>• Increased preventive measures required to prevent flash floods or cater for drought like conditions, which increase costs.<br>• Water scarcity and rising temperatures may impact landbank strategies.<br>• Projects at coastal areas may need to include rising sea water level scenarios within the overall planning and design.<br>• Physical damages due to climate change related impacts would lead to extra business costs. |

MGB has also embarked on various measures to reduce its emissions by; reducing diesel and fuel consumption throughout its business operations. Beyond reduction, substituting fossil fuels or even present electricity consumption with RE alternatives is also being explored. Through its 3R principle, the Group is also looking to reduce resource consumption and to reduce wastes, both of which indirectly contribute to carbon emissions.

MGB targets to reduce GHG emissions by 10% by 2023, and to achieve 45% reduction by 2030 (Baseline year 2018).

Going forward, MGB has identified the RE and waste-to-energy (**"WTE"**) segments as future climate resilient businesses. In its present business operations, MGB will look to increase the use of IBS components in its projects going forward.

# SUSTAINABILITY STATEMENT

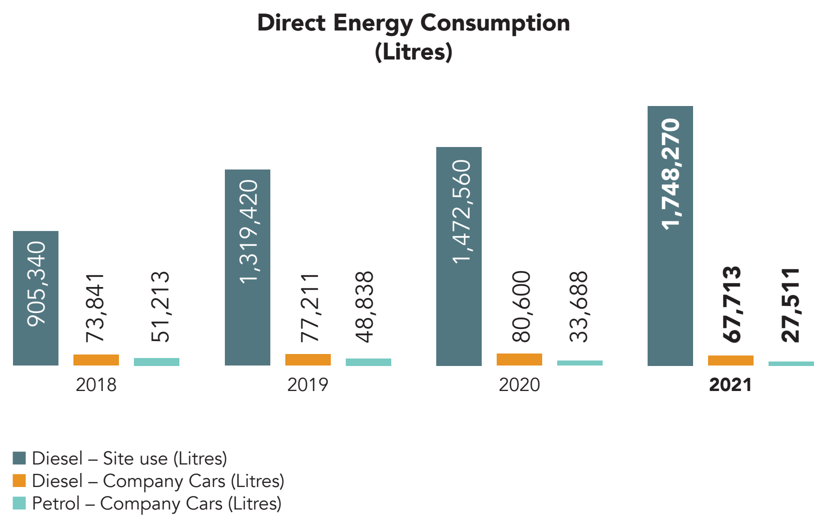
## Energy Consumption Management

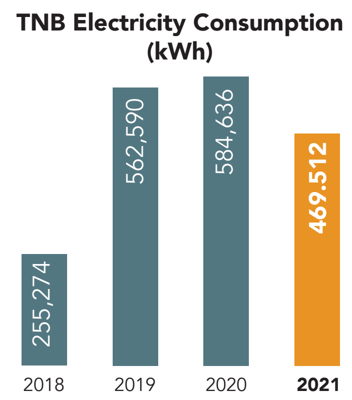
As mentioned prior, energy consumption is directly linked to carbon emissions and therefore climate change. Other impacts of energy consumption include excess heat generated, operating costs and increased water consumption (to cool machinery, etc.).

MGB has developed a comprehensive Energy Management System (**"EnMS"**), which together with the long established 3R principle serves as the foundational basis to optimise energy consumption.

The Group regularly improves the awareness of staff on good environment practices which include effective energy management practices. This is effected via regular training courses and toolbox talks regularly to educate site workers and employees on efficient energy usage, and to ensure compliance to the Environmental Quality Act 1974.

For FY2021, MGB has disclosed its Scope One and Scope Two energy consumption and emissions data:




## Direct and Indirect Emissions

| | | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| Scope 1 | Diesel – Site Use | 3,562.434 | 3,975.912 | **4,720.329** |
| | Diesel – Company Cars | 208.470 | 217.620 | **182.825** |
| | Petrol – Company Cars | 105.882 | 73.036 | **59.645** |
| Scope 2 | Electricity Consumption | 329.115 | 342.012 | **274.665** |
| Scope 3 | Employee Travel to Work – Public Transport | 0.753 | 0.996 | **1.503** |
| | Business Travel using own Vehicle Transport | 42.110 | 33.277 | **43.223** |
| | Air Travel | 308.084 | 25.611 | **249.583** |
| | **Total** | **4,556.848** | **4,668.465** | **5,531.773** |

*Notes: NOx calculations based on Diesel Euro 5 NOx emission = 0.18g/km and average consumption for a large truck 40L/100km*

## WATER CONSUMPTION MANAGEMENT

Consistent with UN SDG 6, MGB is committed to consuming water in a more sustainable manner Group wide. In reducing overall water consumption, MGB has set a target of 10% reduction by 2030 against FY2018 baseline.

MGB's main water source is from municipal potable water, which is monitored and recorded based on monthly water bills. For non-critical works such as dust suppression and road cleaning, water from silt traps and nearby lakes (if available) are used. The latter is only tapped with the explicit, written approval of local municipal authorities.

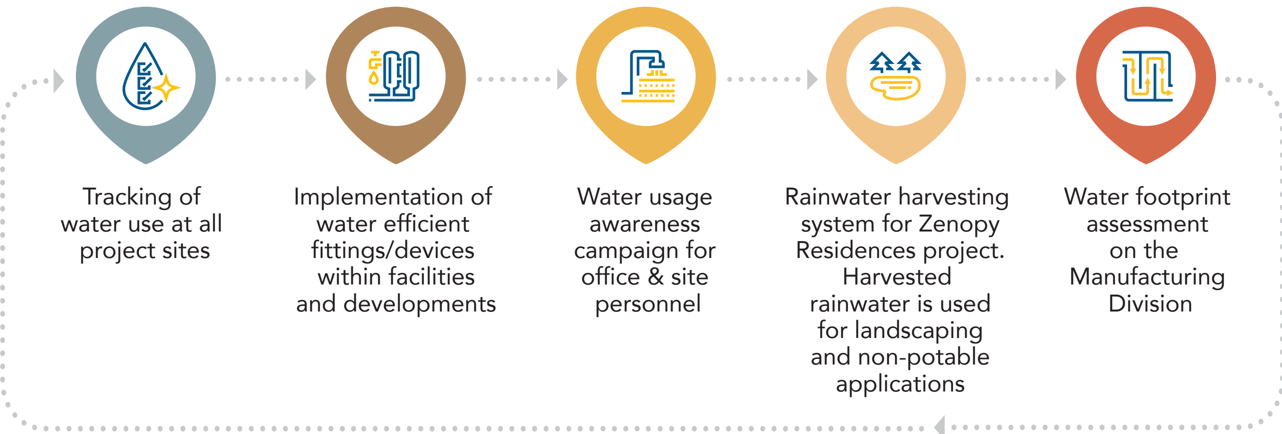
MGB consumes water in its offices and worksites, which include landscaping, toilet flushing, road-cleaning works, etc. The Group sources 100% of its water from municipal sources. It does not operate in or adjacent to water stressed areas.

MGB is also embarking on increased adoption of rainwater harvesting and plans to make this a requirement for all new project worksites, mainly for toilet use and irrigation. This helps to address water shortage risks, due to sudden cuts in supply.

The Group targets to establish a water management plan for all project sites by 2025. This enables the identification of alternative water sources (as opposed to municipal sources) to reduce dependency on potable water.

### Efforts and Measures to Reduce Water Consumption

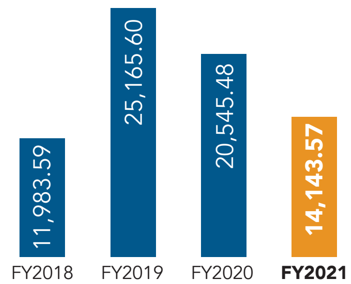
Innovative building designs, water-saving fixtures, rainwater harvesting, and other features deliver significant water consumption savings to clients.




### Effluent Discharge

At all project sites, MGB actively monitors effluent, surface runoffs, silt and other discharges into water bodies. The Group ensures compliance to the regulations set by the DOE. Thus far, all operating sites have achieved compliance with DOE's regulations. Effluent data shall be provided in future reporting.

### Group Water Consumption ($M^3$)



# SUSTAINABILITY STATEMENT

## MATERIALS CONSUMPTION

MGB's commitment to reducing resource consumption is reflected in its high use of IBS across its projects. IBS promotes more accurate estimations on resources required, and less wastage, both of which promote efficient use of raw materials. This approach is provided in the Sustainability Policy, which calls for IBS use to promote more efficient and responsible sourcing and use of buildings materials as well as the reduction in waste produced.

However, MGB is looking at setting an IBS target for projects; based on the following:

- Increase in the number of projects adopting IBS methodologies
- Increase in the level of IBS components in each project

MGB will continue to pursue this agenda in line with its Sustainability Policy and will look to develop specific targets going forward.

| Description | Unit | 2019 | 2020 | 2021 |
|---|---|---|---|---|
| 1. Concrete | RM | 23,517,190 | 11,453,148 | **15,499,582** |
| | KG | 315,635,902 | 172,950,092 | **227,021,211** |
| 2. Reinforcement Bar | RM | 14,557,646 | 7,379,697 | **16,726,145** |
| | KG | 6,452,529 | 3,457,944 | **5,334,578** |
| 3. Diesel (Industrial Grade 5) | RM | 2,161,165 | 2,023,635 | **3,220,752** |
| | LITRE | 996,960 | 1,243,240 | **1,502,570** |
| 4. Cement | RM | 1,540,272 | 554,402 | **112,522** |
| | KG | 3,014,875 | 928,650 | **190,250** |
| 5. Sand | RM | 612,559 | 161,601 | **90,260** |
| | KG | 18,006 | 4,695 | **3,061** |
| 6. Aggregate | RM | 30,064 | 1,431 | **2,314** |
| | KG | 800,210 | 41,000 | **78,100** |
| 7. Bricks | RM | 144,002 | 14,613 | **15,570** |
| | KG | 1,689,719 | 193,157 | **176,186** |
| 8. Paint | RM | 1,618,780 | 1,951,772 | **3,135,893** |
| | LITRE | 322,520 | 377,720 | **620,980** |

### Waste Management and Recycling

With regard to waste management, MGB's focus is to reduce the amount of waste generated and also ensure safe disposal of such wastes. Wastes produced from project sites comprise hazardous and non-hazardous wastes.

The Group's Sustainability Policy also explicitly states a focus on addressing waste produced, particularly from construction operations.

Waste shall be addressed based on a 3R approach of Reduce, Reuse and Recycle. Specific targets have yet to be set but the Group aims to establish waste reduction targets going forward, either for total waste produced or by specific projects. Targets could also be set for recycling of wastes.

| Hazardous Wastes | Non-Hazardous Wastes |
|---|---|
| • Paints and solvents.<br>• Automotive wastes (used motor oil, antifreeze, etc.)<br>• Pesticides (insecticides, herbicides, fungicides, etc.)<br>• Mercury-containing wastes (thermometers, switches, fluorescent lighting, etc.)<br>• Aerosols/Propane cylinders | • Garbage<br>• Paper<br>• Food waste<br>• Food related wastes (such as: used paper plates or boxes, paper towels, or paper napkins)<br>• Plastics<br>• Packing peanuts and bubble wrap<br>• Windows and mirrors<br>• Ceramics and kitchenware<br>• Human wastes |

As much as possible, waste is recycled or repurposed for use on sites to reduce the total amount of waste requiring disposal (sent to landfills or incinerators).

Where waste cannot be recycled, DOE licensed third party waste disposal specialist companies are hired to collect, transport and dispose waste as certified landfills only. All hazardous wastes are treated before being disposed or treatment is performed by the aforementioned third party waste disposal firms.

At all operating sites, MGB implements the lifecycle analysis system as part of its waste management approach.

**MGB SANY Precast Factory – Recycled & Non Recycled Waste**

| | | Year | | | | |
|---|---|---|---|---|---|---|
| | **Material** | **Unit** | **2018** | **2019** | **2020** | **2021** |
| **Non-Recycled** | Cement | Tonne | 220 | 393 | 307 | **237** |
| | Sand | Tonne | 587 | 1,006 | 2,224 | **743** |
| | Aggregate | Tonne | 696 | 1,131 | 1,120 | **738** |
| **Recycled** | Steel Bar | Tonne | 92 | 163 | 95 | **76** |
| | BRC | PC | 2,526 | 5,525 | 3,455 | **2,530** |

**Environmental Performance Monitoring**

As mentioned prior, MGB monitors its environmental performance to ensure compliance to standards set out by the DOE.

Monitoring is performed at the required intervals by an independent third party or by department enforcement officials. Monitoring is performed for noise levels, quantity and types of effluent discharge and air emissions.

Save for a few exceptions for noise levels at night, MGB has achieved compliance. On the occasions, where noise levels exceeded set decibel parameters, MGB has taken remedial action cautioning workers on site to ensure no construction works were conducted at night and that only housekeeping works were allowed.

The Group has not been fined or served with notices of site shutdown due to poor environmental performance in FY2021.

**Biodiversity**

None of MGB's project sites are categorised as sites with high biodiversity value. However, the Group potentially may be operating close to sites with high biodiversity value.

MGB undertakes a Biodiversity Management Plan for all sites. Prior to commencement a thorough biodiversity assessment is undertaken to identify sensitive or high-value flora and fauna species.

If the site is found to be of high biodiversity value or contains rare or endangered flora or fauna, MGB will then proceed to alert the authorities and follow prescribed SOPs for biodiversity management prior to commencement of site works.

Only if the authorities provide approvals, would works be carried out. Sans relevant approvals, MGB will not undertake construction works on sites deemed to be of high conservation value or biodiversity critical sites.

The full biodiversity assessment results are provided in the SR2021.

# SUSTAINABILITY STATEMENT

## SOCIAL PERFORMANCE

### Talent Management and Retention

Amidst the competitive market for talent, MGB and all industry players continue to vie for talent. There is an urgent need to recruit and retain high-calibre, competent professionals.

In meeting its talent management requirements, MGB has adopted a comprehensive approach to talent management that encompasses recruitment, rewarding, promotion, development and retention of talent, and also promotes the development of a conducive organisational culture centred on merit and equal opportunity.

Supporting policies developed include:

- Policy supporting the employment of under-privileged groups
- Policy promoting trainee programmes and on-the-job stints to enable employed youths to gain meaningful work exposure and experience

MGB complies with the Malaysian Employment Act 1955, which prohibits the use of child or forced labour. Thus far, there have been no recorded incidents of child or forced labour in MGB since the commencement of its operations.

MGB strictly adheres to the local labour laws that stipulates no employee should work more than 104 hours per week.

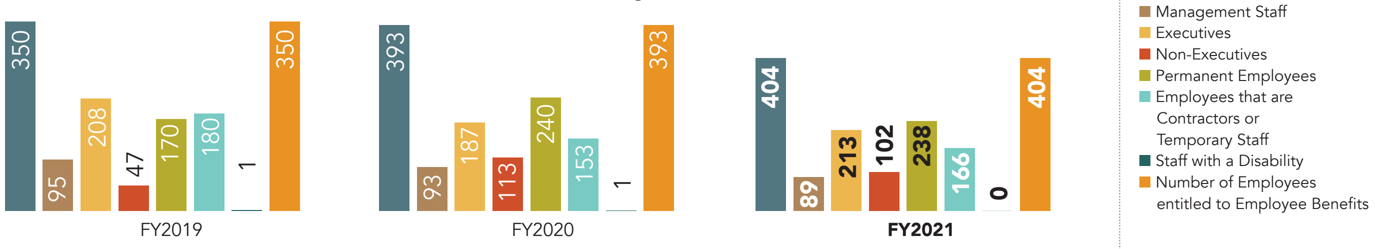
The Human Resources (HR) department together with Heads of Departments (**"HODs"**) drive and coordinate efforts across the business units to ensure constant professional development of the workforce.


### Employee Workforce Data

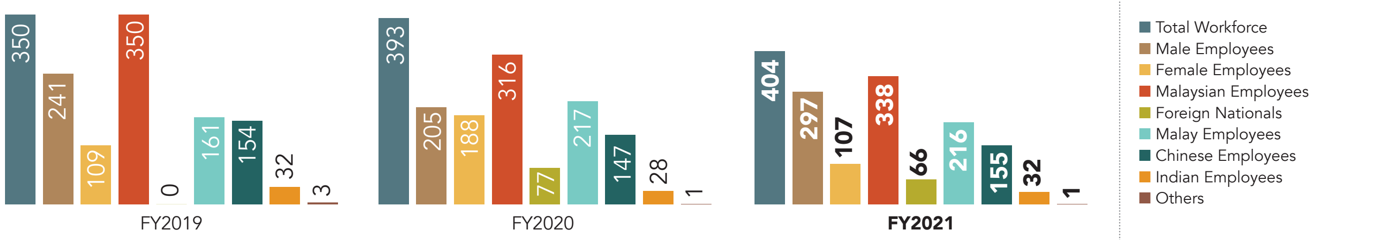
MGB adopts a non-discriminatory approach, where talents are judged purely on the competence, qualifications, experience and professional contributions. No discrimination is condoned based on race, religion, gender or any other demographic factor.

Given many of the jobs in the construction and property development industry require manual labour or working on project sites which are more physically demanding, there is a natural skew towards more men in the Group's workforce. However, in office and management related positions, there is closer gender parity in the workforce.

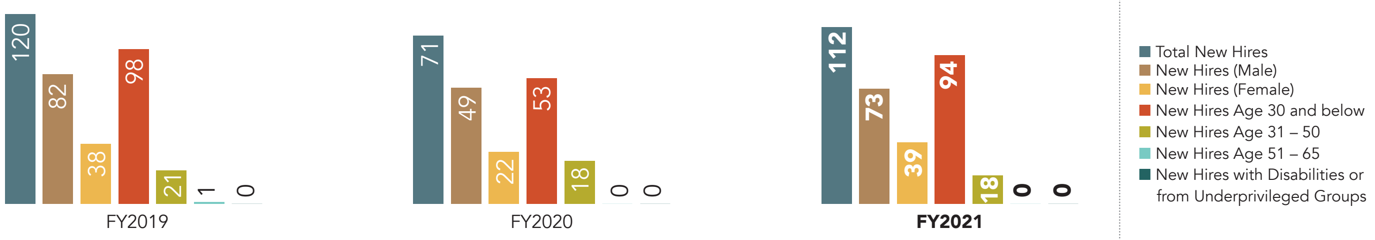
## General Workforce Data (by Position)



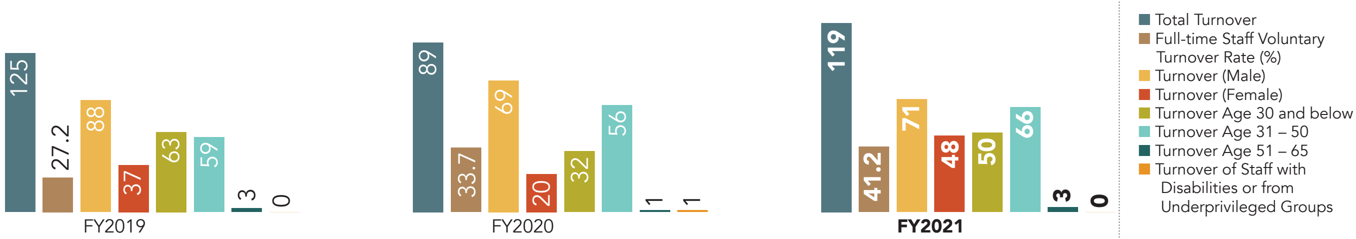

## Workforce Data (by Gender and Ethnicity)



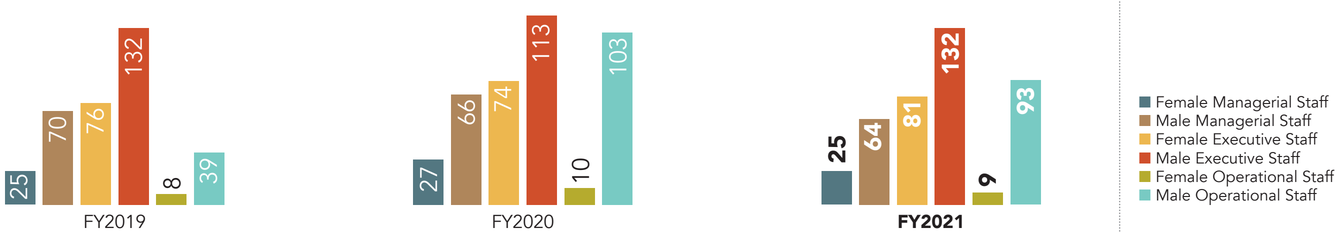

## New Hires (by Age Group)




## Employee Turnover




## Gender Breakdown Based on Employment



# SUSTAINABILITY STATEMENT

All employees in MGB receive a formal appraisal at least once a year. In FY2021, 81% of employees received a formal appraisal. Employees have unfettered access to a formal grievance mechanism, in which they may use to express any form of dissatisfaction.

In FY2021, there were zero cases brought up through the grievance mechanism.

**Freedom of Association and Collective Bargaining**

MGB respects the right to freedom of association in Malaysia and the right of collective bargaining. Both come under statutes of the International Labour Organisation (**"ILO"**) and the Universal Declaration of Human Rights. Employees are free to join any political body, trade association, NGO or religious/cultural group of their choosing so long as these groups are not illegal.

There have been no reported infringements on the rights of any persons, adult or child, nor any incidence of forced or compulsory labour.

**Employee Remuneration and Benefits**

MGB continues to provide competitive remuneration to employees as benchmarked against industry standards. The compensation package includes salaries, bonuses, allowances (where appropriate) as well as various employment benefits. Benefits provided comply to the Employment Act as well as additional benefits and perks, which serve to motivate or reward employees.

All employees earn a basic salary that is RM1,200 month or higher and as such, as complied with the Minimum Wages Order 2020.

In accordance to the law, MGB makes statutory contributions for employees' retirement savings as well as for social security. The retirement savings is called the Employees' Provident Fund (**"EPF"**) while medical insurance is provided under the Social Security Fund (**"SOCSO"**).

| | FY2019 (RM) | FY2020 (RM) | FY2021 (RM) |
|---|---|---|---|
| Total payments made to employees in terms of salaries, bonuses and benefits | 22,181,402.87 | 24,588,783.89 | **20,736,020.62** |
| Total statutory payments made for employees' retirement benefits (EPF) | 2,717,289.00 | 2,927,162.00 | **2,415,893.00** |
| Total payments in medical insurance (SOCSO) for employees | 205,495.25 | 257,455.20 | **226,493.50** |

**Parental Leave**

| | FY2019 | FY2020 | FY2021 |
|---|---|---|---|
| Paternity Leave | 14 | 18 | **9** |
| Maternity Leave | 8 | 3 | **4** |

**Employee Training and Professional Development**

MGB has formalised a Human Resource Learning and Development Policy. The Policy reflects Management's commitment towards ensuring the quality and regularity of staff professional development on a constant basis.

Training is provided across the organisation to all levels; from the Board right to non-executive staff. All training costs are borne by MGB. MGB annually contributes to the Human Resource Development Fund (**"HRDF"**), which is under the Ministry of Human Resources (**"MOHR"**).

In FY2021, zero non-conformance reports were issued for non-compliance with regard to training and development activities via the annual review and audit process.

| | FY2019 | FY2020 | FY2021 |
|---|---|---|---|
| Total Training Hours as a Company | 3,014 | 1,981 | **1,168** |
| Average Training Hours Per Employee | 8 | 5 | **3** |
| Average Training Days Per Employee | 1 | 0.5 | **0.5** |
| Average Training Spend Per Employee (RM) | 106.2 | 115.98 | **39.63** |
| Training Hours by Type of Training – Technical | 986 | 1,364 | **416** |
| Training Hours by Type of Training – Awareness | 1,540 | 481 | **174** |
| Training Hours by Type of Training – Safety & Health | 488 | 136 | **578** |

| | FY2019 | FY2020 | FY2021 |
|---|---|---|---|
| Average Training Hours Per Employee (Male) | 7 | 4 | **3** |
| Average Training Hours Per Employee (Female) | 10 | 7 | **3** |
| Average Training Hours Per Employee (Management Staff) | 11 | 12 | **3** |
| Average Training Hours Per Employee (Executives) | 7 | 5 | **6** |
| Average Training Hours Per Employee (Non-Executives) | 6 | 1 | **4** |

| | FY2019 | FY2020 | FY2021 |
|---|---|---|---|
| Total Male Employees attended Training | 308 | 285 | **297** |
| Total Female Employees attended Training | 83 | 104 | **107** |
| Total Employees attended Training | 391 | 389 | **404** |

# SUSTAINABILITY STATEMENT

## OCCUPATIONAL SAFETY AND HEALTH ("OSH")

From a business/operational perspective, OSH is material to MGB as it is akin to a license to operate in the construction and property development industries.

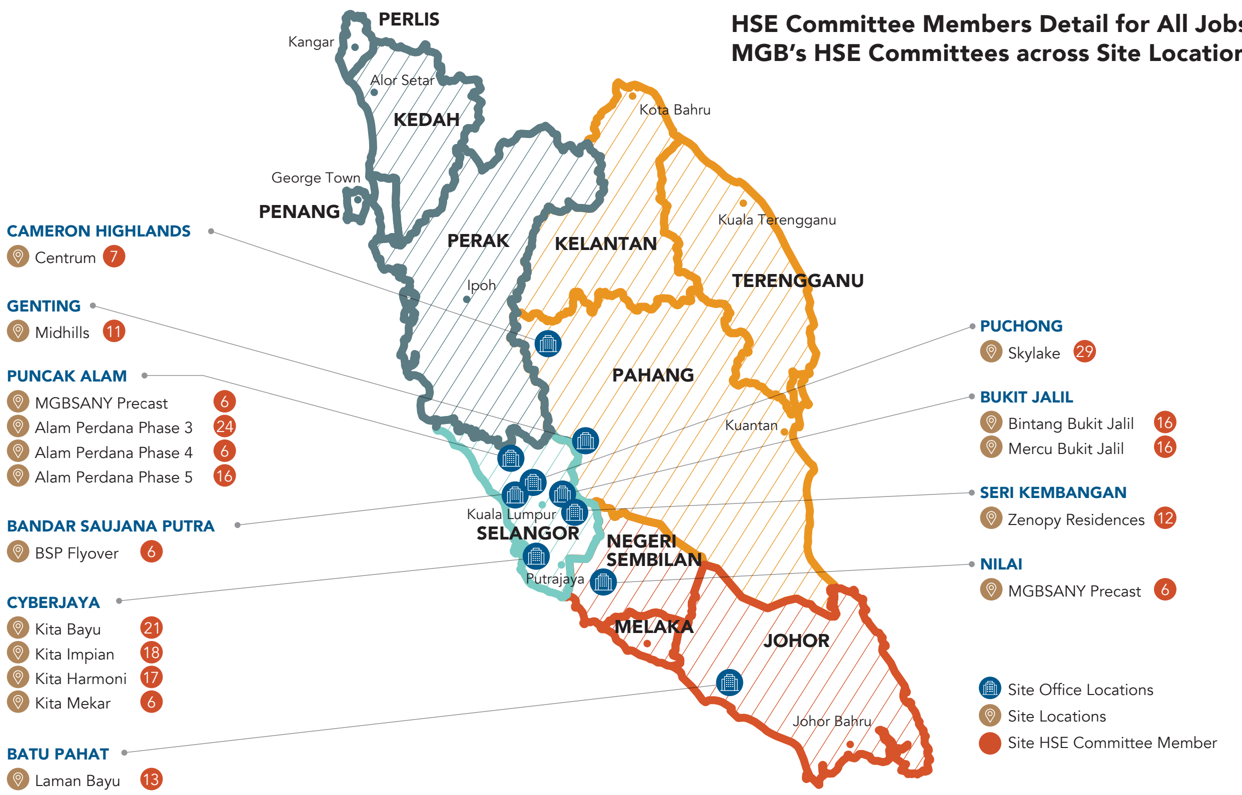
A strong OSH management system drives down compliance costs and reduces risks. A good OSH track record will ultimately translate into higher productivity, higher employee/worker morale, stronger brand reputation, increased competitiveness when bidding for contracts, higher productivity and faster project completion and also reduced costs i.e. reduced need to replace damaged property and equipment.

MGB has developed a comprehensive OSH policy that provides the basis for the continued proliferation of an OSH first mindset across the Group. The policy meets present regulatory requirements but also extends further towards realising OSH operational excellence and the safest work conditions for employees and workers. The OSH policy can be viewed at https://mgbgroup.com.my/sustainability/.

The policy is applicable to all of our business activities and premises and is compliant with Malaysia's Occupational Safety and Health Act 1994. OSH education and training are a mainstay at MGB with such activities being held throughout the year.

All worksites have a comprehensive OSH Committee, comprising a Safety Officer, Site Safety Supervisor and Project Manager. Collectively, all parties strive to achieve and maintain an incident free work site.

**HSE Committee Members Detail for All Jobsite**
**MGB's HSE Committees across Site Locations**




*Note: Current number of certified OHS/SHE Practitioners: 20*

### Composition of HQ and Site HSE Committee

**HQ**

The HQ HSE Committee consists of:
Health and Safety Manager, HSE Management Representative, Head of Construction, Head of Department (HR/Admin, Procurement, Account/Finance, Contract) and Chief Operating Officer.

**SITE**

The Site HSE Committee consists of:
Health and Safety Officer, Site Safety Supervisor, Site Engineer, Project Manager, Trade Subcontractors representatives, Nominated Subcontractors representatives and client's representative.

### OSH Incident Investigation

Any incidents are reported to management immediately. The incident is thoroughly investigated and if warranted, there will be a shutdown on site. The shutdown could be for the entire project site or just the affected areas of the site. The Department of Occupational Safety and Health (**"DOSH"**) will also be notified.

The findings of the investigation will enable the identification of the root cause for the incident and provide recommendations on how to prevent or reduce the possibility of re-occurrence.

The findings are shared to all project sites and where relevant incorporated into the existing OSH SOPs.

### OSH Performance

In FY2021, MGB has surpassed the 5-million mark for workhours sans a loss time injury (**"LTI"**). In total, the Group registered 6.4 million manhours without LTI. Results are measured and verified by an internal audit committee, followed by external ISO auditors.

| | FY2019 | FY2020 | FY2021 |
|---|---|---|---|
| Fatality | 0 | 0 | **0** |
| Lost Time Accident | 0 | 0 | **0** |
| Total Days Lost/ Charged | 0 | 0 | **0** |
| Total Days Worked | 338 | 302 | **329** |
| Total Manhours Worked | 8,822,830 | 6,640,160 | **6,474,170** |
| Average Workers Per Day | 31,335 | 24,142 | **23,277** |
| Frequency rate | 0 | 0 | **0** |
| Severity Rate | 0 | 0 | **0** |

### COVID-19 Related OSH Measures

The onset of COVID-19 initially caused significant disruptions to regular business activities. In ensuring business continuity and in safeguarding our stakeholders, particularly employees and site workers, MGB was swift to adapt to altered operating conditions amidst the new normal.

Aside from establishing a clear leadership structure, MGB also updated its Emergency Response Plan with the inclusion of COVID-19 as a potential emergency. This was followed with the development of a business continuity plan in relation to the pandemic.

The plan takes into account the existing disruption to business processes and the supply chains, and the requirement for work to be performed remotely (in compliance with social distancing rules and other government mandated standard operating procedures).

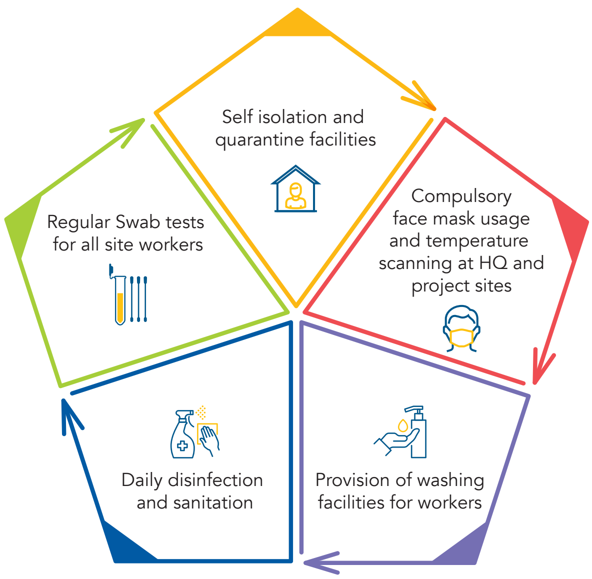
In essence, the plan was focussed on ensuring compliance with the government's COVID-19 directives, to maintain business resilience, strengthen the ability to recover rapidly should a COVID-19 case occur, and provide the highest level of protection to our workforce.

Regular operational process guidelines were updated to incorporate pandemic related SOPs i.e. physical distancing, mask wearing, temperature screening, self-isolation, site access, cleaning and testing. MGB provided full support to CIDB's Construction Industry Vaccination Programme (CIVac) towards ramping up vaccination rates of workers and employees.

The Group continues to monitor the number and percentage of workers undergoing health surveillance for COVID-19 on a regular basis.

MGB's strict adherence to SOPs have enabled all sites to operate at full productivity levels.

The importance of resumption of works cannot be understated as it allowed business supply chains to continue operating, thus supporting scores of local businesses and jobs. The continuation of works also enables MGB to maintain progress on the project to ensure timely completion and progressive revenue recognition.



## SUPPORTING COMMUNITY DEVELOPMENT

MGB's CSR strategy is to align with the principles of the LBS Foundation (**"LBSF"**). The LBSF is the non-profit charity arm of parent company, LBS Bina Group Bhd. It is through the LBSF's four pillars that MGB contributes to a wide range of societal causes. These four pillars of LBSF are: Education, Health, Community and Environment.

MGB lends its full support to programmes undertaken by LBSF. Employees are encouraged to participate in CSR activities, either those organised by the Group, LBSF, or any other organisation.

# CORPORATE GOVERNANCE
# **OVERVIEW STATEMENT**

The Board of Directors (**"Board"**) is pleased to present the Corporate Governance Overview Statement (**"Statement"**) which provides an overview of the corporate governance practices adopted by MGB Berhad (**"MGB"** or **"the Company"**) and its subsidiaries (collectively referred to as the **"Group"**) for the financial year ended 31 December 2021 based on the principles and guidance set out in the Malaysian Code on Corporate Governance (**"MCCG"**) issued by the Securities Commission Malaysia and in compliance with the Main Market Listing Requirements (**"MMLR"**) of Bursa Malaysia Securities Berhad (**"Bursa Malaysia"**).

This Statement should be read together with the Corporate Governance Report (**"CG Report"**), which is accessible at MGB's corporate website at www.mgbgroup.com.my, and in conjunction with the other statements in the Annual Report (e.g. Statement on Risk Management and Internal Control, Audit Committee Report and Sustainability Statement) which provides stakeholders with a comprehensive view of the Group's corporate governance practices vis-à-vis the MCCG.

With global market conditions expected to remain challenging and the world still in the grips of the pandemic, active corporate governance and robust systems of oversight are critical in ensuring that the Group remains agile and effective in uncertain times, leveraging on our strengths to achieve sustainable growth.

The Board acknowledges corporate governance being essential to promote and drive long term sustainable growth of the Group, whilst taking into account the interests of the investors and all other stakeholders. To this end, the Board continue to devote considerable effort to identify and formalize best practices to continue maintaining its high standards of corporate governance throughout the Group.

This Statement provides shareholders and investors with an overview of how the Group has applied the 3 key Principles set out in the MCCG during the financial year ended 31 December 2021 (**"FY2021"**) as well as key focus areas and future priorities in relation to corporate governance:

(a) Board leadership and effectiveness;

(b) Effective audit and risk management; and

(c) Integrity in corporate reporting and meaningful relationship with stakeholders.

As at the date of this Statement, the Group has complied with all material aspects of the principles set out in the MCCG throughout FY2021 to achieve the intended outcome. Details of the application are summarised as below:

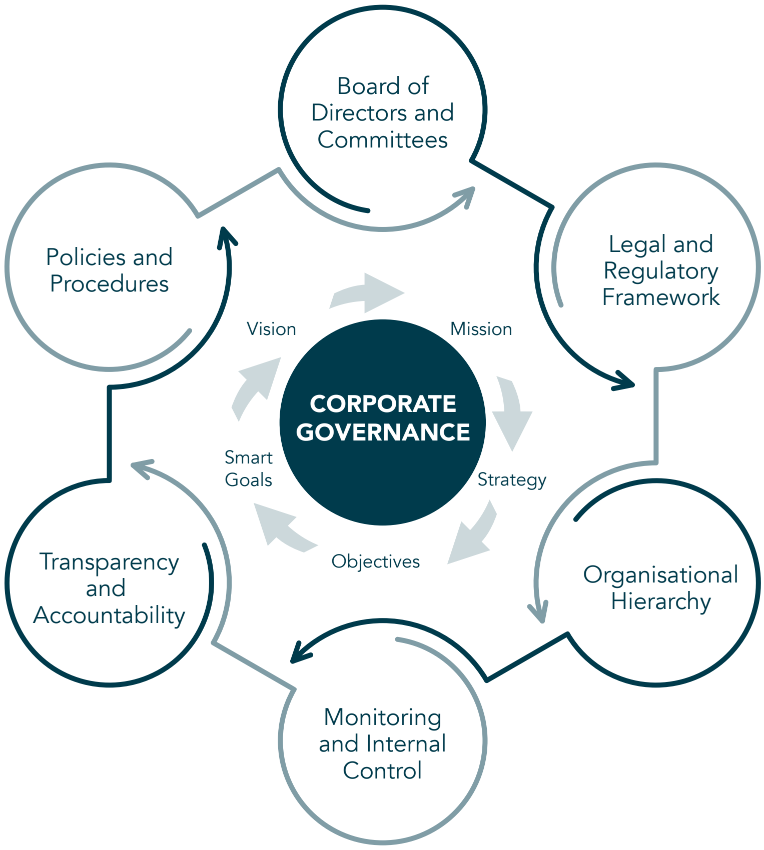
| | Total | Applied/ Adopted | Departure | Not Applicable | Not Adopted |
|---|---|---|---|---|---|
| Recommended Practices | 43 | 37 | 5 | 1 | - |
| Step-up Practices | 5 | 3 | - | - | 2 |

The following are the 5 recommended practices which the Company has departed from:

- Practice 1.4 – The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee.
- Practice 4.4 – Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.
- Practice 5.9 – The board comprises at least 30% women directors.
- Practice 5.10 – The board discloses in its annual report the company's policy on gender diversity for the board and senior management.
- Practice 8.2 – The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The CG Report provides the details on how the Group has applied each of the Practices set out in the MCCG during FY2021 as well as explanations for the departures and alternative measures in place for the abovementioned practices.




## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### 1. BOARD RESPONSIBILITIES

#### *1.1 Board of Directors*

MGB continues to be led by an experienced, competent and diversified Board that is made up of Executive Directors and Independence Non-Executive Directors with appropriate competencies, knowledge, skills and experience from diverse sectors and backgrounds. The Directors collectively, have wide and varied technical, financial and commercial experience which facilitates the discharge of the Board's statutory and fiduciary duties and responsibilities.

The Board is responsible for the effective leadership and long-term success of the Group. Hence, the Board sets goals, policies and targets within a framework of prudent and effective controls which enables risk to be assessed and managed. Apart from this, the Board also ensures the necessary resources and capabilities are in place to deliver its strategic aims and objectives.

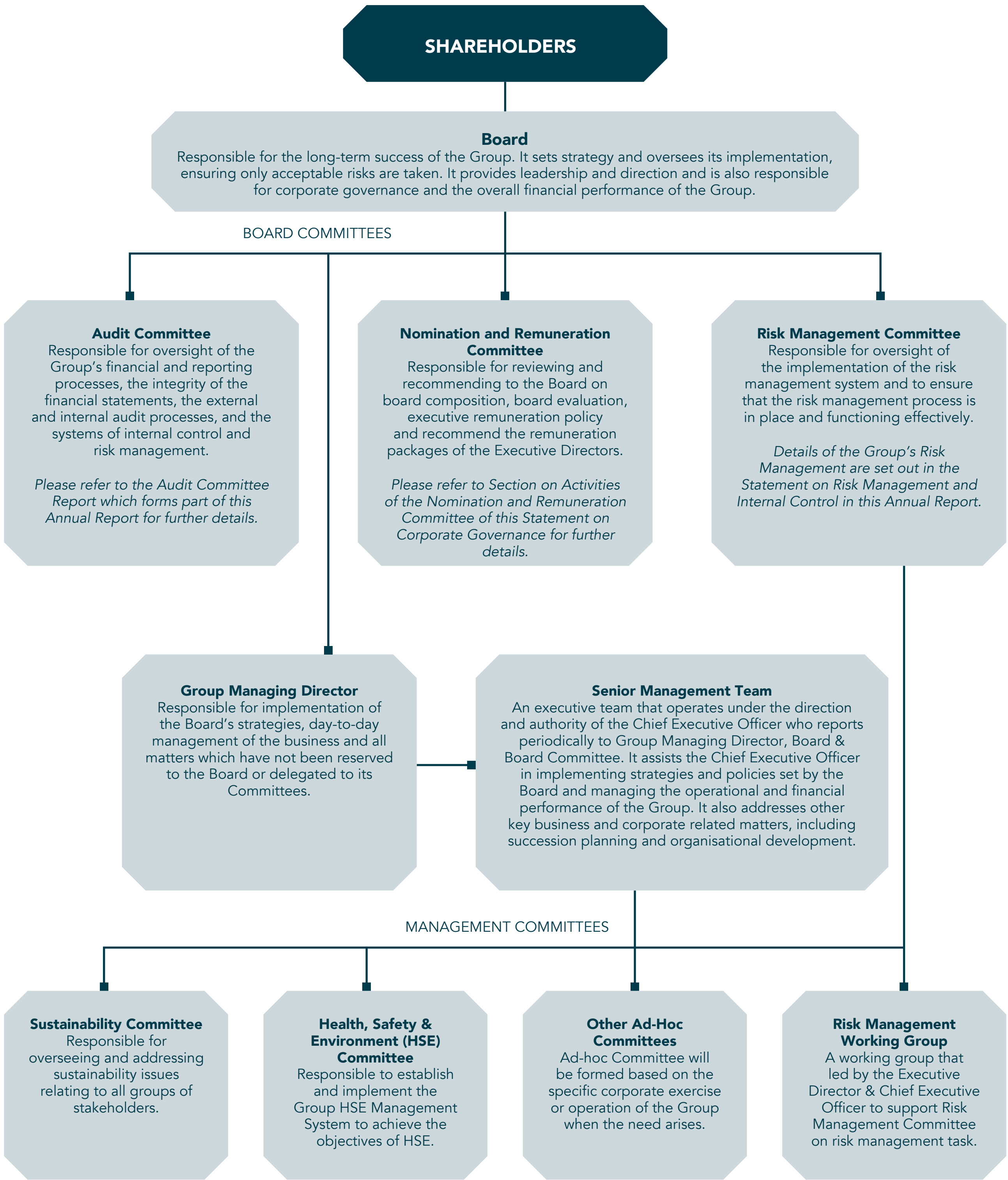
The Board assumes, amongst others, the following principal roles and responsibilities:

- to formulate, implement and evaluate the strategic plans and direction of the Group;
- to oversee the conduct and performance of the Group's businesses;
- to oversee the system of risk management, including to identify principal risks affecting the Group, setting the risk appetites and to ensure the implementation of appropriate mitigation measures;
- to establish and review training programme and succession planning to the Board and all candidates appointed to senior management positions are of sufficient calibre;
- to approve the change of corporate organisation structure plan including new investments or divestments both locally or abroad;
- to oversee the development and implementation of shareholder communication policy/practice for the Group; and
- to review the adequacy and the integrity of the Group's management information and internal control system.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

### *1.2 Leadership Roles and Responsibilities*

In order to ensure effective discharge of the roles and responsibilities, the Board has in place a Governance Framework for the Group and delegated specific authorities to the Board Committees, Group Managing Director and Management Committees as set out below:



# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Company adopted the Governance Framework to embed best practices within the organisation, including where specific authorities of the Board are delegated to the relevant Board Committees, the Group Managing Director as well as the Management Team and Management Committees. The Board has established three Committees, all of which comply with the provisions of the MCCG and play an important role through the detailed work they carry out to fulfil the responsibilities delegated to them.

The Committees contribute their specialist skills to key area such as financial information review, procurement and development matters, internal controls and risk management, governance and human capital management.

The Board extends the adoption of Discretionary Authority Limits to its wholly owned subsidiaries whereby authority limits are delegated by the Board to the Senior Management for daily operations. The Discretionary Authority Limits is reviewed as and when required, to ensure an optimum structure for efficient and effective decision-making within the Group.

| Role | Key Responsibilities |
|---|---|
| **Chairman** | The Chairman is responsible for instilling good corporate governance practices and leading the Board in discharging its duties effectively. |
| **Group Managing Director** | The Group Managing Director assumes overall responsibilities for the execution of the strategies of the Group, in line with the Board's direction, and drives the Group's businesses and performance towards achieving the Group's vision and goals. |
| **Executive Directors** | The Executive Directors are responsible for the day-to-day management of financial and operational matters in accordance with the strategic direction established by the Board. |
| **Non-Executive Directors** | The Non-Executive Directors are responsible for acting as a check and balance on MBG's Board and the Management by providing independent and unbiased views and act as caretakers of minority interest. |
| **Key Management** | The Board is assisted by the Key Management Team. The details of the Key Management Team are provided on page 14 to 21 of the Annual Report. The Key Management is tasked with the responsibility of managing of the Group's business and implementing the Board's strategies, policies and decisions. The relevant members of the Leadership Team will also be invited to attend the Board and/or the Board Committees meetings to advise and provide clarifications as and when required on items in the agenda tabled to the Board and the Board Committees. |

### ***1.3 Roles of the Chairman and Group Managing Directors***

MGB recognises the importance of the separation of the positions of the Chairman and the Group Managing Director to promote accountability and facilitate division of responsibilities between them. The Board practices a clear demarcation of duties between the Chairman and Group Managing Director (**"GMD"**) to ensure a balance power and authority in the Board.

Dato' Abdul Majit Bin Ahmad Khan (**"Dato' Abdul Majit"**), who is an Independent Non-Executive Director, as the Chairman of the Board is primarily responsible for ensuring Board effectiveness and monitoring the workings of the Board. Dato' Abdul Majit leads the Board by setting the tone from the top and managing Board effectiveness by focusing on governance and compliance. He encourages active participation and allow dissenting views to be freely expressed to ensure that the key issues facing the Group are addressed. He also guides the Board through the decision-making process and ensures that the Board operates effectively as a team.

During the financial year, the immediate past GMD, Tan Sri Dato' Sri Lim Hock San, *JP* re-designated to Executive Vice Chairman, and Datuk Wira Lim Hock Guan, *JP* was appointed as the GMD with effective from 1 August 2021. Datuk Wira Lim Hock Guan, *JP*, as the Group Managing Director plays a vital role in leading the entire Group's business operation, ensure organisational performance effectiveness and implementation of strategy, overseeing and managing the day-to-day operations of the Group and the Board's polices, decisions, consideration and approval. He is also responsible for determination of strategic direction of the Group.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

### *1.4 Role of Company Secretaries*

The Board is supported by the Company Secretaries who is qualified under Section 235 of the Companies Act, 2016. The Company Secretaries are responsible to provide advise to the Board and Management on corporate governance related matters and ensure the Board adheres to the relevant rules and regulatory requirements as well as Board policies and procedures.

All Directors have ready and unrestricted direct access at all times to the advice and services of the Company Secretaries to ensure effective functioning of the Board and its Board Committees, adherence to Board policies and procedures as well as compliance with regulations and governance practices.

The Company Secretaries attended all Board meetings, Board Committees meetings and shareholders' meetings, to ensure smooth running of meeting and accuracy and adequacy of records of proceedings of the meeting and resolutions. The Company Secretaries, being an advocate of adoption of corporate governance best practices, monitors corporate governance developments and assist the Board in applying governance practices to meet the Board's needs and stakeholders' expectations.

The Company Secretaries constantly keep themselves abreast of the evolving regulatory changes and developments in corporate and securities law, listing rules and corporate governance practices through continuous training.

In August 2021, the Company Secretary presented to the Board a gap analysis on the MCCG 2021 and the steps identified by Management to implement the new and updated practices, as well as the necessary changes to be made to the current board structure and policies.

### *1.5 Board Committees*

The Board delegates certain responsibilities to three (3) principal Board Committees, namely Audit Committee (**"AC"**), Nomination and Remuneration Committee (**"NRC"**) and Risk Management Committee (collectively referred to as **"the Board Committees"**), all of which have specific responsibilities with authority to act on behalf of the Board to oversee and manage different aspects of the Group's governance and compliance as mandated in their respective Terms of Reference (**"TOR"**). The TOR of the Board Committees are reviewed and updated regularly to ensure that the latest requirements of the MCCG and the MMLR of Bursa Malaysia are incorporated.

Following the resignation of the Senior Independent Non-Executive Director, Mr Chin Sui Yin on 31 December 2021 and Executive Director, Mr Lim Kim Hoe on 1 January 2022, the Board had endorsed the recommendation of the NRC to re-structure the composition of AC and NRC. After composition re-structuring, the AC and NRC composition remained to comprise exclusively Independent Non-Executive Directors, which consist of Dato' Abdul Majit bin Ahmad Khan, the Independent Non-Executive Chairman. The Board is mindful on the overlapping positions held by the Chairman knowingly the Chairman of the Board should not be a member of the AC, NRC and Risk Management Committee pursuant to Practice 1.4 of MCCG. The Board believed that Dato' Abdul Majit bin Ahmad Khan demonstrates high ethical and integrity and able to act independently and rationally in discharging each role he holds. The Board is comfortable that there is no undue risk involved as Board culture dictates that all major matters and issues are referred to the Board as a whole for considerations and approvals. The Chairman is abstained from voting on the matters that related to him to avoid conflict of interest.

The Board also endorsed to form a Risk Management Committee (**"RMC"**) which comprise solely directors, with majority of Independent Non-Executive Directors, upon recommendation by the NRC in view of enhancing oversight of effective internal control and risk management framework of the Group. The previous RMC which led by the Executive Director & Chief Executive Officer and comprises a team of senior management has been changed to Risk Management Working Group, to assist the RMC to carry out tasks on risk management activities.

The Board and Board Committees meet on a scheduled basis and additional meetings may be called by the Chairman of the Board Committees, when required. All deliberations, recommendations and decisions of the Board Committees are recorded, and minutes are subsequently confirmed in the next Committee meetings. The Board is briefed at its meetings on matters deliberated by the Board Committees.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

## 2. BOARD COMPOSITION AND DIVERSITY

The members of the Board possess wide-ranging experiences, skills and expertise in accounting, finance, economics, entrepreneurship, engineering, property investment and development are persons of high caliber and integrity, which give added strength to the leadership which is necessary for the effective stewardship of the Company. The Board is confident that there are sufficient experienced and independent–minded Directors on the Board to provide sufficient check and balance.

There were changes in the composition of the Board compared to previous reporting with the resignation of Mr Chin Sui Yin and Mr Lim Kim Hoe on 31 December 2021 and 1 January 2022 respectively. Their resignations were duly announced to Bursa Malaysia. The Board extended its gratitude to Mr Chin Sui Yin and Mr Lim Kim Hoe for their significant contribution and services during their tenure as Directors of MGB.

As at the date of this Report, the Board consists of six (6) members, of whom three (3) Executive Directors and three (3) Independent Non-Executive Directors (**"INED"**), presenting 50% INED of the Board's composition in line with the requirements of Paragraph 15.02 of the MMLR of Bursa Malaysia and Practice 5.2 of MCCG, to instill objective and independent deliberation, review and decision-making.

As at the date of this report, the Board's composition is as follows:

**Board Composition**

**50%** Executive Directors

**50%** Independent Non-Executive Directors

**Executive Directors**
*(Including Executive Vice Chairman/Group Managing Director/Chief Executive Officer)*
Number of Directors: 3/6

**Independent Non-Executive Directors**
*(Including Chairman)*
Number of Directors: 3/6

The Board believed that its current Board composition is adequate in terms of size and diversity of age, gender and has a blend of skills, experience and knowledge enabling them to provide effective oversight, strategic guidance and constructive challenge, examine proposals on strategy and empower the Group Managing Director and Chief Executive Officer to implement strategies approved by the Board. This is to ensure diversity and inclusiveness of views as well as to facilitate effective decision-making and constructive deliberation during its meetings.

The Board acknowledges the importance of boardroom diversity and is supportive of the recommendation of Practice 5.5 of MCCG to the establishment of boardroom and workforce gender diversity policy. Notwithstanding the lack of gender diversity on the Board at this juncture, the Board remains committed to maintain at least one (1) female representation on the Board.

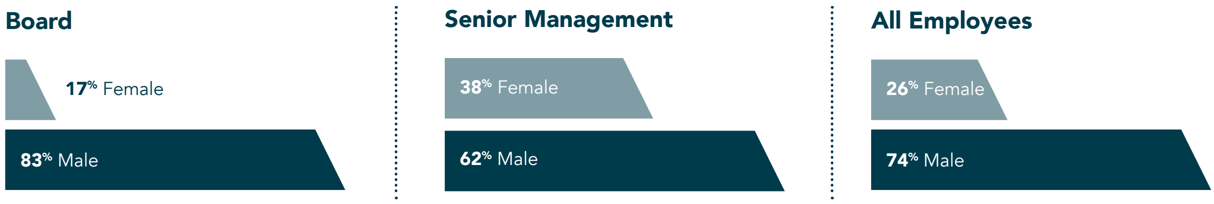
The Group practicing equal opportunity and no discrimination of any form, whether based on age, gender, race and religion, throughout the organisation. The Board and Management also believe the participation of women in decision-making positions should not be focused on board positions alone but should be broadened to include members of senior management as the same benefits apply. Thus, MGB has five (5) women out of thirteen (13) Senior Management personnel.

The Board will consider the appointment of additional women director as and when suitable candidates identified and circumstances permit. Regardless of gender, the Board will also take steps to nurture suitable and potential candidates equipped with the competency, skills, experience, character, time commitment, integrity and other qualities in meeting the future needs of the Company.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

In line with the Paragraph 15.06 of MMLR of Bursa Malaysia, none of the members of the Board holds more than five directorships in listed companies. Prior to acceptance of other appointment for directorship in other listed companies, the Directors are required to first notify the Chairman of MGB to ensure that such appointment would not unduly affect their time commitment and responsibilities to the Board. In addition, none of the Directors have appointed alternates.

**Gender Composition as at 31 December 2021**




### *2.1 Activities of the Nomination and Remuneration Committee ("NRC")*

The NRC is responsible to identify and recommend the right candidate with necessary skills, experience and competencies to be filled in the Board and Board Committees. The composition of the NRC is in compliance with the requirements of Paragraph 15.08A(1) of the MMLR of Bursa Malaysia, which provides that the NRC must comprise exclusively of non-executive directors and majority of whom are independent directors. The NRC is chaired by an Independent Director which is in line with Practice 5.2 of MCCG 2021.

The NRC currently comprises three (3) Independent Non-Executive Directors:

| | | |
|---|---|---|
| (a) | Chairman - Dato' Abdul Majit bin Ahmad Khan | (Independent Non-Executive Chairman) |
| (b) | Member – Dato' Beh Hang Kong | (Independent Non-Executive Director) |
| (c) | Member – Puan Nadhirah binti Abdul Karim | (Independent Non-Executive Director) |

A summary of the activities of the NRC in discharging its duties for the FY2021 is as follows:

(1) reviewed the size and composition of the Board in respect of its structure, size and the required mix of skills and experience;

(2) reviewed and assessed the level of independence of Independent Directors;

(3) conducted an annual assessment on the effectiveness of the Board, Board Committees and the individual directors of the Company;

(4) reviewed, assessed and made recommendation to the Board for its approval, regarding the directors who are seeking for re-election at the forthcoming Annual General Meeting (**"AGM"**) of the Company;

(5) reviewed and recommended remuneration package of Executive Directors;

(6) reviewed and recommended the changes to the composition of Risk Management Committee;

(7) reviewed and recommended the salary reduction of Executive Directors and Senior Management (Grade GM1 and above);

(8) reviewed and make recommendation to the Board for its approval on the Succession Planning policy and Remuneration policy of the Group.

All proceedings of the NRC meetings were duly recorded in the minutes of each and signed minutes of each NRC meeting were properly kept by the Company Secretaries. Minutes of the NRC meeting were tabled for confirmation at the following NRC meeting, after which that were presented to the Board for notation.

The NRC, with the directors' rotation list presented by the Company Secretaries, identified the directors, namely Dato' Abdul Majit bin Ahmad Khan, Datuk Wira Lim Hock Guan, *JP* and Puan Nadhirah binti Abdul Karim, to be retired in accordance with Article 90 of the Constitution of the Company. The NRC assessed the respective directors' eligibility for re-election by considering their competencies, time commitment, contribution and their ability to act in the best interest of the Company. Based on the satisfactory evaluation of the respective director's performance and contributions to the Board, the NRC then make recommendation to the Board their re-election at the 19th AGM held on 3 August 2021.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

### *2.2 Board Appointment Process*

The Group has in place a formal and transparent procedure for appointment of new directors to the Board. The Board had entrusted NRC to identify and nominate suitable candidates for appointments to the Board and senior management (Grade GM1 and above) for approval, either to fill vacancies or as addition to meet the changing needs of the Group. The NRC may engage professional recruitment or from recommendations by existing Board members, to search for suitable candidates.

Before recommending an appointment to the Board, the NRC undertakes a comprehensive evaluation of the candidates. The NRC also takes into accounts the Group's business and matches the capabilities and contribution expected for a particular appointment. In selection of Board and senior management candidates, the NRC takes into account the mix of skills, competencies, experience, integrity, personal attributes and time commitment required to effectively discharge his/her role as a director/senior management. The NRC shall ensure that the Board has the right balance of skills, experience, independence and business knowledge necessary to discharge its responsibilities in keeping with the highest standards of governance.

### *2.3 Board Independence*

The Board is diverse in demographics, skills and experience. The Board comprises 50% of INEDs who promote independent judgement and diverse mind-sets and opinions. The INEDs also play a significant role in providing unbiased and independent views, advice and judgement which brings objectivity and scrutiny to the Board's deliberations and decision-making. Their role is particularly critical for related party transactions as these require independence of judgement and objective impartiality to protect the interests of minority shareholders. The Board is also of the view that all directors shall exercise independent judgement at all times, to act in the best interests of the Group and to exercise unfettered and independent judgement.

The independence of INEDs is evaluated by NRC, on annual basis, based on criteria stipulated in the MMLR of Bursa Malaysia and Guidance of MCCG, to ensure that they remained capable of providing unbiased and objective contribution to Boardroom discussions. Due consideration was made as to ensure INEDs are independent and free from any business or other relationship that could interfere with the exercise of independent judgement and capable to act in the best interest of MGB Group.

The Board is of the view that the independence of the Independent Directors should not be determined solely or arbitrarily by their tenure of service. The Board believes that continued contribution will provide stability and benefits to the Board and the Company as a whole, especially their invaluable knowledge of the Group and its operations gained through the years. The calibre, qualification, experience and personal qualities, particularly of the Director's integrity and objectives in discharging his/her responsibilities in the best interest of the Company should be the predominant factors to determine the ability of a Director to serve effectively as an Independent Director.

To date, the Board is satisfied that all three (3) INEDs remain independent in character and judgement and are free from relationships or circumstances which are likely to impair or could appear to impair their objective judgement and ability to act in the Company's best interest.

### *2.4 Tenure of Independent Directors*

The Board note the MCCG's recommendations in relation to the tenure of an Independent Director which shall not exceed a cumulative term of nine (9) years and if the Board continues to retain the Independent Director after the ninth (9th) year, a two-tier voting process should be applied as well as disclosure of justification on their retention by the Board.

The Board has revised its Board Charter by setting its terms in compliance to the recommendation of MCCG and incorporate a maximum tenure of twelve (12) years for Independent Directors with no further retention pursuant to the MMLR of Bursa Malaysia. Consequently, Mr Chin Sui Yin resigned as the Senior Independent Non-Executive Director upon his attainment of nine (9) years as Independent Director on 31 December 2021.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

### *2.5 Senior Independent Non-Executive Director*

Mr Chin Sui Yin had been appointed as the Senior Independent Non-Executive Director on 31 January 2017, who acts as a designated contact to whom shareholders' concerns or queries may be raised, as an alternative to the formal channel of communication with shareholders. Following the resignation of Mr Chin Sui Yin on 31 December 2021, the Board endeavours to identify a suitable replacement for the position of Senior Independent Non-Executive Director soonest available.

## 3. BOARD EFFECTIVENESS

### *3.1 Board Evaluation*

The Board, through the NRC and facilitated by the Company Secretaries, had carried out the annual assessment to evaluate the performance of the Board, its Board Committees and each individual directors, as well as identifying any gaps or arears of improvement, where required that cover the following:

- The Board as a whole and the Board Committees' Performance Evaluation;
- Level of Independence of Independent Director; and
- Competencies of each individual Director, including self and peer evaluation.

The assessment for the financial year under review was conducted internally through a questionnaire, focusing on maximizing the effectiveness and performance of the Board. In order to encourage open and frank evaluations, the evaluation process was managed by the Company Secretary, who had forwarded questionnaire to each Director, as well as collated the duly completed forms from the Directors. A summary of the results and all feedback received were tabled to the NRC for deliberation before appropriate action plans were recommended to the Board for further discussion and approval.

The results of the assessment were properly documented, summarized and reported to the Board. The results of the annual assessment for the financial year under review revealed that the Board and Board Committees had carried out their duties well and amicably with most of the questions rated positively. The Board was satisfied with its overall performance and noted the findings and areas that necessitated further improvements.

### *3.2 Directors' Re-Election and Re-Appointment*

Taking into consideration on the Article 90 of the Company's Constitution, the Directors' rotation list was presented to the NRC for endorsement prior to recommendation to the Board. In assessing the candidates' eligibility for re-election, the NRC considers their competencies, time commitment, contribution and their ability to act in the best interest of MGB.

The Board at its meeting held on 22 February 2022, had reviewed and satisfied with the Directors' performance rating of each director in competencies assessment on their contribution, performance, calibre and personality in relation to the skills and experience and other qualities they bring to the Board as well as their time commitment to the Company; and assessment on level of independence of each Independent Director, endorsed the recommendation of the NRC for the following Directors to be considered for re-election pursuant to Article 90 of the Company's Constitution at the forthcoming 20th Annual General Meeting (**"20th AGM"**):

- Tan Sri Dato' Sri Lim Hock San, *JP*
- Dato' Beh Hang Kong

The Board is in view of Tan Sri Dato' Sri Lim Hock San, *JP* and Dato' Beh Hang Kong, who stand for re-election, with their pertinent expertise, skills and extensive knowledge, would continue to make significant contributions and effectively to the Company's decision-making during deliberations or discussion.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

### *3.3 Supply and Access to Information*

Prior to each Board and Board Committee's Meeting, the Directors will be provided with the relevant agenda and Board papers, at least five (5) business days' notice or such shorter period as agreed by the Board to enable them to have on overview of matters to be discussed or reviewed at the meeting and to seek further clarifications, if any. This enables the Directors to have sufficient time to peruse the Board papers and seek clarifications or further details from the Management or the Company Secretaries before each meeting.

Presentations and briefings by the Management and relevant external consultants, where applicable, are also held at Board meetings to advise the Board. In this regard, relevant information is furnished and clarifications are given to assist the Board in making a decision.

The proceedings of Board Meetings are conducted in accordance with a structured agenda together with comprehensive management reports and supporting information which are furnished to the Directors in advance for the Directors to obtain further explanation or clarification, where necessary, in order to be properly briefed before the meeting.

All Directors have direct access to the Management and have unrestricted access to any information relating to the Group to enable them to discharge their duties. The Directors also have direct access to the advice and services of the Company Secretaries and are regularly updated on the new statutory and regulatory requirements relating to the duties and responsibilities of the Directors. The Directors, whether collectively as a Board or in their individual capacity, may seek independent professional advise at MGB's expense in furtherance of their duties.

### *3.4 Board Meetings*

The Board schedules meetings on a quarterly basis and additional meetings which require the Board's deliberation and approval will be convened in between the scheduled meetings as and when necessary. A pre-scheduled of the Board, Board Committees and General meeting of the year under review were circulated to all the Board members at the beginning of each financial year to facilitate the Directors in planning ahead and incorporating the said meetings into their respective schedules. A total of five (5) Board meetings were convened in FY2021.

The Chairman of the meeting is responsible to assure that robust and vigorous deliberations at Board and Board Committee meetings and provide opportunities to all Directors to participate and contribute to the decision-making process as well as to ensure that the process of constructive and healthy dialogue is achieved.

Matters deliberated at Board meetings include among others, strategies, business plans and budget, financial and business performance reports, investment decisions, corporate risks reports, policies, and corporate governance. The Board meetings are convened upon finalisation of the Company's quarterly results and annual results for the Board to review and approve prior to announcement to Bursa Malaysia. The respective Chairman of AC, NRC and RMC also updated the Board on the proceedings of their respective Committee meetings. All proceedings and deliberations including comments made by the Directors at the Board and Board Committee's meetings were duly minuted and signed.

Minutes of each Board and Board Committee's meeting are properly kept by the Company Secretaries at the Registered Office. The minutes of Board and Board Committee's meetings were circulated in a timely manner to all Directors for their perusal prior to the minutes tabled for confirmation at the next Board and Board Committee's meeting. The Directors may request for clarification or raise comments on the minutes prior to their confirmation.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board and Board Committees have discharged their roles and responsibilities by attending the Board and Board Committees meetings held in FY2021. The Board is satisfies with the level of time commitment given by the Directors in carrying out their responsibilities which is evidenced by the attendance record of the Directors set out in table below:

| No. | Name of Board Members | Designation | Attendance | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | **Board** | **%** | **AC** | **%** | **NRC** | **%** | **AGM** | **%** |
| 1. | Dato' Abdul Majit Bin Ahmad Khan | Independent Non-Executive Chairman | 5/5 | 100 | 5/5 | 100 | 1/1 | 100 | 1/1 | 100 |
| 2. | Tan Sri Dato' Sri Lim Hock San, *JP* * | Executive Vice Chairman | 5/5 | 100 | - | - | - | | 1/1 | 100 |
| 3. | Datuk Wira Lim Hock Guan, *JP*** | Group Managing Director | 5/5 | 100 | - | - | - | | 1/1 | 100 |
| 4. | Datuk Lim Lit Chek | Executive Director & Chief Executive Officer | 5/5 | 100 | - | - | - | | 1/1 | 100 |
| 5. | Mr Lim Kim Hoe[#] | Executive Director & Deputy Chief Executive Officer | 5/5 | 100 | - | - | - | | 1/1 | 100 |
| 6. | Mr Chin Sui Yin*** | Senior Independent Non-Executive Director | 5/5 | 100 | 5/5 | 100 | 1/1 | 100 | 1/1 | 100 |
| 7. | Dato' Beh Hang Kong | Independent Non-Executive Director | 5/5 | 100 | 5/5 | 100 | 1/1 | 100 | 1/1 | 100 |
| 8. | Puan Nadhirah binti Abdul Karim[##] | Independent Non-Executive Director | 5/5 | 100 | 5/5 | 100 | - | - | 1/1 | 100 |
| | | **Total number of meetings for FY2021** | **5** | | **5** | | **1** | | **1** | |

* *Tan Sri Dato' Sri Lim Hock San, JP was re-designated from Group Managing Director to Executive Vice Chairman with effective from 1 August 2021.*

** *Datuk Wira Lim Hock Guan, JP was re-designated from Executive Director to Group Managing Director with effective from 1 August 2021.*

*** *Mr Chin Sui Yin resigned as Senior Independent Non-Executive Director with effective from 31 December 2021.*

\# *Mr Lim Kim Hoe resigned as Executive Director with effective from 1 January 2022.*

\## *Puan Nadhirah binti Abdul Karim was appointed as member of NRC with effective from 1 January 2022.*

<u>Legend</u>
**Board** : Board of Directors
**AC** : Audit Committee
**NRC** : Nomination and Remuneration Committee
**AGM** : Annual General Meeting

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

***The Board's 2021 Key Focus Areas & Priorities***

The diagram illustrated below shows the key areas of focus for the Board which appear as items on the Board's agenda at the respective meetings throughout the year.

***Highlights of Board Activities During FY2021***

| | |
|---|---|
| **February** | Update on Enterprise Risk Management (ERM) and Management Proposed Action Plans |
| | Review and approve Audit Review Memorandum by external auditors |
| | Table results of Board Effectiveness Evaluation 2020 |
| | Setting KPI for Executive Directors and Senior Management |
| | Review remuneration package of Executive Directors and Senior Management (Grade GM1 and above) |
| | Review and approve 4th Quarterly Results |
| | Review Related Party Transaction & Recurrent Related Party Transactions |
| | A summary of dealings on securities by Directors from last meeting |
| | Adoption of Dividend Policy |
| **May** | Re-election of Directors for 19th AGM in 2021 |
| | Review and propose Director Fees to be approved by the shareholders in AGM |
| | Approval of Annual Report and Corporate Governance Report for the Financial Year 2020 |
| | Approval of Audited Consolidated Financial Statements 31 December 2020 |
| | Review and approve the Internal Audit Report |
| | Review and approve 1st Quarterly Results |
| | Review Related Party Transaction & Recurrent Related Party Transactions |
| | A summary of dealings on securities by Directors from last meeting |
| **June** | Adoption of Remuneration Policy |
| | Adoption of Succession Planning Policy |
| **August** | Convening of the Company's 19th AGM |
| | Review and approve 2nd Quarterly Results |
| | Review Related Party Transaction & Recurrent Related Party Transactions |
| | A summary of dealings on securities by Directors from last meeting |
| **November** | Update on Enterprise Risk Management (ERM) and Management Proposed Action Plans. |
| | Review and approve Audit Planning Memorandum by external auditors |
| | Review and approve 3rd Quarterly Results |
| | Review and approve Internal Audit Planning for 2022 |
| | Related Party Transaction & Recurrent Related Party Transactions |
| | A summary of dealings on securities by Directors from last meeting |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 3.5 *Dealing in Securities and Related Party Transactions*

Notices on the closed periods for dealings in the securities of the Company are circulated to all Directors and principal officers of the Company every quarter at least one (1) month before the scheduled meeting date to review and approve the quarterly results, in order for them to avoid dealing in securities during closed period, and if they do, to observe the clearance procedures as set out in the MMLR of Bursa Malaysia, to make necessary disclosure to the Company and given notice to Company Secretary, whenever the closed period is applicable.

A Director must immediately declare to the Company if he/she has any interest in transactions that are to be entered directly or indirectly with the Company. He/She must disclose the extent and nature of his/her interest at a Board meeting or as soon as practicable after he/she become aware of the conflict of interest. He/She must abstain from participating in the deliberation and Board decision on the matter as he/she is an interested party.

### 3.6 *Directors' Training*

In line with Paragraph 15.08 of MMLR of Bursa Malaysia, the Directors recognise the importance and value of attending conferences, training programmes and seminar in order to gain insights into the latest regulatory and industry developments in relation to the Group's business.

During FY2021, the Directors participated in conferences, seminars and training programmes that covered areas of corporate governance, finance, global business developments and relevant industry updates in various capacities, as delegates and/or speakers, details of which are set out below:

| No | Director | Development Programmes Attended | Organiser | Date |
|---|---|---|---|---|
| 1. | **Dato' Abdul Majit bin Ahmad Khan** | Fraud and Financial Scandals: Trend, Red Flags and Mitigations | Malaysian Institute of Accountants | 3 September 2021 |
| | | Anti-Money Laundering: Detection and Practices | Hong Leong Asset Management Sdn. Bhd. | 6 April 2021 |
| 2. | **Tan Sri Dato' Sri Lim Hock San, *JP*** | Fraud and Financial Scandals: Trend, Red Flags and Mitigations | Malaysian Institute of Accountants | 3 September 2021 |
| | | Corporate Governance Case Studies: How Governance, Risk & Controls are intertwined to provide assurance on business sustainability | Compass Mind Asia Sdn. Bhd. | 3 December 2021 |
| 3. | **Datuk Wira Lim Hock Guan, *JP*** | Fraud and Financial Scandals: Trend, Red Flags and Mitigations | Malaysian Institute of Accountants | 3 September 2021 |
| | | Corporate Governance Case Studies: How Governance, Risk & Controls are intertwined to provide assurance on business sustainability | Compass Mind Asia Sdn. Bhd. | 3 December 2021 |
| 4. | **Datuk Lim Lit Chek** | Fraud and Financial Scandals: Trend, Red Flags and Mitigations | Malaysian Institute of Accountants | 3 September 2021 |
| | | Corporate Governance Case Studies: How Governance, Risk & Controls are intertwined to provide assurance on business sustainability | Compass Mind Asia Sdn. Bhd. | 3 December 2021 |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

| No | Director | Development Programmes Attended | Organiser | Date |
|---|---|---|---|---|
| 5. | **Dato' Beh Hang Kong** | Fraud and Financial Scandals: Trend, Red Flags and Mitigations | Malaysian Institute of Accountants | 3 September 2021 |
| | | Corporate Governance Case Studies: How Governance, Risk & Controls are intertwined to provide assurance on business sustainability | Compass Mind Asia Sdn. Bhd. | 3 December 2021 |
| 6. | **Puan Nadhirah Binti Abdul Karim** | Fraud and Financial Scandals: Trend, Red Flags and Mitigations | Malaysian Institute of Accountants | 3 September 2021 |
| | | Auditing of Construction Contracts & Property Development Activities | Malaysian Institute of Accountants | 13 – 14 September 2021 |
| | | Unclaimed Moneys Act 1965 | Malaysian Institute of Accountants | 23 September 2021 |
| | | Corporate Governance Case Studies: How Governance, Risk & Controls are intertwined to provide assurance on business sustainability | Compass Mind Asia Sdn. Bhd. | 3 December 2021 |
| 7. | **Mr Lim Kim Hoe** *(Resigned on 1 January 2022)* | Fraud and Financial Scandals: Trend, Red Flags and Mitigations | Malaysian Institute of Accountants | 3 September 2021 |
| | | Corporate Governance Case Studies: How Governance, Risk & Controls are intertwined to provide assurance on business sustainability | Compass Mind Asia Sdn. Bhd. | 3 December 2021 |
| 8. | **Mr Chin Sui Yin** *(Resigned on 31 December 2021)* | Fraud and Financial Scandals: Trend, Red Flags and Mitigations | Malaysian Institute of Accountants | 3 September 2021 |
| | | Corporate Governance Case Studies: How Governance, Risk & Controls are intertwined to provide assurance on business sustainability | Compass Mind Asia Sdn. Bhd. | 3 December 2021 |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

### 3.7 *Ethical and Procedural Standards*

MGB committed in upholding high ethical and procedural standards that are aligned with the values and objectives of the Company. To this end, MGB has in place internal policies, standard, guidelines, procedures and codes in support of MGB's corporate governance framework. Some of the key internal policies, standards, guidelines, procedures and codes are outlined below:

#### *3.7.1 Board Charter*

The Board has adopted a Board Charter which sets how its roles, powers and responsibilities are exercised, having regard to principles of good governance, best practices and applicable laws.

The Board Charter upholds high standard of governance and clarifies, amongst others, the roles and responsibilities of the Board and serves as a general statement of intent and expectation as to how the Board discharge its duties and responsibilities. It also serves as a source of reference and primary induction document in providing insights to the newly appointed Directors.

The Board Charter will be reviewed and updated periodically as and when necessary to ensure its appropriateness and relevance to the Company from time to time and its compliance with the relevant laws, rules and regulations. The Board Charter has been revised on 22 February 2022, and is accessible at the Company's corporate website.

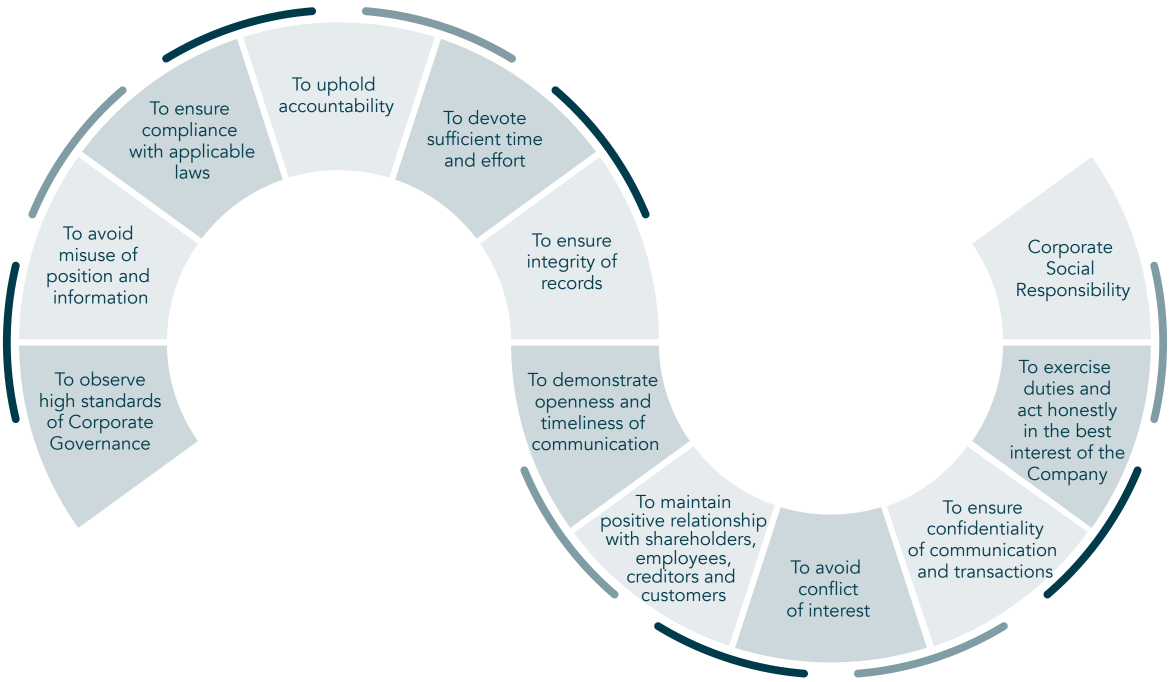
#### *3.7.2 Code of Conduct and Business Ethics*

The Group's Code of Conduct and Business Ethics for Directors and employees continue to govern the standards of ethics and good conduct expected from the Directors and employees of the Group.

**Directors' Code of Conduct**

The Board in discharging its function besides observing the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia, the provisions of the Companies Act, 2016 and MCCG, has adopted its Directors' Code of Conduct which sets out twelve (12) principles as guidance for proper standards of conduct, sound and prudent business practices as well as standard of ethical behaviour for Directors, based on the principles of integrity, responsibility, sincerity and corporate social responsibility.

Board members are required to observe the Directors' Code of Conduct as follows:

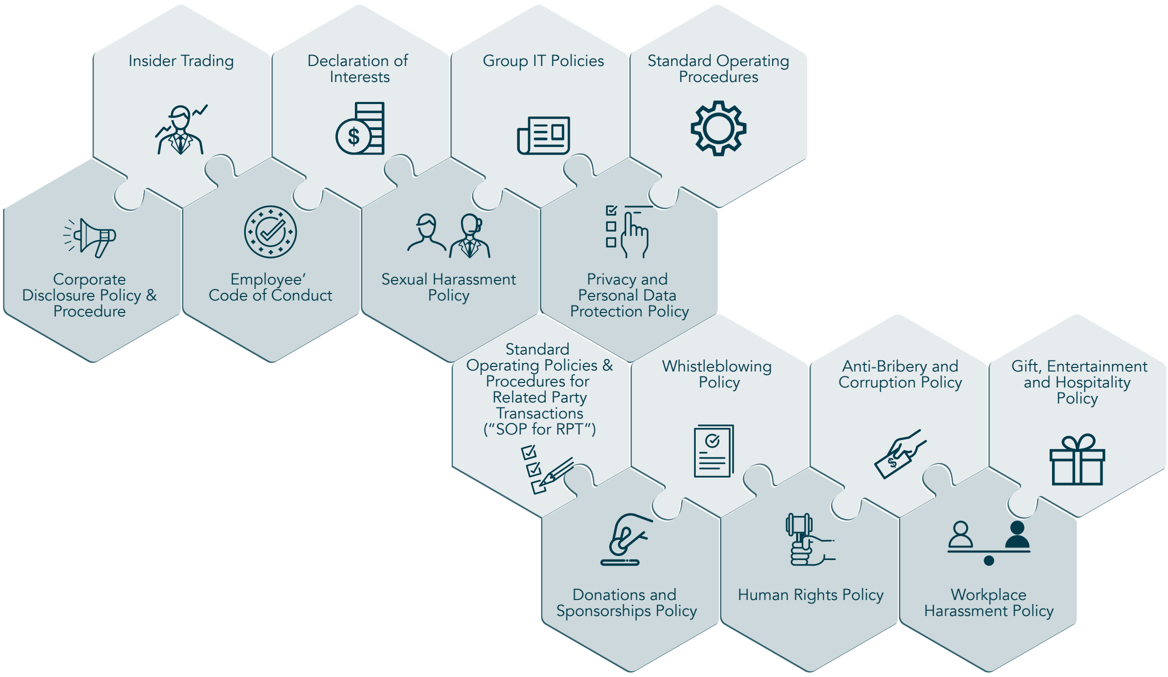



The Board will review the Directors' Code of Conduct as and when necessary to ensure it remains relevant and appropriate. The Directors' Code of Conduct is available on the Company's corporate website.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Business Ethics**

Directors and employees are also expected at all times to maintain the highest standards of professionalism and integrity. The Company has set out various policies and procedures in relation to the code of conduct for the Directors and employees, such as:




### *3.7.3 Whistleblowing Policy*

Mechanisms to report unethical conducts are encapsulated in the Whistleblowing Policy. The Board believes in promoting high standard of integrity and accountability in managing its day-to-day businesses and operations and aims to conduct its affairs in an ethical, responsible and transparent manner. To address this concern, the Company had a Whistleblowing Policy with the aim of providing an avenue for all employees of the Group and members of the public to disclose any improper conduct in accordance with the procedures as provided under the policy and to provide protection for employees and members of the public who report such allegations.

The Whistleblowing Policy has been revised by the Board on 17 January 2022 and is available on the Company's corporate website.

### *3.7.4 Anti-Bribery and Corruption Policy ("ABC Policy")*

The Board is committed to promote good corporate governance culture which reinforces ethical, fairness and professional behavior in conducting business. As a continuing effort in assuring that business is conducted ethically, the Board has adopted ABC Policy which is recognised a zero-tolerance approach against all forms of bribery and corruption within the Group and remains committed to comply with all applicable laws and regulations govern the Company's business and operation to the highest standards of ethical conduct and integrity, professionally and fairly.

The ABC policy elaborates upon those principles and provides guidance to employees on how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of conducting business. The ABC policy is available on the Company's corporate website.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

#### ***3.7.5 Sustainability Policy***

MGB Group is committed to adhere to all standards of upright business conduct – through integrity, transparency with a constant and growing progression towards excellence in every area of business conduct, striving towards United Nations Sustainable Development Goals. To this end, the Board in place a Sustainability Policy on 22 February 2022, to embed the principles of sustainability into the Group's business operations.

The policy outlines the general principles and structures the foundations that govern the sustainability strategy of the Group to ensure that all its corporate activities and businesses are carried out while enhance the sustainable creation of value for shareholders and taking into account the other stakeholders related to its business activities, natural resources, society and neighbouring communities, promoting the values of sustainability, integration and dynamism, favouring the achievement of the Sustainable Development Goals. The Sustainability Policy is accessible on the Company's corporate website.

### ***3.8 Directors' Indemnity***

MGB continues to provide and maintain indemnification for its Directors throughout the year under review as allowed under Companies Act, 2016. To the extent it is insurable under the Directors' and Officers' Liability Insurance (D&O) procured incurred by them in discharging their duties while holding office as Directors and Officer of the Company.

### ***3.9 Succession Planning***

The Board has adopted a Succession Planning Policy on 30 June 2021 to ensure MGB Group identifies high-potential employees and prepare them for high-level management positions through mentoring, coaching and training to replace those key business leaders who leaves their positions.

The objectives of the Succession Planning Policy are as follows:

(a) To ensure the stability and accountability of the Group by having a plan to support operation and service continuity when the Group Managing Director, Executive Directors or Senior Management leave their positions;

(b) To help the Group in preserving its information and knowledge that will be lost due to resignation, retirement or general attrition;

(c) To prepare a diverse pool of suitably qualifies and motivated employees for higher role and responsibilities; and

(d) To develop career paths for employees which facilitate the Group's ability to recruit, train and retain top-performing or high talent employee, by addressing competency and skill gaps.

## 4. REMUNERATION

The Board has adopted a Remuneration Policy on 30 June 2021, to ensure the payment of equitable, competitive remuneration to Key Managerial Personnel, Senior Management and all employees of the Company which is based on individual performance, Company's benchmark, industry practices and performance of the Company as a whole. The Remuneration Policy is reviewed by the Nomination and Remuneration Committee and the Board periodically, when necessary. The Remuneration Policy is available on the Company's corporate website.

### ***4.1 Director's Remuneration***

The NRC is entrusted to review and approve the remuneration package of the Executive Directors and Senior Management (Grade GM1 and above) annually. The NRC will also deliberate on the proposal on revision of remuneration package and bonus pay out for Executive Directors and Senior Management (Grade GM1 and above). Upon satisfactory, the NRC will make recommendations on the remuneration package for Executive Directors and Senior Management (Grade GM1 and above) to the Board for approval.

A detailed disclosure of the Directors' remuneration on named basis is presented in the CG Report 2021 that is available on the Company's corporate website.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

However, the determination of the remuneration of the INEDs is a matter to be decided by the Board collectively with the Directors concerned abstaining from deliberations or voting on decision in respect of their individual remuneration. The Directors' fees structure which embraces market practices and trends is designed to attract and retain high calibre Board members to ensure they are appropriately paid for their time and effort contribution. The Directors' fees would be benchmarked against fees paid by comparable listed companies in Malaysia periodically.

MGB also adopts the practice of seeking shareholders' approval on the payment of Directors' fees and allowance to the Non-Executive Directors in respect of the financial year ended 31 December 2021 and seeking shareholders' prior approval, at the AGM, for the payment of Directors' benefits of up to a certain amount to the Non-Executive Directors for the period commencing from the AGM date, 15 June 2022 until the next annual general meeting of the Company.

During FY2021, the Board is satisfied that the NRC has effectively and efficiently discharged its roles and responsibilities in accordance with its Terms of Reference, which is accessible on the Company's corporate website.

### *4.2 Remuneration of Key Management*

The remuneration philosophy reflects the Group's commitment to be aligned with the best practices in the areas of remuneration, retention and reward to ensure that Group attracts and retains exceptional talent.

The Board acknowledges the recommendation of MCCG to disclose the remuneration of top five (5) senior management on a named basis in bands of RM50,000. However, the Board considered the confidential and commercial sensitivities related with Key Management remuneration matters and the highly competitive human resource environment which being involved, it is important to ensure the stability and continuity of the business operations with a competent and experienced Executive team in place.

At this particular juncture, the Board is of opinion that the disclosure be made on the following aggregate basis which allows stakeholders to make an appreciable link between remuneration of Key Management and the performance of the Group.

**Top 5 Senior Management Remuneration 2021**

| | Salaries, Bonuses, Allowances & Other Emoluments | BIK | Total |
|---|---|---|---|
| Top 5 Senior Management Remuneration | 90% | 10% | 100% |
| | 95% | 5% | 100% |
| | 97% | 3% | 100% |
| | 100% | 0% | 100% |
| | 97% | 3% | 100% |
| **Total amount paid/payable during FY2021 (RM'000)** | **RM2.064** | | |

## 5. SUSTAINABILITY LEADERSHIP

The Board has intensified its effort to drive sustainability within the Group by setting up a Sustainability Committee to oversee sustainability efforts including implementation of the sustainability strategy set by the Group, driving change within operational and functional groups. The Board is aware that the construction and property development industries consume significant quantity of resources and also produce a wide range of environmental and social impacts. Hence, our continued drive to play our part in driving new solutions, aided by technology and innovation for a greener, more sustainable industry.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board and Senior Management are accountable for embedding sustainability initiatives and targets throughout our business operations and overseeing their execution. Our corporate policies have built strong foundation for corporate governance, earning the trust of our shareholders to create sustainable value. Sustainability principles are widely practised throughout MGB Group including business conduct, procurement, quality control, project design and management, talent management, and engagements with the community and wider society.

To demonstrate our commitment towards excellence in the sustainability, our Sustainability Committee, chaired by Deputy Chief Executive Officer (**"DCEO"**), Mr Lim Kim Hoe, is responsible for implementing, overseeing and addressing all sustainability-related issues from our stakeholders. He is also tasked to ensure that all the sustainability-related matters are duly managed and addressed at the highest level of decision-making. This commitment is to ensure greater focus and accountability for achieving our sustainable vision and mission as we aspire to do better and adopt all the best practice as recommended by MCCG.

For further details on the MGB's commitment towards sustainability, please refer to Sustainability Statement on page 50 to 74 of the Annual Report and the Sustainability Report made available at the Company's corporate website.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I. AUDIT COMMITTEE

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors is in compliance with Paragraph 15.09(1)(b) of the MMLR of Bursa Malaysia and Practice 9.4 of MCCG. Subsequent to the resignation of Mr Chin Sui Yin as Senior Independent Director and cessation as Chairman of AC on 31 December 2021, the AC is chaired by Dato' Beh Hang Kong, an Independent Non-Executive Director. He is not the Chairman of the Board.

The AC is responsible for the oversight and monitoring of the following:

a. The Group's financial reporting and accounting policies.
b. Internal control within the Group.
c. Related party transactions and conflict of interest situations that may arise within the Group.
d. The Group's Internal Audit Functions, which may include review of the internal audit plans, appointment and termination of the internal audit function.
e. The appointment/re-appointment, scope of work and evaluation of the external auditor.

The AC had revised its TOR on 22 February 2022, to incorporate a former key audit partner to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC, as recommended by the MCCG. This is to safeguard the independence of the AC by avoiding the potential threats that may arise when a former audit partner is able to exert significant influence over the audit and the preparation of the Group's financial statements. However, the Board has not appointed any former key audit partner as a member of the AC.

The composition and summary of work carried out by AC during the financial year is presented in the Audit Committee Report of this Annual Report.

Annually, the composition and performance evaluation of the AC is reviewed by the NRC and results reported to the Board for approval. In the year under review, the Board has confirmed its satisfaction with the performance of the AC in discharging its duties and responsibilities in accordance with its TOR.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

***Relationship with External Auditors***

The AC evaluated the performance of the external auditors for the financial year ended 31 December 2021 covering areas such as calibre of external audit firm, quality processes/performance, independence and objectivity, audit scope and planning and audit communications with reference to the Paragraph 15.21 of MMLR of Bursa Malaysia as well as Bursa Malaysia's Corporate Governance Guide 3rd Edition. After due consideration by the AC of the suitability, objectivity, independence and performance of the external audit firm, Messrs UHY (**"UHY"**), the AC had recommended for the Board to seek shareholders' approval the re-appointment of UHY as external auditors for the financial year ending 31 December 2022 at the forthcoming 20th AGM.

The AC had also obtained written assurance from the external auditors, UHY that they are independent of the Group, and UHY has fulfilled other ethical responsibilities in accordance with the by-Laws of the Malaysian institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants.

The shareholders of the Company had on 3 August 2021, during the 19th AGM of the Company approved the re-appointment of UHY as the External Auditors of the Company for FY2021. Through the AC, the Company maintains a professional and transparent relationship with UHY. The AC met the external auditors once without the presence of the Management during the financial year to review the scope and adequacy of the Group's audit process, financial results, annual financial statements and audit findings. At the meeting, the external auditors highlighted to AC on matters that warranted their attention.

The AC has formalised an External Auditors Policy to outline the guidelines and procedures for the AC to assess the suitability and independence of External Auditors and to monitor the external auditors. The External Auditors Policy is available at the Company's corporate website.

For further information, please refer to the Audit Committee Report on page 98 to 100.

## II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

**Risk Management Framework**

The Board is fully aware of the importance of establishing and maintaining a sound system of risk management framework and internal control in the Company and the Group to safeguard shareholders' interest and Group's assets. The Board continuously reviews and examines the effectiveness and efficiency of the risk management framework and internal control system on areas such as financial, operational and compliance, and seek alternative ways for improvement should any weakness be detected and identified.

RMC has been tasked to conduct assessment of risks for MGB Group. RMC reports to the AC on the semi-annually or as and when necessary. Further details on risk management are provided under the Statement on Risk Management and Internal Control in this Annual Report.

Having reviewed the adequacy and effectiveness of the Group's risk management and internal control system for the FY2021, the Board is of the view that the risk management and internal control system is satisfactory and there were no material losses incurred as a result of internal control weakness or adverse compliance events.

**Internal Audit**

The Group has outsourced its Internal Audit function to external consultants, which reports directly to the AC. The Internal Auditors are able to undertake independent and systematic reviews of the systems of internal controls and procedures of operating units which the Group so as to provide reasonable assurance that such systems continue to operate satisfactorily, effectively and in compliance to the Group's established policies and procedures.

For further information, please refer to the Statement on Risk Management and Internal Control on page 101 to 106.

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

**Communication between MGB and Stakeholders**

The dissemination of timely and accurate information is important for shareholders and investors to enable them to make informed investment decisions about the Company. The Board recognised the importance of effective communications with the Company's Shareholders and other stakeholders including the general public. The two-way communication with our shareholders, investors and other stakeholders enables us to evaluate views and feedback that are incorporated into our decision-making process. The Board believes its practices in this area are consistent with both MCCG's provisions concerning dialogue with the shareholders, investors and other stakeholders and with good governance. Information on the Group's business activities and financial performance are disseminated timely through AGM, announcements to Bursa Malaysia, publishing at the Company's corporate website, press releases, issuance of the Annual Report and online social networking.

MGB actively updates its corporate website https://mgbgroup.com.my/ with the latest information of the Group and this help to promote accessibility of information to MGB's shareholders and other stakeholders.

The Board is committed to maintain open channels of communication by continuous disclosure and dissemination of comprehensive and timely information of the Company in its best effort to strengthen its relationship with shareholders and stakeholders.

| | |
|---|---|
| **Dividend Policy adopted on 23 February 2021** | Declare and pay a minimum dividend of 20% of the Company's Profit After Taxation based on ordinary operation profits for each financial year, subject to among others, including but not limited to the followings:<br>• The level of our available cash, gearing, return on equity and retained earnings;<br>• Our expected financial performance;<br>• Our projected levels of capital expenditure and other investment plans;<br>• Our working capital requirements; and<br>• Our existing and future debt obligations. |
| **Succession Planning Policy adopted on 30 June 2021** | A succession plan to provide continuity in the leadership pipeline and avoid extended and costly vacancies in key positions. |
| **Remuneration Policy adopted on 30 June 2021** | Ensure the payment of equitable, competitive remuneration to Key Managerial Personnel, Senior Management and all employees of the Company which is based on individual performance, Company's benchmark, industry practices and performance of the Company as a whole. |
| **Sustainability Policy adopted on 22 February 2022** | To set the general principles and structures the foundations that must govern the sustainability strategy of the Group. |
| **Gift, Entertainment and Hospitality Policy adopted on 11 April 2022** | To establish guidelines on the giving or receiving of Gift, Entertainment and Hospitality to and from Customers, Business Associates and/or Third Party. |
| **Donations and Sponsorships Policy adopted on 11 April 2022** | To govern all Donations and Sponsorships provided by MGB Group shall be ethical and legal under applicable laws and not with intention to influence any business decisions or cause other to perceive it as such. |

# CORPORATE GOVERNANCE OVERVIEW STATEMENT

**Annual General Meeting**

The AGM is the principal forum to two-way interaction between the shareholders with the Board and Management of the Group. The notice and agenda of our 19th AGM together with proxy form were given to shareholders, not less than 28 days before the AGM, which gives shareholders sufficient time to prepare themselves to attend the AGM or to appoint proxies to attend and vote on their behalf. Each item of ordinary business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution.

In line with the announcement by the Prime Minister on 14 June 2021 in relation to the implementation of the National Recovery Plan (**"NRP"**) and relevant Standard Operating Procedures (**"SOPs"**) issued by Majlis Keselamatan Negara (**"MKN"**) for phases under the NRP, the Company has complied with the Guidance Notes issued by the Securities Commission Malaysia (**"SC"**) and taking the necessary precautionary measures in line with the SOPs issued by MKN and/or the relevant authorities by conducting the 19th AGM fully virtual on 3 August 2021. The Board was in view of virtual AGM will facilitate greater shareholder's participation (including posting questions to the Board of Directors and/or Management of the Group) and vote at the AGM without being physically present at the venue. Tricor Investor & Issuing House Services Sdn. Bhd. (**"Tricor"**) was appointed as the poll administrator of the 19th AGM of the Company.

The Company had notified the shareholders on the change of the conduct of its AGM to a fully virtual meeting through live streaming and online remote voting via Remote Participation and Voting (**"RPV"**) facilities without physical attendance by shareholders, together with the guidance provided in its Administrative Guide dated 30 June 2021. The same was also published through announcement to Bursa Malaysia and the Company's corporate website respectively. The Company held its fully virtual AGM on 3 August 2021 by leverage technology in compliance with Section 327 of the Companies Act, 2016.

Shareholders were encouraged to submit the questions pertaining to the Annual Report, resolutions being proposed and the business of the Company and the Group in general as well as the Group's long term strategies before the AGM via Tricor's TIIH Online website at https://tiih.online by selecting "e-Services" to login, pose questions and submit electronically; or submitting typed questions in real time on the meeting platform via the query box. All questions posed by the shareholders before the AGM and during the AGM were screened on the RPV platform made visible by all meeting participants during the AGM. The Chairman had assigned the Executive Director & Chief Executive Officer to respond to all questions raised and provided clarification as required by shareholders. The Board, however, regrets that not all queries could be answered at the AGM due to time constraint. Nevertheless, answer to the remaining unanswered questions were emailed to respective shareholders and recorded in the Minutes of AGM which subsequently posted on the Company's corporate website for public viewing within one month after the AGM date.

In fostering effective participation and engagement with shareholders at the AGM, all eight (8) Directors (including the Senior Independent Non-Executive Director, who was also the Chairman of AC; and Chairman of NRC), Senior Management, Company Secretary and external auditors, were present virtually to engage with the shareholders, and be accountable for their stewardship of the Company at the last fully virtual AGM to provide answers and clarification to shareholders.

To strengthen transparency and efficiency in the voting process, the Company adopted electronic poll voting at its 19th AGM. Scrutineer Solutions Sdn. Bhd. has been appointed as Independent Scrutineer for e-Vote process to validate all the votes. The Chairman announced the poll results to the meeting and declared that all the resolutions were carried. The poll results were displayed on the screen before closure of the AGM and subsequently announced by the Company via BursaLINK on the same day for the benefit of all shareholders.

MGB will continue to offer remote shareholders' participation in future general meetings and will undertake a further review to determine the measures that can be taken to facilitate shareholders' participation and enhance the quality of general meetings through the use of digital tools.

## FUTURE PRIORITIES

Moving forward, the Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders. The areas to be prioritised by the Board will be principles that have yet to be adopted by the Company as disclosed in the CG Report 2021.

This Statement together with the CG Report 2021 were approved by the Board on 11 April 2022.

# ADDITIONAL COMPLIANCE **INFORMATION**

## UTILISATION OF PROCEEDS RAISED FROM CORPORATE PROPOSALS

There were no proceeds raised from corporate proposals during the financial year ended 31 December 2021.

## AUDIT AND NON-AUDIT FEES

During the financial year ended 31 December 2021, MGB Group paid a total of RM327,700 to the Company's External Auditors, Messrs UHY (**"UHY"**) and their affiliates companies for audit and non-audit services. The details of the payments are set out below:

| | **Company RM** | **Group RM** |
|---|---|---|
| Audit Fees | 87,000 | 266,000 |
| Non-Audit Fees | | |
| - UHY | 23,000 | 26,000 |
| - Affiliates of UHY | 3,200 | 35,700 |
| **Total** | **113,200** | **327,700** |

## MATERIAL CONTRACTS

There were no material contracts (not being contracts entered into the ordinary course of business) entered into by MGB Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of the previous financial year.

# AUDIT COMMITTEE **REPORT**

The Board of Directors of MGB Berhad (**"Board"**) presents the Audit Committee Report (**"AC Report"**) which provides the insights into the manner in which the Audit Committee (**"AC"**) discharged its duties and functions for the Group for the financial year 2021 (**"FY2021"**).

## COMPOSITION

As at the date of this AC Report, the AC comprises exclusively of Independent Non-Executive Directors:-

| | | |
|---|---|---|
| Chairman | : | Dato' Beh Hang Kong<br>(Independent Non-Executive Director)<br>(Redesignated as the Chairman of AC on 1 January 2022) |
| Member | : | Dato' Abdul Majit bin Ahmad Khan<br>(Independent Non-Executive Director) |
| Member | : | Puan Nadhirah binti Abdul Karim<br>(Independent Non-Executive Director) |

The composition of the AC is in compliance with Rule 15.09(1)(a) and (b) of the Main Market Listing Requirement (**"MMLR"**) of Bursa Malaysia Securities Berhad (**"Bursa Malaysia"**) as the AC must comprise of not fewer than three (3) members which requires all members to be Non-Executive Directors with a majority of them being Independent Directors. In addition, the member of the AC, Puan Nadhirah binti Abdul Karim is a member of Malaysian Institute of Accountants, thereby fulfilling the financial expertise requisite pursuant to Paragraph 15.09(1)(c) of the MMLR of Bursa Malaysia.

Following Mr Chin Sui Yin's resignation as the Senior Independent Non-Executive Director of the Company on 31 December 2021, he had ceased as the Chairman of AC on 31 December 2021 as well.

## MEETINGS AND ATTENDANCE

During the FY2021, the AC held five (5) meetings. The details of attendance of the AC members as follows:-

| Committee Member | Meeting Attendance | Percentage of Attendance |
|---|---|---|
| Mr Chin Sui Yin<br>*(Resigned on 31 December 2021)* | 5/5 | 100% |
| Dato' Beh Hang Kong | 5/5 | 100% |
| Dato' Abdul Majit bin Ahmad Khan | 5/5 | 100% |
| Puan Nadhirah binti Abdul Karim | 5/5 | 100% |

The Management, Head of Accounts & Finance, External Auditors and Internal Auditors, where necessary, were invited to attend AC meetings to provide explanations and answer queries, with the Company Secretary in attendance. Minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting and subsequently tabled to the Board for notation. The AC Chairman reports to the Board on activities undertaken and key recommendations for the Board's consideration and decision.

As part of the AC's efforts to ensure the reliability of the quarterly financial results and their compliance with applicable Financial Reporting Frameworks, the External Auditors, Messrs UHY (**"UHY"**) was engaged to conduct a limited review on the quarterly financial results before they were presented to the AC for review and recommendation for the Board's approval.

# AUDIT COMMITTEE REPORT

## TERMS OF REFERENCE OF AC

The Terms of Reference of the AC is available in the Company's corporate website at www.mgbgroup.com.my.

## REVIEW OF THE PERFORMANCE OF THE AUDIT COMMITTEE

The Board, via Nomination and Remuneration Committee had reviewed and evaluated the performance and effectiveness of the AC during the financial year. Based on the evaluation, the Board is satisfied that the AC has effectively performed all their functions, duties and responsibilities in accordance with its Terms of Reference and supported the Board in ensuring the Group upholds appropriate standards of corporate governance.

## SUMMARY OF ACTIVITIES OF THE AC

The summary of the activities of the AC in discharging its functions and duties during the financial year were as follows:

1. **Financial Reporting:**

   - Reviewed the quarterly unaudited financial results and audited financial statements prior to submission to the Board for approval and subsequent announcement, focusing on significant changes to accounting policies and practices, going concern assumptions, adjustments arising from the audits, compliance with the relevant accounting standards and other legal and regulatory requirements to ensure compliance with the provisions of the Companies Act, 2016 and the MMLR of Bursa Malaysia;
   - Reviewed the Company's status of compliance with the provisions set out under the MCCG for the purpose of preparing the Corporate Governance Report pursuant to the requirement of Paragraph 15.25 of the MMLR of Bursa Malaysia and the prescribed corporate governance principles and practices under the MCCG before recommending them to the Board;
   - Reviewed the AC Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control, Related Party Transactions (**"RPT"**), Additional Compliance Information and recommending to the Board for inclusion in the Annual Report; and
   - Conducted private sessions with the External Auditors in the absence of the Executive Directors and Management in conjunction with the AC Meetings.

2. **External Audit:**

   - Reviewed and approved the External Auditors' scope of work and annual audit plan prior to the commencement of the annual audit.
   - Assessed and evaluated the performance, independence and suitability of the External Auditors for their re-appointment and made recommendation to the Board. The assessment was undertaken with written assurance from the External Auditors of their independence. The AC was satisfied with the performance of UHY and recommended to the Board the re-appointment of UHY as External Auditors of the Company. A resolution for their re-appointment will be tabled for shareholders' approval at the annual general meeting of the Company.
   - Reviewed the audit and non-audit fees of the External Auditors.
   - Met with the External Auditors on matters relating to the audit and financial statements without the presence of Management and Executive Directors.

3. **Internal Audit:**

   - Reviewed and approved the Internal Audit Plan to ensure the adequacy of the scope and coverage of work.
   - Reviewed the audit activities carried out by the Internal Auditors on areas encompassing System Disaster Recovery & Information Technology (**"IT"**) and Anti-Bribery and Anti-Corruption (**"ABAC"**) as well as their relevant risks and audit findings and ensure corrective actions were taken in addressing the risk.
   - Monitored the implementation of mitigation actions by Management on outstanding issues to ensure all key risks and control weaknesses are properly addressed.

# AUDIT COMMITTEE REPORT

4. **Risk Management (prior to the establishment of the Risk Management Committee on 1 January 2022):**

   - Reviewed the Risk Management Working Group's meeting minutes and reports, and deliberated on the principal corporate risks highlighted and the controls to mitigate the risks.
   - Reviewed the Enterprise Risk Management (ERM) and management proposed action plans of the Group.
   - Reviewed the Risk Assessment Reports on the investments and joint ventures of the Group.

5. **Related Party Transactions:**

   - Reviewed the Recurrent RPT, RPT and conflict of interest situations that arose within the Group to ensure transactions are fair and reasonable to the Company and Group and are not to the detriment of the minority shareholder.
   - Reviewed the circular to shareholders in relation to the proposed new shareholders' mandate and renewal of existing shareholders' mandate for Recurrent RPT of a revenue or trading nature before tabling to the Board for recommendation to the shareholders for approval.

## INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to GovernanceAdvisory.com Sdn. Bhd. (**"GASB"**), an established external professional internal audit firm, which reports to the AC directly. They assist the AC in reviewing the effectiveness of the internal control systems within the Group whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives. Through internal audit review, remedial action can be taken against weaknesses identified in the systems and controls of the respective operating units. The outsourced of the internal audit function is geared towards increasing efficiency and better management of resources in all aspects of the Group's operations.

The internal audit function comprises six (6) audit executives of GASB and led by Mr Wong Tchen Cheg (**"Mr Wong"**), an experienced internal auditor and has been with GASB for approximately 7 years, having joined in year 2015. Mr Wong is a Member of Malaysia Institute of Accountant (MIA) and CPA Australia. He has more than 15 years' professional experience in providing risk management system and internal controls review service.

The internal audit adopts a risk-based approach in developing its audit plan which addresses all the core auditable areas of the Group based on their risk profile. A good practice involves scheduling a routine review of the audit plan with the AC to enable discussions of emerging or changing risks making adjustments to ensure the plan remains relevant. The audit focuses on high-risk area to ensure that an adequate action plan has in place to improve the controls in place.

The work of the internal audit function, among others, include:

(a) developed the annual Internal Audit Plan and proposed the plan to AC;

(b) conducted follow-up reviews to assess if appropriate action has been taken to address issues highlighted in previous audit reports; and

(c) presented significant audit findings and areas for improvements to the AC for consideration on the recommended corrective measures together with the management's responses.

On half yearly basis, GASB reported to the AC based on the approved scope of work and areas for improvement. A follow-up on previous internal audit reviews were also carried out to ensure that all the agreed recommendations were implemented according to the timeline; and feedback/update to AC on the implementation status from the Internal Auditors.

The total costs incurred for the internal audit function in respect of the financial year was RM32,000.

# STATEMENT ON RISK MANAGEMENT **AND INTERNAL CONTROL**

The Board of Directors of MGB Berhad (**"the Board"**), in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (**"Bursa Malaysia"**), is pleased to present the following Statement on Risk Management and Internal Control for the financial year ended 31 December 2021 (**"Statement"**). The Statement, which outlines the nature and scope of risk management and internal control of MGB Berhad and its subsidiaries (**"the Group"**) during the year, is guided by 'the Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers' as required by Bursa Malaysia.

The Board is committed to continuously improving the Group's risk management and internal control. This Statement does not cover associates and joint venture where risk management and internal control are managed by the respective management teams.

## BOARD RESPONSIBILITY

The Board recognises the importance of sound risk management practice and internal controls to safeguards the interest of shareholders, customers, employees and the Group's assets. The Board affirms its overall responsibility of the Group's system of risk management and internal control, which include the establishment of an appropriate control environment and framework, as well as a review of its adequacy and integrity. The Board as such is responsible for determining the nature and extent of the strategic risks that the Group is willing to take to achieve its objectives, whilst in parallel maintaining sound risk management and system of internal control.

The Board tasked the management to identify and assess the risks faced by the Group, and thereafter design, implement and monitor appropriate internal controls to mitigate those risks. The Group has in place on-going process for identifying, evaluating, monitoring and managing principal risks that affect the attainment of the Group's business objectives and goals. This process includes reviewing and updating the system of internal controls to take into consideration changes in the regulatory, business and external environment. This process is reviewed by the Board via the Audit Committee and Risk Management Committee.

In view of the limitations inherent in any system of risk management and internal control, the system is designed to manage and minimise impact rather than to eliminate, the risks of failure to achieve the policies, goals and objectives of the Group. It can only provide reasonable, rather than absolute assurance against material misstatement of management and financial information, financial losses, fraud and breaches of laws or regulations. The system of internal control covers, inter alia, financial, operational and compliance controls and risk management procedures.

The Code of Conduct and Business Ethics and Directors' Code of Conduct underpin our commitment to good corporate behaviour and are an integral part of the Group's system of corporate governance. The Code of Conduct and Business Ethics and Directors' Code of Conduct require the directors and employees to act with high standard of business integrity, comply with all applicable laws and regulations, and ensure that business standards are not compromised for the sake of results. Our Code of Conduct and Business Ethics and Directors' Code of Conduct are available on Company's corporate website at www.mgbgroup.com.my.

Based on the assurance provided and routine reviews, the Board is of the opinion that the risk management and internal control system for the year under review, up to the date of approval of this Statement for inclusion in the Annual Report, are adequate and effective to safeguard shareholders' investments, stakeholders' interests and the Group's assets.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**Audit Committee**

As part of the delegated role from the Board, the Audit Committee's (**"AC"**) scope includes overseeing the internal control framework to ensure its operational effectiveness and adequacy. The AC assesses the effectiveness and adequacy of internal controls through the results of internal audit carried out by GovernanceAdvisory.com Sdn. Bhd. (**"GASB"**), an established external professional internal audit firm and the internal control recommendations prepared by the external auditors. All significant and material findings highlighted by the internal and external auditors are reviewed by the AC to ascertain that the mitigation plans are implemented by Management in a timely manner to ensure proper upkeep of governance and to safeguard the interest of the Group. Any significant internal control matters deliberated by the AC are brought to the attention of the Board. A summary of key matters discussed by the AC and minutes of AC meetings are presented to the Board.

**Risk Management Committee**

Pursuant to Practice 10.3 of the Malaysian Code on Corporate Governance (**"MCCG"**), the Company has established a Risk Management Committee (**"RMC"**) which comprises a majority of Independent Non-Executive Directors and headed by the Group Managing Director on 1 January 2022, in overseeing the risk management efforts within the Group. The RMC is supported by the Risk Management Working Group (**"RMWG"**), which led by the Executive Director & Chief Executive Officer which comprises a team of senior management. The overall responsibilities of RMC are overseeing the Group's risk management activities, approving appropriate risk management procedures and measurement methodologies, identification and management of strategic business risks of the Group.

The RMC reassesses and updates its risk profiles and register on a periodical basis. The RMC meets twice a year basis and any additional meetings may be called as and when required. The RMC tables its risk management reports to the AC for review and deliberation at the meetings. All significant and material findings of the risks are reviewed by the RMC to ascertain that the mitigation plans implemented by Management are adequate to safeguard the Group's interest and assets. As for AC, any significant risk-related matters are brought to the attention of the Board for deliberation and approval. A summary of key matters discussed by the RMC and minutes of RMC meetings are presented to the Board too.

## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Pursuant to Practice 10.1 and 10.2 read together with Guidance 10.1 and 10.2 as set out in the MCCG, the Board has established a structured risk management framework to identify, evaluate, control, monitor and report significant business risks faced by the Group, where the updated risk profiles of the Group concerned are tabled to the RMC and AC for deliberation and action plans to be taken by the Management in mitigating the risks. The Enterprise Risk Management (**"ERM"**) Framework (**"ERM Framework"**), which was approved by the Board on 22 February 2019, is aligned with framework and guidance issued by Committee of Sponsoring Organisation of the Treadway Commission (**"COSO"**) and ISO 31000 – Risk Management Principles and Guidelines. The ERM Framework consists of the following five (5) crucial components:

**i. Communication and Consultation**

Communication and consultation with external and internal stakeholders were taken place during all stages of ERM process.

**ii. Establishing the Context**

The Board acknowledges that all areas of the Group activities involve some degree of risk and is committed to ensuring that the Group has an effective risk management framework that allow the Group to achieve its business objectives within defined risk parameters in a timely and effective manner.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**iii. Risk Control Self-Assessment ("RCSA")**

RCSA is the overall process of risk identification, risk analysis and risk evaluation, as outlined below:

- **Risk Identification**

  RMWG initiated risk assessment process together with the Head of Departments (**"HODs"**) by detecting and recognising risks faced by each department. The risks identified were documented in the Risk Register.

- **Risk Analysis**

  RMWG work together with the HODs to study and update risks profile in terms of likelihood of exposures and impact on the Group's business as well as the management action plans to manage these risks on a continuing basis.

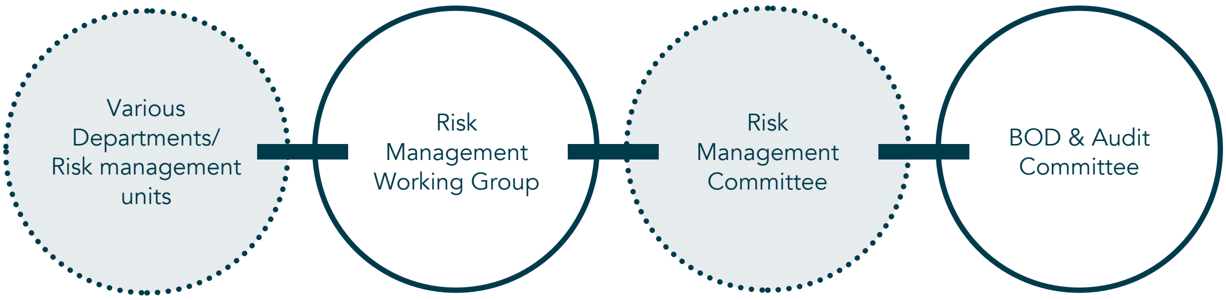
- **Risk Evaluation**

  During the financial year, the RMC met twice to deliberate on the significant risks' profiles identified by each of the HODs in the Group. Matters deliberated include the new and revised risk profiles, control procedures and status of management action plans.

**iv. Risk Treatment**

The significant risk issues evaluated by the RMC are discussed at RMC and AC meetings. The RMC and AC review the Group's risks profile and effectiveness of the mitigating measures or management action plans that implemented by Management and reports to the Board.

**v. Risk Monitoring and Review**




The RMC oversees the assessment of processes relating to the Group's risk management and internal control system and ensures the Management has implemented and follows a robust risk management framework. Its principal roles and responsibilities are as follows:

(a) provide semi-annual reporting and update on the operations based on the ERM Framework to the AC and the Board;

(b) review Enterprise Risk Profile for the effectiveness of management of risks;

(c) evaluate any new risks identified by the RMWG and HODs and follow-up on management action plans; and

(d) ensuring that strategic business risks are considered.

The risk management framework outlines the Group's risk management system, defines management's responsibilities via risk accountability structure and reporting structure, and sets the Group's risk appetite and risk tolerance. The Group will continue to observe a medium risk appetite to pursue its objectives and to take adequate measures to strengthen the control environment in which the Group operates.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## KEY INTERNAL CONTROL PROCESSES

The Board and Management have taken various steps to establish a controlled environment that covers the integrity and ethical values of the Group, the governance structure at both the Board and Management level that would allow the discharge of their respective duties and assignment of authority and responsibility. Some of the key elements of the Group's system of internal control comprises the following:

| | |
|---|---|
| **Business Continuity Plan COVID-19** | The Group has established the Business Continuity Plan COVID-19 (**"BCP"**) and Management Guidelines COVID-19 to mitigate the spread and impact of the COVID-19 to the operations and business of the Group. The objectives of the BCP include but are not limited to providing strategic and operational guidance for the Group in the continuing, unfolding the pandemic created by the COVID-19 as well as to describe the manner for the Group to continue work during the COVID-19 pandemic.<br><br>The Management Guidelines on the standard of procedures (**"SOP"**) in handling the COVID-19 pandemic was formalised in May 2020 to ensure all MGB's employees adhere to the SOP and to prevent the potential risk of spreading the COVID-19. Safety and health measures that were put in place includes daily temperature checks and health declaration via QR code prior to entering the workplace, implementation of Return to Office/Work from Home cycles in order to practice physical distancing in the workplace and encouraging external and business meeting to be held digitally. |
| **Code of Conduct & Business Ethics and Directors' Code of Conduct** | The Group has clearly set out expected behaviours of Directors and employees of the Group through Code of Conduct and Business Ethics and Directors' Code of Conduct. The Directors' Code of Conducts are available in twelve (12) principles for the Board to ensure high standards of conduct and ethical values in the performance and exercise their responsibilities as Directors of the Company. |
| **Authority Chart and Discretion Power** | The Board established Authority Chart and Discretion Power (**"Authority Chart"**) in order to smoothen the daily operation of the Group and facilitate the management process. The Authority Chart provides a clearly defines and specifies the authority levels for personnel to carry out their assigned responsibilities. The Management, led by the Group Managing Director and the Executive Director & Chief Executive Officer are responsible for the execution of the Group's strategies and day-to-day business. There is a defined organisational structure within the Group. Each department has clearly defined roles and responsibilities, levels of authority and lines of accountability. This includes proper approval and authorisation limits for approving capital expenditure and expenses within the Group. With this, there is an established and effective segregation of duties via independent checks, reviews and reconciliation activities to prevent human errors, fraud and abuses. |
| **Anti-Bribery and Corruption Policy** | The Group has adopted a zero-tolerance stance against any form of bribery and corruption in all our dealings and strictly prohibits Directors and employees of the Group from committing any form of bribery and corruption. The Group regards bribery and acts of corruption as serious matters and will apply penalties in the event of non-compliance to the policy. For MGB Personnel, non-compliance may lead to disciplinary action, up to and including termination of employment. For external parties, non-compliance may lead to penalties including termination of contract. Further legal action may also be taken in the event that MGB Group's interests have been harmed by the results of non-compliance by individuals and organisations. |
| **Whistleblowing Policy** | The Group has established a Whistleblowing Policy that allows internal and external stakeholders to raise concerns without fear of retaliation. The Whistleblowing Policy was revised and approved by the Board on 17 January 2022. The policy outlines the reporting process and available channels, as well as the protection provided to whistleblowers who have raised their concerns in good faith and covers the processes by which cases are investigated and acted upon.<br><br>The Whistleblowing Policy provides an avenue for employees and third parties with a genuine concern to report any breach or suspected breach of any law or regulation, including business principles and the Group's policies and guidelines in a safe and confidential manner. The Group is committed to investigate any suspected misconduct or breach reported as well as to protect those who come forward to report such activities. |

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

| | |
|---|---|
| **Gift, Entertainment and Hospitality Policy** | The Group has established a Gift, Entertainment and Hospitality Policy on 11 April 2022 to provide guidelines on the giving or receiving of Gift, Entertainment and Hospitality to and from Customers, Business Associates and/or Third Party. MGB Group adopts a "No Gift, Entertainment and Hospitality" Policy whereby all members including but not limited to Directors and Staffs of MGB Group are prohibited from giving and receiving any gift, entertainment or hospitality except for such customary or necessary circumstances otherwise stated. |
| **Donations and Sponsorships Policy** | The Group has adopted a Donations and Sponsorships Policy on 11 April 2022 to ensure all donations and sponsorships provided by MGB Berhad and its subsidiaries must be ethical and legal under applicable laws and not with intention to influence any business decisions or cause other to perceive it as such. The Group makes donations to LBS Foundation, a registered non-profit organisation with the sole aim is to give back to the community through its 4 main pillars: Education, Community, Environment and Health. |
| **Human Rights Policy** | The Group has established a Human Rights Policy on 11 April 2022 to provide a conducive working environment that is characterized by mutual respect. The Company is committed in respecting and abiding internationally recognized human rights standards and fair labour practices according to local statutory laws within the company operations. The Board and Management recognize the importance of fair labour practices and a good relationship of mutual respect between employer and employee as we believe this will lead to fostering high employee morale and improve employee engagement within the Company. |
| **Board Committees** | The Board has established several committees to oversee the various functions within the Group which include the AC, Nomination and Remuneration Committee and RMC. These Committees have been delegated with specific duties to review and consider all matters within their scope of responsibility as defined in their respective terms of reference. |

## INTERNAL AUDIT FUNCTION

The Group has outsourced its internal audit function to GASB. The Internal Auditors supports the AC, and by extension, to the Board, by providing independent assurance on the effectiveness of the Group's system of internal control.

The internal audit plan which reflects the identified risks was reviewed and approved by the AC. During the financial year ended 31 December 2021, internal audit visits were carried out based on the approved audit plan, among the key coverage areas were System Disaster Recovery & Information Technology (**"IT"**) and Anti-Bribery and Anti-Corruption (**"ABAC"**).

All reports from the internal audit reviews carried out were presented to the AC with the feedback and agreed corrective actions to be undertaken by the Management. Subsequently, the progress of these corrective actions was verified by Internal Auditors based on the agreed timeline and presented to the AC. Based on the internal audit reviews conducted during the financial year, none of the weaknesses noted has resulted in any material losses, contingencies or uncertainties that would require separate disclosure in this Annual Report and are not expected to have any material impact on the financial statements of the Group.

In performing the internal audit review, GASB made reference to the International Professional Practices Framework (**"IPPF"**), the International Standards for the Professional Practices of Internal Auditing and Code of Ethics issued by the Institute of Internal Auditors, Inc (USA) with classification and reporting according to the principles of COSO Internal Control – Integrated Framework as well as the Group's policies.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

The External Auditors have reviewed this Statement of Risk Management and Internal Control pursuant to the scope set out in Audit and Assurance Practice Guide (**"AAPG"**) 3: Guidance for Auditors on Engagements to Report on the Statement of Risk Management and Internal Control included in the annual report, issued by the Malaysian Institute of Accountants (**"MIA"**) for inclusion in the Annual Report for the year ended 31 December 2021, and reported to the Board that nothing has come to their attention that causes them to believe that the statement intended to be included in this Annual Report, in all material respects:

(a) has not been prepared in accordance with the disclosures required by paragraph 41 & 42 of the Statement of Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, or

(b) is factually not accurate.

AAPG3 does not require the External Auditors to consider whether the Directors' Statement on Risk Management and Internal Control covers all risk and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system, including the assessment and opinion by the Board and Management thereon. The External Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems.

## CONCLUSION

The Board recognises that the risk management and internal control system, however well-designed, can only provide reasonable and not absolute assurance against the occurrence of any material misstatement, loss or fraud. However, the Board, AC and RMC are committed to maintaining as far as is practical, a sound system of risk management and internal control that is aligned to and reflective of current business needs and can support the achievement of the Group's strategic objectives.

The Board has received reasonable assurance from the Group Managing Director and the Executive Director & Chief Executive Officer that the Group's existing risk management and internal control system is operating adequately and effectively in all material aspects. The Management has also provided the commitment to continuously review and strengthen the risk management and internal control system to ensure its adequacy and robustness.

The Board, after taking into consideration the assurance from the Management and input from relevant assurance providers, is of the view that the Group's risk management and internal control system in place for the financial year under review is generally adequate and effective to safeguard the interest of shareholders and assets of the Group.

This Statement was approved by the Board on 11 April 2022.

# RECURRENT RELATED PARTY **TRANSACTIONS**

The details of Recurrent Related Party Transactions of the Company entered into during the financial year ended 31 December 2021 pursuant to Paragraph 10.09(2)(b) and Paragraph 3.1.5 of Practice Note 12 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad were as follows:

| Related Party | Nature of Recurrent Transactions | Value of Transactions | Nature of relationship between MGB Group and the Related Party |
|---|---|---|---|
| LBS Bina Group Berhad's (**"LBGB"**) group of companies | • Provision and/or receipt of contracts in relation to construction works and property development.<br>• Provision and/or receipt of services in relation to project management, project consultancy and property management.<br>• Supply and/or purchase of construction and building materials. | RM498.94 million | • LBGB is a Major Shareholder of MGB with a shareholding of 58.65%.<br>• Tan Sri Dato' Sri Lim Hock San, *JP* is the Executive Vice Chairman of MGB and a director of various subsidiaries in the MGB Group. He is also the Executive Chairman of LBGB and a major shareholder of LBGB.<br>• Datuk Wira Lim Hock Guan, *JP* is the Group Managing Director of MGB and a director of various subsidiaries in the MGB Group. He is also the Group Managing Director of LBGB and a major shareholder of LBGB.<br>• Mr Lim Kim Hoe is a son of Tan Sri Dato' Sri Lim Hock San, *JP*. He is also the Deputy Chief Executive Officer of MGB and a director of various subsidiaries in the MGB Group. |
| | • Rental of premises from LBGB Group based on market value and is payable on an equal pro-rated monthly basis[i]. | RM0.17 million | |

Notes:

[i] Description of Properties

| Postal Address | Rental Value per annum (RM) | Period of Tenancy | Landlord |
|---|---|---|---|
| G-1 to G-4, Sunway MASPJ@51A, Jalan SS 9A/19, Sungai Way, 47300 Petaling Jaya, Selangor Darul Ehsan | RM168,000.00 | 1 November 2021 to 31 October 2022 | LBS Bina Holdings Sdn. Bhd. Registration No. 198201011456 (91181-K) Plaza Seri Setia, Level 1-4 No. 1, Jalan SS9/2, 47300, Petaling Jaya Selangor Darul Ehsan |

# STATEMENT OF DIRECTORS' RESPONSIBILITY **IN RESPECT OF THE FINANCIAL STATEMENTS**

The Directors of the Company are required by the Companies Act, 2016 (**"CA 2016"**) to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards (MFRSs), the International Financial Reporting Standards (IFRSs) and the requirements of the CA 2016 in Malaysia. Pursuant to Paragraph 15.26 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors is required to issue a statement explaining its responsibility for preparing annual financial statements.

The Directors are responsible to ensure that the financial statements give a true and fair view of the state of affairs of the Group and of the Company at the end of the financial year, and of the results and cash flows of the Group and of the Company for the financial year.

In preparing the financial statements, the Directors ensured that the Management has:

- adopted appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a going concern basis.

The Directors have the responsibility to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the CA 2016.

The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities.

This Statement is approved by the Board of Directors on 11 April 2022.

# FINANCIAL STATEMENTS

# DIRECTORS' REPORT

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

## Principal Activities

The principal activities of the Company are provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 9 to the financial statements.

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

## Financial Results

| | Group RM | Company RM |
|---|---|---|
| Profit for the financial year | 26,577,720 | 6,154,286 |
| Attributable to: | | |
| Owners of the parent | 27,083,568 | |
| Non-controlling interests | (505,848) | |
| | 26,577,720 | |

## Reserves and Provisions

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

## Dividends

(a) On 22 February 2022, the Company declared an interim dividend of RM0.00422 per ordinary share amounting to RM2,496,745 in respect of the current financial year, payable on 30 March 2022.

(b) A final dividend of RM0.00493 per ordinary share amounting to RM2,919,968 in respect of the current financial year will be proposed for shareholders' approval at the forthcoming 20th Annual General Meeting.

The financial statements for the current financial year do not reflect the interim and final dividends. Such dividends will be accounted for in equity as an appropriation of retained profits in the financial year ending 31 December 2022.

## Issue of Shares and Debentures

During the financial year, the Company increased its issued and paid-up share capital from 501,652,605 to 591,652,605 by way of conversion of 90,000,000 ICPS into 90,000,000 new ordinary shares at the conversion ratio of one (1) ICPS into one (1) ordinary share with no additional cash payment.

The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

## Options Granted Over Unissued Shares

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

# DIRECTORS' REPORT

## Directors

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

| | |
|---|---|
| Dato' Abdul Majit Bin Ahmad Khan, DIMP | |
| Tan Sri Dato' Sri Lim Hock San, PSM, SSAP, DSSA, JP * | |
| Datuk Wira Lim Hock Guan, DCSM, DMSM, PJK, JP * | |
| Datuk Lim Lit Chek, DPSM* | |
| Chin Sui Yin | (Resigned on 31 December 2021) |
| Lim Kim Hoe* | (Resigned on 01 January 2022) |
| Dato' Beh Hang Kong, DSIS | |
| Nadhirah binti Abdul Karim | |

* *Director of the Company and its subsidiary companies*

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) since the beginning of the current financial year until the date of this report are:

| | |
|---|---|
| Chang Bar Kuei | |
| Dato' Sri Wong Yong Pek | (Appointed on 06 December 2021) |
| Fu JianGuo | |
| Wong Jy Shyuan | (Appointed on 06 December 2021) |
| Wong Tack Leong (Alternate Director of Lim Kim Hoe) | (Appointed on 03 February 2021) |

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

## Directors' Interests in Shares

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

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **At 01.01.2021** | **Bought** | **Sold** | **At 31.12.2021** |
| **The Company** | | | | |
| *Direct interests* | | | | |
| Tan Sri Dato' Sri Lim Hock San | **1,076,800** | - | - | **1,076,800** |
| Datuk Wira Lim Hock Guan | **1,520,000** | - | - | **1,520,000** |
| Datuk Lim Lit Chek | **62,074,298** | 22,500,000 | - | **84,574,298** |
| Dato' Beh Hang Kong | **3,714,385** | - | 474,400 | **3,239,985** |
| *Indirect interests* | | | | |
| Tan Sri Dato' Sri Lim Hock San [1] | **303,217,129** | 67,812,200 | 24,000,000 | **347,029,329** |
| Datuk Wira Lim Hock Guan [1] | **303,217,129** | 67,812,200 | 24,000,000 | **347,029,329** |
| Datuk Lim Lit Chek [2] | **1,524,000** | 126,800 | - | **1,650,800** |

# DIRECTORS' REPORT

## Directors' Interests in Shares (cont'd)

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

| | Number of ordinary shares | | | |
|---|---|---|---|---|
| | **At 01.01.2021** | **Bought** | **Sold** | **At 31.12.2021** |
| **LBS Bina Group Berhad** | | | | |
| *Direct interest* | | | | |
| Tan Sri Dato' Sri Lim Hock San | **31,310,514** | 404,100 | - | **31,714,614** |
| Datuk Wira Lim Hock Guan | **28,130,444** | - | - | **28,130,444** |
| *Indirect interest* | | | | |
| Tan Sri Dato' Sri Lim Hock San [3] | **564,844,019** | - | - | **564,844,019** |
| Datuk Wira Lim Hock Guan [3] | **563,400,010** | - | - | **563,400,010** |
| **Gaterich Sdn. Bhd.** | | | | |
| *Direct interest* | | | | |
| Tan Sri Dato' Sri Lim Hock San | **2,500,000** | - | - | **2,500,000** |
| Datuk Wira Lim Hock Guan | **1,000,000** | - | - | **1,000,000** |

| | Number of ICPS 2016/2021 | | | |
|---|---|---|---|---|
| | **At 01.01.2021** | **Bought** | **Converted** | **At 31.12.2021** |
| **The Company** | | | | |
| *Direct interests* | | | | |
| Datuk Lim Lit Chek | **22,500,000** | - | 22,500,000 | **-** |
| *Indirect interests* | | | | |
| Tan Sri Dato' Sri Lim Hock San [1] | **67,500,000** | - | 67,500,000 | **-** |
| Datuk Wira Lim Hock Guan [1] | **67,500,000** | - | 67,500,000 | **-** |

| | Number of Redeemable Convertible Preference Shares | | | |
|---|---|---|---|---|
| | **At 01.01.2021** | **Bought** | **Converted** | **At 31.12.2021** |
| **LBS Bina Group Berhad** | | | | |
| *Indirect interest* | | | | |
| Tan Sri Dato' Sri Lim Hock San [3] | **158,000** | - | - | **158,000** |

*Notes:*

*(1) Deemed interest pursuant to Section 8 of the Companies Act 2016 by virtue of the shareholdings in LBS Bina Group Berhad through Gaterich Sdn. Bhd.*

*(2) Deemed interest pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of his spouse's and/or child's direct interests in MGB Berhad.*

*(3) Deemed interest pursuant to Section 59(11)(c) of the Companies Act 2016 by virtue of his spouse's and/or child's direct interests in LBS Bina Group Berhad and Section 8 of the Companies Act 2016 by virtue of his interests in Gaterich Sdn. Bhd.*

By virtue of their interests in the shares of the Company, Tan Sri Dato' Sri Lim Hock San and Datuk Wira Lim Hock Guan are also deemed to have interest in the shares of all the subsidiary companies to the extent that the Company has an interest under Section 8 of the Companies Act 2016 in Malaysia.

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

# DIRECTORS' REPORT

## Directors' Benefits

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by Directors as shown in Note 39(c) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than certain Directors who have significant financial interests in companies which traded with certain companies in the Group in the ordinary course of business as disclosed in Note 39(b) to the financial statements.

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

## Indemnity and Insurance Costs

The Directors and officers of the Group and of the Company are covered by Directors and Officers liability insurance for any liability incurred in the discharge of their duties, provided that they have not acted fraudulently or dishonestly or derived any personal profit or advantage. The insurance is maintained on a group basis by the immediate holding company, LBS Bina Group Berhad with total coverage of RM20,000,000 and premium of RM32,745 has been paid during the financial year.

No indemnity was given to or insurance effected for auditors of the Company.

## Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
   (i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and
   (ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:
   (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
   (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
   (iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or
   (iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(c) At the date of this report, there does not exist:
   (i) any charge on the assets of the Group and of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(d) In the opinion of Directors:
   (i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due;
   (ii) the result of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
   (iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

# DIRECTORS' REPORT

## Significant Events

The significant events are disclosed in Note 43 to the financial statements.

## Subsequent Events

The subsequent events are disclosed in Note 44 to the financial statements.

## Ultimate Holding Company

The Directors regard Gaterich Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia, as the ultimate holding company.

## Immediate Holding Company

The Directors regard LBS Bina Group Berhad, a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad, as the immediate holding company.

## Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 9 to the financial statements.

## Auditors

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

The details of auditors' remuneration are set out in Note 32 to the financial statements.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 11 April 2022.

**DATUK LIM LIT CHEK**

**DATUK WIRA LIM HOCK GUAN**

KUALA LUMPUR

# STATEMENT BY DIRECTORS

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

We, the undersigned, being two of the Directors of the Company, do hereby state that, in the opinion of the Directors, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as 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 dated 11 April 2022.

**DATUK LIM LIT CHEK**

**DATUK WIRA LIM HOCK GUAN**

KUALA LUMPUR

# STATUTORY DECLARATION

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

I, Datuk Lim Lit Chek, being the Director primarily responsible for the financial management of MGB 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.

Subscribed and solemnly declared by the
abovenamed at Kuala Lumpur in the
Federal Territory on 11 April 2022

**DATUK LIM LIT CHEK**

Before me,

**COMMISSIONER FOR OATHS**

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MGB BERHAD
(Registration No.: 200201021504 (589167-W))
(Incorporated in Malaysia)

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of MGB Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 120 to 202.

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

### Basis for Opinion

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

### Independence and Other Ethical Responsibilities

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

### Key Audit Matters

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

| Key Audit Matters | How we addressed the key audit matters |
|---|---|
| **1. Revenue and cost recognition for construction and property development activities** | |
| The Group and the Company are involved in construction and property development activities which span more than one accounting period. The revenue from construction and property development activities is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The Group uses the percentage of completion method in accounting for the progress towards complete satisfaction of the performance obligation.<br><br>We identified revenue, construction and property development costs as key audit matter as significant management judgement and estimates are involved in estimating the total construction and property development costs. | We evaluated whether the accounting policy adopted by the management is consistent with the requirements of MFRS 15 *Revenue from Contracts with Customers*.<br><br>We performed a range of audit procedures which included reviewing contract documentation, variation orders and enquiring of key personnel regarding status of on-going contracts.<br><br>In relation to construction and property development revenue or costs, we, amongst others and where applicable, agreed this to original signed contracts, letter of awards and approved variation orders. We evaluated the project progress to supporting evidences include but not limited to verifying third party surveyors' certificates, and interviews with project team. |

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MGB BERHAD
(Registration No.: 200201021504 (589167-W))
(Incorporated in Malaysia)

**Key Audit Matters (cont'd)**

| Key Audit Matters | How we addressed the key audit matters |
|---|---|
| **1. Revenue and cost recognition for construction and property development activities (cont'd)**<br><br>Key management judgements include:<br>• estimating the budgeted costs to complete each project;<br>• the future profitability of each project; and<br>• the percentage of completion at the end of the reporting period.<br><br>Changes in these judgements could lead to a material change in the value of revenue recognised. | In assessing management's assumptions in estimating the costs to completion for contracts, we verified the budgeted cost to sub-contractors' contracts. We verified the construction and property development costs incurred to date to sub-contractors' progress claims and recalculating the percentage of completion at the reporting date.<br><br>We have considered the adequacy of the Group's disclosures regarding this revenue stream and whether they are in accordance with MFRS 15 *Revenue from Contracts with Customers.* |
| **2. Goodwill impairment review**<br><br>The Group has significant goodwill allocated to the construction cash-generating units ("CGUs"). Goodwill shall be tested for impairment annually in accordance to MFRS 136 *Impairment of Assets.* The estimation of recoverable amount is complex and significant judgement is required for estimates, specifically cash flows projections, discount rates and short-term growth rates. Due to the inherent uncertainty involved in forecasting and discounting future cash flows, this is the key judgemental area that our audit was concentrated. | We assessed the reasonableness of the cash flows forecasts and supporting evidence of the underlying assumptions, by checking to approved budgets.<br><br>We performed sensitivity analysis on the key inputs (including discount rates and long-term growth rates) to the impairment model, to understand the impact that reasonably possible changes to key assumptions would have on the overall carrying amount of the goodwill at the end of the reporting period.<br><br>We tested the discount rates assigned to the cash-generating units, as well as the long-term growth rates, with reference to our understanding of the business, comparisons to other similar companies, economic where appropriate. We considered evidence available to support the discount rates used.<br><br>We considered the adequacy of management's disclosures in respect of impairment testing and whether the disclosures appropriately communicate the underlying sensitivities. |

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

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

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

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

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

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MGB BERHAD
(Registration No.: 200201021504 (589167-W))
(Incorporated in Malaysia)

## Responsibilities of the Directors for the Financial Statements

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

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

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

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

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

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

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

# INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF MGB BERHAD
(Registration No.: 200201021504 (589167-W))
(Incorporated in Malaysia)

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

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

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

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

## Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**UHY**
Firm Number: AF 1411
Chartered Accountants

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

KUALA LUMPUR
11 April 2022

# STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

| | Note | 31.12.2021 RM | Group 31.12.2020 RM Restated | 01.01.2020 RM Restated |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-Current Assets** | | | | |
| Property, plant and equipment | 4 | **23,981,733** | 25,179,774 | 24,226,069 |
| Right-of-use assets | 5 | **85,597,512** | 87,319,226 | 87,340,542 |
| Intangible assets | 6 | **-** | 347,177 | 1,827,722 |
| Investment properties | 7 | **38,989,836** | 39,871,623 | 57,298,437 |
| Capital work-in-progress | 8 | **-** | - | 3,901,229 |
| Investment in associates | 10 | **434,964** | 337,892 | 150,858 |
| Goodwill on consolidation | 11 | **254,694,909** | 254,694,909 | 254,694,909 |
| | | **403,698,954** | 407,750,601 | 429,439,766 |
| **Current Assets** | | | | |
| Inventories | 12 | **67,431,209** | 10,828,502 | 19,096,625 |
| Contract assets | 13 | **80,742,982** | 62,937,183 | 146,395,974 |
| Trade receivables | 14 | **41,840,982** | 46,570,321 | 67,258,463 |
| Other receivables | 15 | **17,085,763** | 17,380,020 | 19,417,195 |
| Amount due from related companies | 17 | **280,433,271** | 345,938,636 | 248,439,290 |
| Amount due from an associate company | 18 | **7,200** | 7,200 | 12,296 |
| Tax recoverable | | **3,059,504** | 2,002,537 | 1,809,324 |
| Fixed deposits with licensed banks | 19 | **5,669,801** | 3,636,839 | 2,999,691 |
| Cash held under Housing Development Accounts | 20 | **23,774,651** | 34,618,910 | 1,895,608 |
| Cash and bank balances | 20 | **13,653,502** | 31,811,217 | 28,204,760 |
| | | **533,698,865** | 555,731,365 | 535,529,226 |
| Assets held for sale | 21 | **-** | - | 3,000,000 |
| **Total Assets** | | **937,397,819** | 963,481,966 | 967,968,992 |
| **Equity and Liabilities** | | | | |
| **Equity** | | | | |
| Share capital | 22 | **388,185,706** | 388,185,706 | 388,185,706 |
| Reserves | 23 | **2,481,215** | 2,632,012 | 2,907,896 |
| Retained earnings | | **107,035,062** | 79,800,697 | 65,155,698 |
| Equity attributable to owners of the parent | | **497,701,983** | 470,618,415 | 456,249,300 |
| Non-controlling interests | | **185,983** | 691,801 | 1,057,874 |
| **Total Equity** | | **497,887,966** | 471,310,216 | 457,307,174 |
| **Non-Current Liabilities** | | | | |
| Loans and borrowings | 24 | **17,272,881** | 19,651,058 | 35,636,143 |
| Lease liabilities | 25 | **16,578,851** | 21,091,717 | 23,562,909 |
| Deferred tax liabilities | 26 | **2,048,562** | 2,295,134 | 1,764,879 |
| | | **35,900,294** | 43,037,909 | 60,963,931 |
| **Current Liabilities** | | | | |
| Contract liabilities | 13 | **40,471,014** | 52,617,409 | 40,648,464 |
| Trade payables | 27 | **260,426,798** | 210,668,059 | 255,891,334 |
| Other payables | 28 | **41,686,304** | 37,752,598 | 42,280,702 |
| Lease liabilities | 25 | **12,276,702** | 11,425,934 | 11,902,788 |
| Amount due to related companies | 17 | **5,276,573** | 13,104,058 | 10,352,424 |
| Amount due to an associate company | 18 | **65,834** | 69,283 | 7,200 |
| Loans and borrowings | 24 | **40,454,243** | 123,316,482 | 88,397,879 |
| Tax payable | | **2,952,091** | 180,018 | 217,096 |
| | | **403,609,559** | 449,133,841 | 449,697,887 |
| **Total Liabilities** | | **439,509,853** | 492,171,750 | 510,661,818 |
| **Total Equity and Liabilities** | | **937,397,819** | 963,481,966 | 967,968,992 |

# STATEMENTS OF FINANCIAL POSITION
## AS AT 31 DECEMBER 2021

| | Note | 31.12.2021 RM | Company 31.12.2020 RM | 01.01.2020 RM |
|---|---|---|---|---|
| **Assets** | | | | |
| **Non-Current Assets** | | | | |
| Property, plant and equipment | 4 | **87,409** | 141,897 | 199,432 |
| Investment in subsidiary companies | 9 | **319,000,070** | 319,000,000 | 300,000,000 |
| | | **319,087,479** | 319,141,897 | 300,199,432 |
| **Current Assets** | | | | |
| Other receivables | 15 | **423,670** | 2,427,160 | 2,350,150 |
| Amount due from subsidiary companies | 16 | **56,648,935** | 48,252,348 | 66,368,799 |
| Tax recoverable | | **153,607** | - | - |
| Cash and bank balances | 20 | **71,776** | 167,018 | 482,849 |
| | | **57,297,988** | 50,846,526 | 69,201,798 |
| **Total Assets** | | **376,385,467** | 369,988,423 | 369,401,230 |
| **Equity and Liabilities** | | | | |
| **Equity** | | | | |
| Share capital | 22 | **388,185,706** | 388,185,706 | 388,185,706 |
| Accumulated losses | | **(34,231,807)** | (40,386,093) | (41,007,628) |
| **Total Equity** | | **353,953,899** | 347,799,613 | 347,178,078 |
| **Current Liabilities** | | | | |
| Other payables | 28 | **989,748** | 667,437 | 512,606 |
| Amount due to subsidiary companies | 16 | **6,346,494** | 6,357,165 | 6,371,116 |
| Loans and borrowings | 24 | **15,095,326** | 15,089,582 | 15,124,684 |
| Tax payable | | **-** | 74,626 | 214,746 |
| | | **22,431,568** | 22,188,810 | 22,223,152 |
| **Total Equity and Liabilities** | | **376,385,467** | 369,988,423 | 369,401,230 |

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

# STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | Note | Group 2021 RM | Group 2020 RM Restated | Company 2021 RM | Company 2020 RM |
|---|---|---|---|---|---|
| Revenue | 29 | **593,758,902** | 563,274,102 | **-** | - |
| Cost of sales | 30 | **(496,780,600)** | (485,582,564) | **-** | - |
| Gross profit | | **96,978,302** | 77,691,538 | **-** | - |
| Other income | | **1,895,448** | 4,815,051 | **7,928,964** | 2,832,055 |
| Administrative expenses | | **(49,092,712)** | (45,782,808) | **(1,092,980)** | (1,053,381) |
| Net gain/(loss) on impairment of financial assets | | **58,879** | (113,569) | **-** | - |
| Other operating expenses | | **(4,573,979)** | (5,339,569) | **-** | - |
| Finance costs | 31 | **(5,535,585)** | (8,084,857) | **(669,115)** | (775,830) |
| Share of profit of associates, net of tax | | **247,072** | 187,034 | **-** | - |
| Profit before tax | 32 | **39,977,425** | 23,372,820 | **6,166,869** | 1,002,844 |
| Taxation | 33 | **(13,399,705)** | (9,369,778) | **(12,583)** | (381,309) |
| Profit for the financial year, representing total comprehensive income for the financial year | | **26,577,720** | 14,003,042 | **6,154,286** | 621,535 |
| **Profit/(Loss) for the financial year attributable to:** | | | | | |
| Owners of the parent | | **27,083,568** | 14,369,115 | | |
| Non-controlling interests | | **(505,848)** | (366,073) | | |
| | | **26,577,720** | 14,003,042 | | |
| **Total comprehensive income/(loss) for the financial year attributable to:** | | | | | |
| Owners of the parent | | **27,083,568** | 14,369,115 | | |
| Non-controlling interests | | **(505,848)** | (366,073) | | |
| | | **26,577,720** | 14,003,042 | | |
| **Earnings per share** | | | | | |
| Basic earnings per share (sen) | 34(a) | **5.18** | 2.86 | | |
| Diluted earnings per share (sen) | 34(b) | **5.18** | 2.43 | | |

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

# STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | | <---- Attributable to owners of the parent | | | | | ----> | | |
|---|---|---|---|---|---|---|---|---|---|
| | | <---- Non-Distributable | | | ----> | | | | |
| | Note | Share Capital RM | ICPS RM | Asset Revaluation Reserve RM | Other Reserve RM | Retained Earnings RM | Total RM | Non-Controlling Interests RM | Total Equity RM |
| **Group** | | | | | | | | | |
| At 1 January 2021 | | | | | | | | | |
| - as previously reported | | 327,885,706 | 60,300,000 | 4,315,821 | (1,683,809) | 79,845,640 | 470,663,358 | 691,801 | 471,355,159 |
| - effect of adoption of IFRIC Agenda Decision | 45(b) | - | - | - | - | (44,943) | (44,943) | - | (44,943) |
| At 1 January 2021 (restated) | | 327,885,706 | 60,300,000 | 4,315,821 | (1,683,809) | 79,800,697 | 470,618,415 | 691,801 | 471,310,216 |
| Profit for the financial year, representing total comprehensive income for the financial year | | - | - | - | - | 27,083,568 | 27,083,568 | (505,848) | 26,577,720 |
| Proceeds from issuance of shares by a subsidiary to a non-controlling interest | | - | - | - | - | - | - | 30 | 30 |
| Realisation of asset revaluation reserve | 23(b) | - | - | (150,797) | - | 150,797 | - | - | - |
| **Transactions with owners** | | | | | | | | | |
| Issuance of ordinary shares pursuant to: | | | | | | | | | |
| -conversion of ICPS | | 60,300,000 | (60,300,000) | - | - | - | - | - | - |
| At 31 December 2021 | | 388,185,706 | - | 4,165,024 | (1,683,809) | 107,035,062 | 497,701,983 | 185,983 | 497,887,966 |

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

| | | <--------------- Attributable to owners of the parent --------------> | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | <------------------- Non-Distributable -------------------> | | | | | | | |
| | **Note** | **Share Capital RM** | **ICPS RM** | **Asset Revaluation Reserve RM** | **Other Reserve RM** | **Retained Earnings RM** | **Total RM** | **Non-Controlling Interests RM** | **Total Equity RM** |
| **Group** | | | | | | | | | |
| At 1 January 2020 | | | | | | | | | |
| - as previously reported | | 327,885,706 | 60,300,000 | 4,591,705 | (1,683,809) | 65,619,826 | 456,713,428 | 1,057,874 | 457,771,302 |
| - effect of adoption of IFRIC Agenda Decision | 45(b) | - | - | - | - | (464,128) | (464,128) | - | (464,128) |
| At 1 January 2020 (restated) | | 327,885,706 | 60,300,000 | 4,591,705 | (1,683,809) | 65,155,698 | 456,249,300 | 1,057,874 | 457,307,174 |
| Profit for the financial year, representing total comprehensive income for the financial year | | - | - | - | - | 14,369,115 | 14,369,115 | (366,073) | 14,003,042 |
| Realisation of asset revaluation reserve | 23(b) | - | - | (275,884) | - | 275,884 | - | - | - |
| At 31 December 2020 (restated) | | 327,885,706 | 60,300,000 | 4,315,821 | (1,683,809) | 79,800,697 | 470,618,415 | 691,801 | 471,310,216 |

# STATEMENTS OF CHANGES IN EQUITY

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | <- Non-Distributable -> | | | |
|---|---|---|---|---|
| | **Share Capital RM** | **ICPS RM** | **Accumulated Losses RM** | **Total Equity RM** |
| **Company** | | | | |
| At 1 January 2021 | **327,885,706** | **60,300,000** | **(40,386,093)** | **347,799,613** |
| Profit for the financial year, representing total comprehensive income for the financial year | **-** | **-** | **6,154,286** | **6,154,286** |
| **Transactions with owners** | | | | |
| Issuance of ordinary shares pursuant to: | | | | |
| - conversion of ICPS | **60,300,000** | **(60,300,000)** | **-** | **-** |
| At 31 December 2021 | **388,185,706** | **-** | **(34,231,807)** | **353,953,899** |
| | | | | |
| **Company** | | | | |
| At 1 January 2020 | 327,885,706 | 60,300,000 | (41,007,628) | 347,178,078 |
| Profit for the financial year, representing total comprehensive income for the financial year | - | - | 621,535 | 621,535 |
| At 31 December 2020 | 327,885,706 | 60,300,000 | (40,386,093) | 347,799,613 |

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

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | Note | Group 2021 RM | Group 2020 RM Restated | Company 2021 RM | Company 2020 RM |
|---|---|---|---|---|---|
| **Cash flows from/(used in) operating activities** | | | | | |
| Profit before tax | | **39,977,425** | 23,372,820 | **6,166,869** | 1,002,844 |
| Adjustments for: | | | | | |
| Amortisation of intangible assets | | **347,177** | 1,480,545 | **-** | - |
| Depreciation of: | | | | | |
| - property, plant and equipment | | **6,579,462** | 5,814,447 | **54,488** | 57,535 |
| - investment properties | | **881,787** | 998,673 | **-** | - |
| - right-of-use assets | | **7,770,659** | 7,596,047 | **-** | - |
| Impairment losses on: | | | | | |
| - trade receivables | | **169,293** | 98,671 | **-** | - |
| - amount due from subsidiary companies | | **-** | - | **10,435** | - |
| - amount due from related companies | | **2,601** | 62,833 | **-** | - |
| Deposit written off | | **2,500** | - | **2,500** | - |
| Loss/(gain) on disposal of: | | | | | |
| - property, plant and equipment | | **35,916** | (365,197) | **-** | - |
| - investment properties | | **-** | (2,659,750) | **-** | - |
| - right-of-use assets | | **-** | (258,252) | **-** | - |
| Reversal of impairment losses on: | | | | | |
| - trade receivables | | **(175,546)** | (46,255) | **-** | - |
| - other receivables | | **-** | (1,680) | **-** | - |
| - amount due from related companies | | **(55,227)** | - | **-** | - |
| Property, plant and equipment written off | | **1** | - | **-** | - |
| Right-of-use assets written off | | **-** | 9,323 | **-** | - |
| Waiver of debts | | **(174,648)** | - | **-** | - |
| Interest income | | **(333,518)** | (481,309) | **(259,849)** | (2,832,055) |
| Dividend income | | **-** | - | **(7,000,000)** | - |
| Finance costs | | **5,535,585** | 8,084,857 | **669,115** | 775,830 |
| Share of profit of associates | | **(247,072)** | (187,034) | **-** | - |
| Operating profit/(loss) before working capital changes | | **60,316,395** | 43,518,739 | **(356,442)** | (995,846) |
| **Change in working capital:** | | | | | |
| Inventories | | **(56,602,707)** | 8,268,123 | **-** | - |
| Receivables | | **5,027,349** | 22,674,581 | **1,990,555** | (77,010) |
| Payables | | **55,500,680** | (19,842,234) | **322,311** | 154,831 |
| Contract assets and contract liabilities | | **(29,903,307)** | 95,591,209 | **-** | - |
| Subsidiary companies | | **-** | - | **(8,407,258)** | (897,500) |
| Related companies | | **57,730,506** | (97,757,776) | **-** | - |
| Associate companies | | **(3,449)** | 67,179 | **-** | - |
| | | **31,749,072** | 9,001,082 | **(6,094,392)** | (819,679) |
| Cash from/(used in) operations | | **92,065,467** | 52,519,821 | **(6,450,834)** | (1,815,525) |
| Interest paid | | **(5,757,928)** | (8,127,005) | **(663,370)** | (810,932) |
| Interest income | | **333,518** | 481,309 | **526** | 1,379 |
| Income tax refund | | **-** | 43,362 | **-** | - |
| Income tax paid | | **(11,931,170)** | (9,113,176) | **(240,817)** | (521,429) |
| | | **(17,355,580)** | (16,715,510) | **(903,661)** | (1,330,982) |
| Net cash from/(used in) operating activities | | **74,709,887** | 35,804,311 | **(7,354,495)** | (3,146,507) |

# STATEMENTS OF CASH FLOWS

## FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

| | Note | Group 2021 RM | Group 2020 RM Restated | Company 2021 RM | Company 2020 RM |
|---|---|---|---|---|---|
| **Cash flows (used in)/from investing activities** | | | | | |
| Investment in a subsidiary company | 9(a) | **-** | - | **(70)** | - |
| Proceeds from issuance of shares by a subsidiary to a non-controlling interest | | **30** | - | **-** | - |
| Purchase of property, plant and equipment | 4(a) | **(2,271,172)** | (6,669,542) | **-** | - |
| Additions in right-of-use assets | 5(d) | **(1,551,212)** | (3,584,894) | **-** | - |
| Proceeds from disposal of: | | | | | |
| - property, plant and equipment | | **65,931** | 232,577 | **-** | - |
| - right-of-use assets | | **-** | 540,600 | **-** | - |
| Interest received | | **-** | - | **259,323** | 2,830,676 |
| Dividends received from a subsidiary | | **-** | - | **7,000,000** | - |
| Dividends received from an associate | | **150,000** | - | **-** | - |
| Net cash (used in)/from investing activities | | **(3,606,423)** | (9,481,259) | **7,259,253** | 2,830,676 |
| **Cash flows (used in)/from financing activities** | | | | | |
| Increased of fixed deposits pledged | | **(2,032,962)** | (637,148) | **-** | - |
| Decreased of bank balances pledged | | **-** | 789,502 | **-** | 67,000 |
| Drawdown of bank borrowings | | **137,385,904** | 267,472,503 | **-** | - |
| Payment of lease liabilities | | **(13,054,404)** | (8,331,811) | **-** | - |
| Repayment of bank borrowings | | **(223,665,682)** | (239,934,883) | **-** | - |
| Net cash (used in)/from financing activities | | **(101,367,144)** | 19,358,163 | **-** | 67,000 |
| **Net (decrease)/increase in cash and cash equivalents** | | **(30,263,680)** | 45,681,215 | **(95,242)** | (248,831) |
| **Cash and cash equivalents at the beginning of the financial year** | | **62,710,259** | 17,029,044 | **167,018** | 415,849 |
| **Cash and cash equivalents at the end of the financial year** | | **32,446,579** | 62,710,259 | **71,776** | 167,018 |
| **Cash and cash equivalents at the end of the financial year comprises:** | | | | | |
| Cash and bank balances | | **13,653,502** | 31,811,217 | **71,776** | 167,018 |
| Cash held under Housing Development Accounts | | **23,774,651** | 34,618,910 | **-** | - |
| Fixed deposits with licensed banks | | **5,669,801** | 3,636,839 | **-** | - |
| Bank overdrafts | | **(4,981,574)** | (3,719,868) | **-** | - |
| | | **38,116,380** | 66,347,098 | **71,776** | 167,018 |
| Less: Fixed deposits pledged with licensed banks | | **(5,669,801)** | (3,636,839) | **-** | - |
| | | **32,446,579** | 62,710,259 | **71,776** | 167,018 |

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

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 1. Corporate Information

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

The principal place of business of the Company is located at H-G, Sunway PJ@51A, Jalan SS 9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at H-7, Sunway PJ@51A, Jalan SS 9A/19, Seksyen 51A, 47300 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are provision of management services and investment holding. The principal activities of its subsidiary companies are disclosed in Note 9. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

The ultimate holding company is Gaterich Sdn. Bhd., a private limited liability company, incorporated and domiciled in Malaysia.

The immediate holding company is LBS Bina Group Berhad, a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

## 2. Basis of Preparation

(a) Statement of compliance

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

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

**Adoption of new and amended standards**

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

| | |
|---|---|
| Amendments to MFRS 9, MFRS 139 And MFRS 7 | Interest Rate Benchmark Reform |
| IFRIC Agenda Decision on MFRS 123 | Borrowing Costs |

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and the Company except as disclosed in Note 45 to the financial statements.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 2. Basis of Preparation (cont'd)

(a) Statement of compliance (cont'd)

**Standards issued but not yet effective**

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

| | | **Effective dates for financial periods beginning on or after** |
|---|---|---|
| Amendment to MFRS 16 | COVID-19 Related Rent Concessions beyond 30 June 2021 | 1 April 2021 |
| Amendments to MFRS 3 | Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 116 | Property, Plant and Equipment – Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137 | Onerous Contracts – Cost of Fulfilling a Contract | 1 January 2022 |
| Amendments to MFRSs<br>• Amendments to MFRS 1<br>• Amendments to MFRS 9<br>• Amendments to MFRS 16<br>• Amendments to MFRS 141 | Annual Improvement to MFRS Standards 2018-2020 | 1 January 2022 |
| MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 | Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 17 | Initial Application of MFRS 17 and MFRS 9 – comparative information | 1 January 2023 |
| Amendments to MFRS 101 | Classification of Liabilities as Current or Non-current | 1 January 2023 |
| Amendments to MFRS 101 | Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108 | Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred until further notice |

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

The initial application of the above-mentioned MFRSs are not expected to have any significant impacts on the financial statements of the Group and the Company.

(b) Functional and presentation currency

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

## 2. Basis of Preparation (cont'd)

(c) Significant accounting judgements, estimates and assumptions

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

**Judgements**

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

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

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

The Group and the Company recognise revenue over time in the following circumstances:

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

(b) the Group and the Company do not create an asset with an alternative use to the Group and the Company and have an enforceable right to payment for performance completed to date; and

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

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

<u>Determining the lease term of contracts with renewal and termination options – Group and the Company as lessee</u>

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

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

The Group and the Company include the renewal period as part of the lease term for leases of land and buildings with non-cancellable period included as part of the lease term as these are reasonably certain to be exercised because there will be a significant negative effect on operation if a replacement asset is not readily available.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 2. Basis of Preparation (cont'd)

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

**Key sources of estimation uncertainty**

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

Useful lives of property, plant and equipment (Note 4), right-of-use ("ROU") assets (Note 5) and investment properties (Note 7)

The Group and the Company regularly review the estimated useful lives of property, plant and equipment, ROU assets and investment properties based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, ROU assets and investment properties would increase the recorded depreciation and decrease the value of property, plant and equipment, ROU assets and investment properties. The carrying amount at the reporting date for property, plant and equipment, ROU assets and investment properties are disclosed in Notes 4, 5 and 7 respectively.

Impairment of investment in subsidiary companies

The Company reviews its investments in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investments in subsidiary companies is disclosed in Note 9.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group and the Company estimate the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's and the Company's products, the Group and the Company might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12.

Determination of transaction prices

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

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

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The key assumptions used to determine the value in use is disclosed in Note 11.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 2. Basis of Preparation (cont'd)

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

**Key sources of estimation uncertainty (cont'd)**

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and other deductible temporary differences to the extent that it is probable that taxable profit will be available against which the unused tax losses, unabsorbed capital allowances and other deductible temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 26.

Revenue from construction contracts

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

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgements to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The contract assets and contract liabilities of the Group arising from construction activities are disclosed in Note 13.

Revenue from property development contracts

Revenue is recognised when the control of the asset is transferred to the customers and, depending on the terms of the contract and the applicable laws governing the contract, control of the asset may transfer over time or at a point in time.

If control of the asset transfers over time, the Group recognises property development revenue and costs over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation at the reporting date. This is measure based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total property development costs of the contract.

Significant judgement are used to estimate these total property development costs to complete the contracts. In making these estimates, management relies on past experience, the work of specialists and a continuous monitoring mechanism.

The contract assets of the Group arising from property development activities are disclosed in Note 13.

Provision for expected credit loss of financial assets at amortised cost

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

The carrying amounts at the reporting date for receivables are disclosed in Notes 14, 15, 16, 17 and 18 respectively.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 2. Basis of Preparation (cont'd)

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

**Key sources of estimation uncertainty (cont'd)**

Discount rate used in leases

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

Income taxes

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

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2021, the Group and the Company have tax recoverable and payable of RM3,059,504 and RM153,607 (31.12.2020: RM2,002,537 and RMNil, 01.01.2020: RM1,809,324 and RMNil) and RM2,952,091 and RMNil (31.12.2020: RM180,018 and RM74,626, 01.01.2020: RM217,096 and RM214,746) respectively.

## 3. Significant Accounting Policies

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

(a) Basis of consolidation

(i) Subsidiary companies

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

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

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 3. Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

(i) Subsidiary companies (cont'd)

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

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

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

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

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

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

(ii) Changes in ownership interests in subsidiary companies without change of control

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

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 3. Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

(iv) Goodwill on consolidation

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

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

(b) Investment in associates

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

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

An associate is accounted for either at cost or equity method as described in MFRS 128 from the date on which the investee becomes an associate. Under the equity method, on initial recognition the investment in an associate is recognised at cost, and the carrying amount is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the associate after the date of acquisition. When the Group's share of losses in an associate equal or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 3. Significant Accounting Policies (cont'd)

(c) Foreign currency transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are included in profit or loss.

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

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

(i) Recognition and measurement

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

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

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

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

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 3. Significant Accounting Policies (cont'd)

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

(ii) Subsequent costs

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

(iii) Depreciation

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

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

| | |
|---|---|
| Plant, machinery and equipment | 5% - 33.33% |
| Furniture, fittings and office equipment | 10% - 50% |
| Electrical installation and renovation | 10% - 20% |
| Motor vehicles | 20% |

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

(iv) Revaluation

Land and buildings are measured at fair value less accumulated depreciation on buildings and impairment losses recognised after the date of the revaluation. Valuations are performed with sufficient regularity, usually every five years, to ensure that the carrying amount does not differ materially from the fair value of the land and buildings at the end of the reporting period.

As at the date of revaluation, accumulated depreciation, if any, is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Any revaluation surplus arising upon appraisal of land and buildings are recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decreases or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal or impairment testing, with the decrease being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to other comprehensive income.

## 3. Significant Accounting Policies (cont'd)

(e) Leases

(i) As lessee

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) on impairment of non-financial assets.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. ROU asset under construction are not depreciated until the assets are ready for its intended use. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

| | |
|---|---|
| Leasehold buildings | 2% |
| Leasehold land and factory | Over remaining lease period |
| Hostel | Over remaining lease period |
| Sales gallery | Over remaining lease period |
| Computer | 20% |
| Plant, machinery and equipment | 3.33% - 33.33% |
| Renovation | 10% |
| Motor vehicles | 20% |

The ROU assets are subject to impairment.

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

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

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

# NOTES TO THE FINANCIAL STATEMENTS
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## 3. Significant Accounting Policies (cont'd)

(e) Leases (cont'd)

(ii) As lessor

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

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

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

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

(f) Investment properties

Investment properties, including right-of-use assets held by lessee, are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day to-day servicing of an investment property.

Investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates of leasehold land and buildings are 2% (2020: 2%).

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o)(i) on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

(g) Intangible assets

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately. An intangible assets is amortised over their estimated useful lives of 5 years.

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

See accounting policy Note 3(o)(i) on impairment of non-financial assets for intangible assets.

## 3. Significant Accounting Policies (cont'd)

(h) Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiary companies, related company and associate, fixed deposits with licensed banks, cash held under Housing Development Accounts and cash and bank balances.

(a) Financial assets at amortised cost

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

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

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

(b) Financial assets at fair value through other comprehensive income ("FVTOCI")

(i) Debt instruments

A debt security is measured at FVTOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Equity instruments

On initial recognition of an equity investment that is not held for trading, the Group and the Company may irrevocably elect to present subsequent changes in fair value in other comprehensive income on an investment-by-investment basis.

Financial assets categorised as FVTOCI are subsequently measured at fair value, with unrealised gains and losses recognised directly in other comprehensive income and accumulated under fair value reserve in equity. For debt instruments, when the investment is derecognised or determined to be impaired, the cumulative gain or loss previously recorded in equity is reclassified to the profit or loss. For equity instruments, the gains or losses are never reclassified to profit or loss.

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

# NOTES TO THE FINANCIAL STATEMENTS
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## 3. Significant Accounting Policies (cont'd)

(h) Financial assets (cont'd)

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

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

Financial assets categorised as FVTPL are subsequently measured at their fair value with gains or losses recognised in the profit or loss.

All financial assets, except for those measured at FVTPL and equity instruments measured at FVTOCI, are subject to impairment.

The Group and the Company have not designated any financial assets at FVTPL.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases or sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expire. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(i) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(j) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent, the liability is measured at the higher of:

- the amount of the loss allowance; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 *Revenue from Contracts with Customers.*

## 3. Significant Accounting Policies (cont'd)

(k) Offsetting of financial instruments

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

(l) Inventories

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

(a) Land held for property development

Land held for property development consists of purchase price of land, professional fees, stamp duties, commissions, conversion fees, other relevant levies and direct development cost incurred in preparing the land for development.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated cost necessary to make the sale. If net realisable value cannot be determined reliably, these inventories will be stated at the lower of cost or fair value less costs to sell. Fair value is the amount the inventory can be sold in an arm's length transaction.

Land held for property development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle, is classified as non-current asset.

Land held for property development is transferred to property development costs under current assets when development activities have commenced and are expected to be completed within the normal operating cycle.

(b) Property development costs and completed property

Property under development consists of the costs of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities, including common costs such as the cost of constructing mandatory infrastructure, amenities and affordable houses (net of estimated approve selling prices) and other related costs. The asset is subsequently recognised as an expense in profit or loss when and as the control of the asset is transferred to the customer.

Property development costs attributable to unsold properties, upon completion, are transferred to completed properties held for sale.

The cost of completed properties includes costs of land and related development cost or its purchase costs are incident cost of acquisition. Cost is determined on a specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

(c) Other inventories

Cost of raw material comprise cost of purchase and other costs incurred in bringing it to their present location and condition are determined on a first-in-first-out basis. Cost of finished goods consists of direct material, direct labour and an appropriate proportion of production overheads (based on normal operating capacity) are stated on a first-in-first-out basis.

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

# NOTES TO THE FINANCIAL STATEMENTS
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## 3. Significant Accounting Policies (cont'd)

(m) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work-in-progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(n) Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories, deferred tax assets and asset held for sale) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

## 3. Significant Accounting Policies (cont'd)

(o) Impairment of assets (cont'd)

(i) Non-financial assets (cont'd)

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECL") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience and the economic environment.

## 3. Significant Accounting Policies (cont'd)

(p) Share capital

(i) Ordinary shares

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

Dividend distribution to the Company's shareholders is recognised as a liability in the period they are approved by the Board of Directors except for the final dividend which is subject to approval by the Company's shareholders.

(ii) Preference shares

Preference share capital is classified as equity if it is non-redeemable, or is redeemable but only at the Company's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity. Preference share capital is classified as financial liability if it is redeemable on a specific date or at the option of the equity holders, or if dividend payments are not discretionary. Dividends thereon are recognised as interest expense in profit or loss as accrued.

(q) Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(r) Employee benefits

(i) Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short-term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the state pension scheme, the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group has no further payment obligations.

## 3. Significant Accounting Policies (cont'd)

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for 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. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(t) Contract assets and contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customer for which the Group has received the consideration or has billed the customer. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

(u) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

The Group recognises revenue from the following major sources:

(a) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the output method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the level of completion of the physical proportion of contract work todate, certified by professional consultants.

# NOTES TO THE FINANCIAL STATEMENTS
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## 3. Significant Accounting Policies (cont'd)

(u) Revenue recognition (cont'd)

(i) Revenue from contracts with customers (cont'd)

(a) Revenue from construction contracts (cont'd)

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised to-date, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

The Group provides warranties for general repairs of defects existed at the time of sale. These assurance-type warranties are accounted for under MFRS 137 *Provision, Contingent Liabilities and Contingent Assets.*

(b) Revenue from property development

The Group recognises revenue from property development over time when control over the property has been transferred to the customers. The properties have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from property development is measured at the fixed transaction price agreed under the sales and purchase agreement.

Revenue is recognised over the period of the contract using input method to measure the progress towards complete satisfaction of the performance obligations under the sale and purchase agreement, i.e. based on the proportion of property development costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised properties based on achieving a series of performance-related milestones (i.e. progress billing). The Group will previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Revenue from sale of completed properties is recognised at a point in time, being when the control of the properties has been passed to the purchasers. And, it is probable that the Group will collect the considerations to which it will be entitled to in exchange for the properties sold.

The Group provides warranties for general repairs of defects as required by law. These assurance-type warranties are accounted for under MFRS 137 *Provision, Contingent Liabilities and Contingent Assets.*

(c) Rendering of services

Revenue from services and management fees are recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(d) Hotel room rental and food and beverages revenue

Room rental revenue is accrued on a daily basis on customer-occupied rooms. Revenue from the sale of food and beverage is recognised when the customer received and consumes and the Group has a present right to payment for the food and beverage product. Hotel room rental and food and beverages revenue are recorded based on the published rates, net of discounts.

# NOTES TO THE FINANCIAL STATEMENTS
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## 3. Significant Accounting Policies (cont'd)

(u) Revenue recognition (cont'd)

(ii) Lease income

Lease income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(iii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(v) Income taxes

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination or items recognised directly in equity or other comprehensive income.

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

Deferred tax is recognised using the liability method for all temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for the temporary differences arising from the initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction which is not a business combination and that affects neither accounting nor taxable profit nor loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realized simultaneously.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

# NOTES TO THE FINANCIAL STATEMENTS
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## 3. Significant Accounting Policies (cont'd)

(x) Contingencies

Where it is not probable that an inflow or an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the asset or the obligation is disclosed as a contingent asset or contingent liability, unless the probability of inflow or outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets or contingent liabilities unless the probability of inflow or outflow of economic benefits is remote.

(y) Assets held for sale

Assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Such assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

## 4. Property, Plant and Equipment

| | <---------- At Cost | | | ----------> | |
|---|---|---|---|---|---|
| | **Plant, Machinery and Equipment RM** | **Furniture, Fittings and Office Equipment RM** | **Electrical Installation and Renovation RM** | **Motor Vehicles RM** | **Total RM** |
| **Group** | | | | | |
| **31.12.2021** | | | | | |
| **Cost** | | | | | |
| At 1 January 2021 | **27,995,553** | **6,301,368** | **12,174,172** | **984,485** | **47,455,578** |
| Additions | **1,760,168** | **464,753** | **1,487,934** | **-** | **3,712,855** |
| Disposals | **(691,863)** | **(30,386)** | **-** | **(81,908)** | **(804,157)** |
| Transfer from right-of-use assets | **9,289,038** | **-** | **-** | **909,401** | **10,198,439** |
| Transfer to right-of-use assets | **(3,213,021)** | **-** | **-** | **(100,000)** | **(3,313,021)** |
| Written off | **-** | **-** | **-** | **(1,850)** | **(1,850)** |
| Reclassification | **-** | **-** | **(343,377)** | **-** | **(343,377)** |
| At 31 December 2021 | **35,139,875** | **6,735,735** | **13,318,729** | **1,710,128** | **56,904,467** |
| **Accumulated depreciation** | | | | | |
| At 1 January 2021 | **13,938,401** | **3,955,061** | **3,906,829** | **475,513** | **22,275,804** |
| Charge for the financial year | **4,058,584** | **669,719** | **1,681,009** | **170,150** | **6,579,462** |
| Disposals | **(590,881)** | **(29,522)** | **-** | **(81,907)** | **(702,310)** |
| Transfer from right-of-use assets | **3,942,266** | **-** | **-** | **909,396** | **4,851,662** |
| Transfer to right-of-use assets | **(61,702)** | **-** | **-** | **(18,333)** | **(80,035)** |
| Written off | **-** | **-** | **-** | **(1,849)** | **(1,849)** |
| At 31 December 2021 | **21,286,668** | **4,595,258** | **5,587,838** | **1,452,970** | **32,922,734** |
| **Carrying amount** | | | | | |
| At 31 December 2021 | **13,853,207** | **2,140,477** | **7,730,891** | **257,158** | **23,981,733** |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 4. Property, Plant and Equipment (cont'd)

| | <------ At Cost ------> | | | | |
|---|---|---|---|---|---|
| | Plant, Machinery and Equipment RM | Furniture, Fittings and Office Equipment RM | Electrical Installation and Renovation RM | Motor Vehicles RM | Total RM |
| **Group** | | | | | |
| **31.12.2020** | | | | | |
| **Cost** | | | | | |
| At 1 January 2020 | 26,616,865 | 5,291,110 | 10,176,704 | 869,987 | 42,954,666 |
| Additions | 4,297,586 | 1,388,916 | 3,467,033 | 280,000 | 9,433,535 |
| Disposals | (3,318,648) | (378,658) | (1,469,565) | (353,949) | (5,520,820) |
| Transfer from right-of-use assets | 880,000 | - | - | 188,447 | 1,068,447 |
| Transfer to right-of-use assets | (470,250) | - | - | - | (470,250) |
| Reclassification | (10,000) | - | - | - | (10,000) |
| At 31 December 2020 | 27,995,553 | 6,301,368 | 12,174,172 | 984,485 | 47,455,578 |
| **Accumulated depreciation** | | | | | |
| At 1 January 2020 | 11,383,593 | 3,608,977 | 3,276,112 | 459,915 | 18,728,597 |
| Charge for the financial year | 3,782,699 | 586,041 | 1,262,657 | 183,050 | 5,814,447 |
| Disposals | (1,700,616) | (239,957) | (631,940) | (316,878) | (2,889,391) |
| Transfer from right-of-use assets | 528,000 | - | - | 149,426 | 677,426 |
| Transfer to right-of-use assets | (55,275) | - | - | - | (55,275) |
| At 31 December 2020 | 13,938,401 | 3,955,061 | 3,906,829 | 475,513 | 22,275,804 |
| **Carrying amount** | | | | | |
| At 31 December 2020 | 14,057,152 | 2,346,307 | 8,267,343 | 508,972 | 25,179,774 |
| At 1 January 2020 | 15,233,272 | 1,682,133 | 6,900,592 | 410,072 | 24,226,069 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 4. Property, Plant and Equipment (cont'd)

| | Furniture, Fittings and Office Equipment RM | Electrical Installation and Renovation RM | Total RM |
|---|---|---|---|
| **Company** | | | |
| **31.12.2021** | | | |
| **Cost** | | | |
| At 1 January 2021/31 December 2021 | **683,336** | **247,328** | **930,664** |
| **Accumulated depreciation** | | | |
| At 1 January 2021 | **641,665** | **147,102** | **788,767** |
| Charge for the financial year | **29,755** | **24,733** | **54,488** |
| At 31 December 2021 | **671,420** | **171,835** | **843,255** |
| **Carrying amount** | | | |
| At 31 December 2021 | **11,916** | **75,493** | **87,409** |
| **31.12.2020** | | | |
| **Cost** | | | |
| At 1 January 2020/31 December 2020 | 683,336 | 247,328 | 930,664 |
| **Accumulated depreciation** | | | |
| At 1 January 2020 | 608,863 | 122,369 | 731,232 |
| Charge for the financial year | 32,802 | 24,733 | 57,535 |
| At 31 December 2020 | 641,665 | 147,102 | 788,767 |
| **Carrying amount** | | | |
| At 31 December 2020 | 41,671 | 100,226 | 141,897 |
| At 1 January 2020 | 74,473 | 124,959 | 199,432 |

(a) The aggregate additional costs for the property, plant and equipment of the Group under other payables and cash payments are as follows:

| | Group 31.12.2021 RM | Group 31.12.2020 RM |
|---|---|---|
| Aggregate costs | **3,712,855** | 9,433,535 |
| Less: Other payables | **(1,441,683)** | (2,763,993) |
| Cash payments | **2,271,172** | 6,669,542 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 5. Right-of-use Assets

| | At Valuation | <---------- At Cost | | | | | ----------> |
|---|---|---|---|---|---|---|---|
| | Leasehold Land and Buildings RM | Renovation RM | Hostel RM | Sales Gallery RM | Computer RM | Plant, Machinery and Equipment RM | Motor Vehicles RM | Total RM |
| **Group** | | | | | | | | |
| **31.12.2021** | | | | | | | | |
| **Cost/Valuation** | | | | | | | | |
| At 1 January 2021 | 41,662,005 | 5,940 | 110,075 | 282,117 | 1,298,076 | 61,717,169 | 5,617,805 | 110,693,187 |
| Additions | - | - | - | 237,983 | - | 7,735,422 | 189,331 | 8,162,736 |
| Transfer from property, plant and equipment | - | - | - | - | - | 3,213,021 | 100,000 | 3,313,021 |
| Transfer to property, plant and equipment | - | - | - | - | - | (9,289,038) | (909,401) | (10,198,439) |
| Derecognition | - | - | - | (282,117) | - | - | - | (282,117) |
| At 31 December 2021 | 41,662,005 | 5,940 | 110,075 | 237,983 | 1,298,076 | 63,376,574 | 4,997,735 | 111,688,388 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2021 | 6,567,034 | 1,784 | 98,887 | 282,117 | 259,615 | 11,183,269 | 3,591,423 | 21,984,129 |
| Charge for the financial year | 1,113,419 | 742 | 11,188 | 19,832 | 259,615 | 5,487,872 | 877,991 | 7,770,659 |
| Transfer from property, plant and equipment | - | - | - | - | - | 61,702 | 18,333 | 80,035 |
| Transfer to property, plant and equipment | - | - | - | - | - | (3,942,266) | (909,396) | (4,851,662) |
| Derecognition | - | - | - | (282,117) | - | - | - | (282,117) |
| At 31 December 2021 | 7,680,453 | 2,526 | 110,075 | 19,832 | 519,230 | 12,790,577 | 3,578,351 | 24,701,044 |
| **Accumulated impairment losses** | | | | | | | | |
| At 1 January 2021 / 31 December 2021 | 1,389,832 | - | - | - | - | - | - | 1,389,832 |
| **Carrying amount** | | | | | | | | |
| At 31 December 2021 | 32,591,720 | 3,414 | - | 218,151 | 778,846 | 50,585,997 | 1,419,384 | 85,597,512 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 5. Right-of-use Assets (cont'd)

| | At Valuation | <------ | ------ | ------ | At Cost | ------ | ------> | |
|---|---|---|---|---|---|---|---|---|
| | Leasehold Land and Buildings RM | Renovation RM | Hostel RM | Sales Gallery RM | Computer RM | Plant, Machinery and Equipment RM | Motor Vehicles RM | Total RM |
| **Group** | | | | | | | | |
| **31.12.2020** | | | | | | | | |
| **Cost/Valuation** | | | | | | | | |
| At 1 January 2020 | 39,979,597 | 5,940 | 154,825 | 282,117 | - | 58,383,745 | 5,006,252 | 103,812,476 |
| Additions | 2,049,440 | - | - | - | 1,298,076 | 3,743,174 | 800,000 | 7,890,690 |
| Disposal | (318,790) | - | - | - | - | - | - | (318,790) |
| Transfer from property, plant and equipment | - | - | - | - | - | 470,250 | - | 470,250 |
| Transfer to property, plant and equipment | - | - | - | - | - | (880,000) | (188,447) | (1,068,447) |
| Reclassification | (48,242) | - | - | - | - | - | - | (48,242) |
| Written Off | - | - | (44,750) | - | - | - | - | (44,750) |
| At 31 December 2020 | 41,662,005 | 5,940 | 110,075 | 282,117 | 1,298,076 | 61,717,169 | 5,617,805 | 110,693,187 |
| **Accumulated depreciation** | | | | | | | | |
| At 1 January 2020 | 5,494,948 | 1,042 | 93,607 | 233,754 | - | 6,493,497 | 2,765,254 | 15,082,102 |
| Charge for the financial year | 1,108,528 | 742 | 40,707 | 48,363 | 259,615 | 5,162,497 | 975,595 | 7,596,047 |
| Disposal | (36,442) | - | - | - | - | - | - | (36,442) |
| Transfer from property, plant and equipment | - | - | - | - | - | 55,275 | - | 55,275 |
| Transfer to property, plant and equipment | - | - | - | - | - | (528,000) | (149,426) | (677,426) |
| Written Off | - | - | (35,427) | - | - | - | - | (35,427) |
| At 31 December 2020 | 6,567,034 | 1,784 | 98,887 | 282,117 | 259,615 | 11,183,269 | 3,591,423 | 21,984,129 |
| **Accumulated impairment losses** | | | | | | | | |
| At 1 January 2020/31 December 2020 | 1,389,832 | - | - | - | - | - | - | 1,389,832 |
| **Carrying amount** | | | | | | | | |
| At 31 December 2020 | 33,705,139 | 4,156 | 11,188 | - | 1,038,461 | 50,533,900 | 2,026,382 | 87,319,226 |
| At 1 January 2020 | 33,094,817 | 4,898 | 61,218 | 48,363 | - | 51,890,248 | 2,240,998 | 87,340,542 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 5. Right-of-use Assets (cont'd)

(a) The Group had entered into one (31.12.2020: one, 01.01.2020: five) non-cancellable operating lease agreement for the use of sales gallery (31.12.2020: residential hostel, 01.01.2020: residential hostel and sales gallery). The lease is for a period of one year plus one year extension with renewal option included in the agreements. The lease does not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the residential hostel.

(b) As at 31 December 2021, leasehold land and buildings with carrying amount of RM30,525,580 (31.12.2020: RM31,686,441, 01.01.2020: RM33,094,817) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 24.

(c) The net carrying amount of right-of-use assets of the Group acquired under lease arrangement are as follows:

| | | Group | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **01.01.2020 RM** |
| Motor vehicles | **1,419,384** | 2,026,382 | 2,240,998 |
| Plant and machinery | **50,585,997** | 50,533,900 | 51,890,248 |
| Computer | **778,846** | 1,038,461 | - |
| | **52,784,227** | 53,598,743 | 54,131,246 |

Leased assets are pledged as security for the related lease liabilities.

(d) The aggregate additional costs for the right-of-use assets of the Group under lease financing, other payables and cash payments are as follows:

| | Group | |
|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** |
| Aggregate costs | **8,162,736** | 7,890,690 |
| Less: Lease financing | **(9,343,419)** | (4,305,796) |
| Add: Other payables | **2,731,895** | - |
| Cash payments | **1,551,212** | 3,584,894 |

(e) As at 31 December 2021, the remaining period of leasehold land and buildings are 24 to 93 (31.12.2020: 25 to 94, 01.01.2020: 27 to 90) years.

(f) In the previous financial year, the leasehold land and buildings of the Group were revalued by Raine & Horne International Zaki + Partners Sdn. Bhd., an independent professional qualified valuer.

The fair value of land is within level 2 of the fair value hierarchy. The fair value was determined based on market comparable approach that reflects recent transaction price for similar properties.

The fair value of buildings is within level 3 of the fair value hierarchy. The fair value was determined using the cost approach that reflects the cost to a market participant to construct assets of comparable utility and age, adjusted for obsolescence.

As at 31 December 2021, had the leasehold land and buildings been carried at historical cost less accumulated depreciation and impairment losses, the carrying amount would have been RM29,225,277 (31.12.2020: RM30,013,716, 01.01.2020: RM28,829,795).

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 6. Intangible Assets

| | Group | |
|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** |
| **Cost** | | |
| At 1 January/31 December | **10,732,993** | 10,732,993 |
| **Accumulated amortisation** | | |
| At 1 January | **10,385,816** | 8,905,271 |
| Charge for the financial year | **347,177** | 1,480,545 |
| At 31 December | **10,732,993** | 10,385,816 |
| **Carrying amount** | | |
| At 31 December | **-** | 347,177 |
| At 1 January | **347,177** | 1,827,722 |

## 7. Investment Properties

| | Group | |
|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** |
| **Leasehold land and buildings** | | |
| **Cost** | | |
| At 1 January | **44,089,373** | 62,224,743 |
| Additions | **-** | 6,848,460 |
| Disposals | **-** | (24,983,830) |
| At 31 December | **44,089,373** | 44,089,373 |
| **Accumulated depreciation** | | |
| At 1 January | **4,217,750** | 4,926,306 |
| Charge for the financial year | **881,787** | 998,673 |
| Disposals | **-** | (1,707,229) |
| At 31 December | **5,099,537** | 4,217,750 |
| **Carrying amount** | | |
| At 31 December | **38,989,836** | 39,871,623 |
| At 1 January | **39,871,623** | 57,298,437 |
| **Fair value** | | |
| At 31 December | **40,172,800** | 43,868,000 |
| At 1 January | **43,868,000** | 62,883,000 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 7. Investment Properties (cont'd)

(a) Investment properties of the Group with carrying amount of RM31,672,905 (31.12.2020: RM32,403,543, 01.01.2020: RM56,618,979) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 24.

(b) Investment properties of the Group are leasehold properties with remaining lease periods range from 68 to 96 (31.12.2020: 69 to 97, 01.01.2020: 70 to 95) years.

(c) Fair value of investment properties is arrived at by reference to market evidence of transaction prices for similar properties and are performed by registered valuers. The fair values are within Level 2 of the fair value hierarchy.

There were no transfers between levels during current and previous financial year.

(d) In the previous financial year, certain investment properties have generated rental income and incurred direct operating expenses amounting to RM485,768 and RM136,786 (01.01.2020: RM2,521,013 and RM792,565) respectively by carrying out hospitality business.

(e) In the previous financial year, a subsidiary company has disposed off the investment properties with carrying amount of RM23,276,601 to a third party at consideration of RM25,936,351.

## 8. Capital Work-In-Progress

| | Group | |
|---|---|---|
| | **31.12.2021** | **31.12.2020** |
| | **RM** | **RM** |
| At 1 January | **-** | 3,901,229 |
| Disposals | **-** | (3,901,229) |
| At 31 December | **-** | - |

In the previous financial year, capital-work-in-progress comprise of vacant bungalow lands which have been pledged to licensed banks as security for banking facility granted to the Group as disclosed in Note 24.

## 9. Investment in Subsidiary Companies

| | | Company | |
|---|---|---|---|
| | **31.12.2021** | **31.12.2020** | **01.01.2020** |
| | **RM** | **RM** | **RM** |
| **Unquoted shares, at cost** | | | |
| In Malaysia | **380,977,053** | 361,977,053 | 361,977,053 |
| Add: Additional investment in a subsidiary company | **70** | 19,000,000 | - |
| Less: Accumulated impairment losses | **(61,977,053)** | (61,977,053) | (61,977,053) |
| | **319,000,070** | 319,000,000 | 300,000,000 |

Movements in the allowance for impairment losses of investment in subsidiary companies are as follows:

| | | Company | |
|---|---|---|---|
| | **31.12.2021** | **31.12.2020** | **01.01.2020** |
| | **RM** | **RM** | **RM** |
| At 1 January/31 December | **61,977,053** | 61,977,053 | 61,977,053 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 9. Investment in Subsidiary Companies (cont'd)

Details of the subsidiary companies are as follows:

| Name of company | Place of business/ Country of incorporation | Effective interest 31.12.2021 % | 31.12.2020 % | 01.01.2020 % | Principal activities |
|---|---|---|---|---|---|
| *Direct Holding:* | | | | | |
| MGB Construction Sdn. Bhd. | Malaysia | **100** | 100 | 100 | Civil engineering, design and build and general construction activities |
| MGB Land Sdn. Bhd. | Malaysia | **100** | 100 | 100 | Investment holding |
| Vintage Roofing & Construction Sdn. Bhd. | Malaysia | **100** | 100 | 100 | Dormant |
| Newsteel Building Systems Sdn. Bhd. | Malaysia | **80** | 80 | 80 | Dormant |
| Vintage Tiles Holdings Sdn. Bhd. | Malaysia | **100** | 100 | 100 | Dormant |
| MGB Construction & Engineering Sdn. Bhd. ("MGBCE") | Malaysia | **100** | 100 | 100 | Civil engineering, design and build, general construction activities, trading of construction materials, management consultancy activities and investment holding |
| Alunan Warta Sdn. Bhd. | Malaysia | **51** | 51 | 51 | Dormant |
| MGB Water Solution Sdn. Bhd. | Malaysia | **70** | - | - | Dormant |
| *Indirect Holding:* | | | | | |
| **Subsidiary companies of MGBCE** | | | | | |
| Prisma Craft Sdn. Bhd. | Malaysia | **100** | 100 | 100 | Dormant |
| Prisma Kasturi Sdn. Bhd. | Malaysia | **100** | 100 | 100 | Dormant |
| Top Ace Solutions Sdn. Bhd. | Malaysia | **100** | 100 | 100 | Trading of building materials and general construction activities |
| MGB Geotech Sdn. Bhd. | Malaysia | **100** | 100 | 100 | Piling and foundation construction works |
| MGB SANY (M) IBS Sdn. Bhd. | Malaysia | **81** | 81 | 81 | Manufacturing of Industrialised Building System precast products |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 9. Investment in Subsidiary Companies (cont'd)

Details of the subsidiary companies are as follows: (cont'd)

| Name of company | Place of business/ Country of incorporation | Effective interest 31.12.2021 % | 31.12.2020 % | 01.01.2020 % | Principal activities |
|---|---|---|---|---|---|
| *Indirect Holding:* | | | | | |
| **Subsidiary companies of MGB Land Sdn. Bhd.** | | | | | |
| Delta Gallery Sdn. Bhd. | Malaysia | **100** | 100 | 100 | Property development |
| Multi Court Developers Sdn. Bhd. | Malaysia | **100** | 100 | 100 | Property development |
| Sinaran Kencana Sdn. Bhd. ("SKSB") | Malaysia | **100** | 100 | 100 | Dormant |
| Idaman Kukuh Sdn. Bhd. | Malaysia | **100** | 100 | 100 | Dormant |
| Idaman Aktif Sdn. Bhd. ("IASB") | Malaysia | **100** | 100 | 100 | Dormant |
| Idaman Elegan Sdn. Bhd. ("IESB") | Malaysia | **100** | 100 | 100 | Dormant |
| Idaman Living Sdn. Bhd. ("ILSB") | Malaysia | **100** | 100 | 100 | Dormant |

(a) Investment in a new subsidiary company

**31.12.2021**

On 6 December 2021, the Company had subscribed seventy (70) ordinary shares in MGB Water Solution Sdn Bhd ("MWSB") for a total cash consideration of Ringgit Malaysia Seventy (RM70) only. Consequently, MWSB became a 70% owned subsidiary company of the Company.

(b) Changes of equity interest

**31.12.2020**

On 16 October 2020, MGBCE, a wholly owned subsidiary company of the Company increased its paid-up share capital from 1,000,000 to 20,000,000 ordinary shares. The Company has subscribed for additional 19,000,000 ordinary shares in MGBCE by way of capitalisation of amount due from MGBCE.

(c) The Group's subsidiary companies which have non-controlling interests are not material individually or in aggregate to the financial position, financial performance and cash flows of the Group.

(d) There are no significant restrictions on the ability of the subsidiary companies to transfer funds to the Group in the form of cash dividends or repayment of loans and advances. Generally, for all subsidiary companies which are not wholly-owned by the Company, non-controlling shareholders hold protective rights restricting the Company's ability to use the assets of the subsidiary companies and settle the liabilities of the Group, unless approval is obtained from non-controlling shareholders.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 10. Investment in Associates

| | Group | | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **01.01.2020 RM** |
| **At cost** | | | |
| Arising from acquisition of associates | | | |
| - unquoted shares in Malaysia | **60,000** | 60,000 | 60,000 |
| - share of post acquisition reserve | **312,207** | 125,173 | 69,897 |
| | **372,207** | 185,173 | 129,897 |
| Share of current year profit | **267,257** | 187,034 | 55,276 |
| Share of prior years loss not recognised | **(20,185)** | - | - |
| Less: Dividend received | **(150,000)** | - | - |
| Less: Accumulated impairment losses | **(34,315)** | (34,315) | (34,315) |
| | **434,964** | 337,892 | 150,858 |

Movements in the allowance for impairment losses of investment in associates are as follows:

| | Group | | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **01.01.2020 RM** |
| At 1 January/At 31 December | **34,315** | 34,315 | 34,315 |

Details of the associates are as follows:

| **Name of company** | **Place of business/ Country of incorporation** | **Effective interest 31.12.2021 %** | **31.12.2020 %** | **01.01.2020 %** | **Principal activities** |
|---|---|---|---|---|---|
| **Associates of MGBCE** | | | | | |
| YLT Consultancy Sdn. Bhd. * | **Malaysia** | **30** | 30 | 30 | Engineering consultancy services |
| MGB JPC Consultancy Sdn. Bhd. | **Malaysia** | **30** | 30 | 30 | Engineering consultancy services |

* *Associate not audited by UHY*

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 10. Investment in Associates (cont'd)

The summarised financial information of the associates, not adjusted for the percentage held by the Group is as follows:

(a) Summarised statements of financial position

| | Group | | |
|---|---|---|---|
| | 31.12.2021<br>RM | 31.12.2020<br>RM | 01.01.2020<br>RM |
| **Assets and liabilities** | | | |
| Non-current assets | **1,090,339** | 1,143,410 | 1,092,932 |
| Current assets | **1,685,523** | 1,311,330 | 695,621 |
| Total assets | **2,775,862** | 2,454,740 | 1,788,553 |
| Non-current liabilities | **(739,188)** | (780,584) | (793,763) |
| Current liabilities | **(472,409)** | (500,747) | (467,681) |
| Total net assets | **1,564,265** | 1,173,409 | 527,109 |

(b) Summarised statements of profit or loss and other comprehensive income

| | Group | | |
|---|---|---|---|
| | 31.12.2021<br>RM | 31.12.2020<br>RM | 01.01.2020<br>RM |
| Revenue | **2,505,141** | 1,717,023 | 895,365 |
| Profit before tax | **1,057,433** | 835,639 | 260,935 |
| Taxation | **(166,577)** | (212,190) | (76,682) |
| Profit for the financial year | **890,856** | 623,449 | 184,253 |

(c) The group has not recognised the following losses since the Group has no obligation in respect of these losses:

| | Group | | |
|---|---|---|---|
| | 31.12.2021<br>RM | 31.12.2020<br>RM | 01.01.2020<br>RM |
| At 1 January | **-** | - | 469 |
| Share of profit during the financial year | **-** | - | (469) |
| At 31 December | **-** | - | - |

# NOTES TO THE FINANCIAL STATEMENTS
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## 11. Goodwill on Consolidation

| | | Group | |
|---|---|---|---|
| | **31.12.2021** | **31.12.2020** | **01.01.2020** |
| | **RM** | **RM** | **RM** |
| At 1 January/31 December | **254,694,909** | 254,694,909 | 254,694,909 |

Goodwill on consolidation arose upon the acquisition of subsidiary companies principally engaged in civil engineering, design and build, trading activities and property development.

The goodwill on consolidation recognised on the acquisitions are attributable mainly to the skills and technical talent of the acquired business's work force and the synergies expected to be achieved from integrating the subsidiary companies into the Group's existing construction business.

(a) Recoverable amount on value in use

For the purpose of impairment testing, the recoverable amount of goodwill as at the end of the reporting period was determined based on a value in use calculation by discounting the future cash flows generated from the continuing use of the cash-generating unit ("CGU") and was based on the following assumptions:

(i) Pre-tax cash flow projections based on the most recent financial budgets covering a three (3) years period.

(ii) The anticipated annual revenue growth rate used in the cash flow budgets and plans of the CGU is on average of 34% (31.12.2020: 18%, 01.01.2020: 5% to 15%).

(iii) Pre-tax discount rate of 5.7% (31.12.2020: 8.5%, 01.01.2020: 7.0%) per annum has been applied in determining the recoverable amount of the CGU. The discount rate was estimated based on the Group's weighted average cost of capital plus a reasonable risk premium.

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

(b) Sensitivity to changes in assumptions

The management believes that any reasonably possible change in the key assumptions on which recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the CGU.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 12. Inventories

| | Note | Group 31.12.2021 RM | 31.12.2020 RM Restated | 01.01.2020 RM Restated |
|---|---|---|---|---|
| Property development costs | (a) | **60,953,861** | 5,358,895 | 16,418,090 |
| Completed properties | (b) | **2,581,068** | 2,743,289 | 1,441,008 |
| Other inventories | (c) | **3,896,280** | 2,726,318 | 1,237,527 |
| | | **67,431,209** | 10,828,502 | 19,096,625 |

(a) Property development costs

| | Note | Group 31.12.2021 RM | 31.12.2020 RM Restated |
|---|---|---|---|
| **Development lands, at cost** | | | |
| At 1 January | | **24,941,742** | 35,946,630 |
| Additions | | **45,145,950** | 5,509,000 |
| Transfer to completed properties | (b) | **-** | (68,370) |
| Transfer from property development cost | | **-** | 1,632,535 |
| Completed development units | | **(19,436,421)** | (18,078,053) |
| At 31 December | | **50,651,271** | 24,941,742 |
| **Cumulative property development costs** | | | |
| At 1 January | | | |
| - as previously stated | | **50,771,985** | 150,804,946 |
| - effect of adoption of IFRIC Agenda Decision | 45(b) | **(1,451,835)** | (2,414,395) |
| At 1 January (restated) | | **49,320,150** | 148,390,551 |
| Additions | | **20,545,030** | 50,228,651 |
| Transfer to completed properties | (b) | **-** | (1,233,911) |
| Transfer to land cost | | **-** | (1,632,535) |
| Completed development units | | **(59,562,590)** | (146,432,606) |
| At 31 December | | **10,302,590** | 49,320,150 |
| **Cumulative cost recognised in profit or loss** | | | |
| At 1 January | | | |
| - as previously stated | | **70,487,436** | 169,780,483 |
| - effect of adoption of IFRIC Agenda Decision | 45(b) | **(1,584,439)** | (1,861,391) |
| At 1 January (restated) | | **68,902,997** | 167,919,092 |
| Additions | | **10,096,014** | 65,494,564 |
| Completed development units | | **(78,999,011)** | (164,510,659) |
| At 31 December | | **-** | 68,902,997 |
| **Carrying amount** | | | |
| At 31 December | | **60,953,861** | 5,358,895 |
| At 1 January | | **5,358,895** | 16,418,090 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 12. Inventories (cont'd)

(a) Property development costs (cont'd)

Included in property development costs incurred during the financial year are as follows:

| | 31.12.2021 RM | 31.12.2020 RM Restated |
|---|---|---|
| Sale commissions | **887,216** | 2,361,950 |

The development lands have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 24.

The Group capitalised sales commission in relation to the property development contracts entered into as incremental costs of obtaining contracts with customers in property development costs. These costs are expected to be recoverable and are amortised to profit or loss as cost of sales when the related revenue are recognised.

(b) Completed properties

| | Note | Group 31.12.2021 RM | 31.12.2020 RM Restated |
|---|---|---|---|
| **At cost** | | | |
| At 1 January | | | |
| - as previously stated | | **2,807,985** | 1,498,699 |
| - effect of adoption of IFRIC Agenda Decision | 45(b) | **(64,696)** | (57,691) |
| At 1 January (restated) | | **2,743,289** | 1,441,008 |
| Transfer from property development costs | (a) | **-** | 1,302,281 |
| Recognised during the year | | **(162,221)** | - |
| At 31 December | | **2,581,068** | 2,743,289 |

(c) Other inventories

| | 31.12.2021 RM | Group 31.12.2020 RM | 01.01.2020 RM |
|---|---|---|---|
| **At cost** | | | |
| Raw materials | **3,097,502** | 2,212,299 | 1,226,211 |
| Spare parts and consumables | **798,778** | 514,019 | 11,316 |
| Inventories recognised as cost of sales | **3,896,280** | 2,726,318 | 1,237,527 |
| **Recognised in profit or loss** | | | |
| Inventories recognised as cost of sales | **13,361,052** | 14,217,672 | 16,947,608 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 13. Contract Assets/(Liabilities)

The Group's contract assets and contract liabilities relating to construction activities and property development activities at the end of the reporting period are as follows:

| | Note | 31.12.2021 RM | Group 31.12.2020 RM | 01.01.2020 RM |
|---|---|---|---|---|
| **Contract assets** | | | | |
| Construction activities | (a) | **80,742,982** | 34,614,118 | 72,521,989 |
| Property development activities | (b) | **-** | 28,323,065 | 73,873,985 |
| | | **80,742,982** | 62,937,183 | 146,395,974 |
| **Contract liabilities** | | | | |
| Construction activities | (a) | **(40,471,014)** | (52,617,409) | (40,648,464) |

(a) Construction activities

| | 31.12.2021 RM | Group 31.12.2020 RM | 01.01.2020 RM |
|---|---|---|---|
| Contract costs incurred to-date | **3,189,226,389** | 2,728,143,411 | 2,471,301,300 |
| Attributable profits | **395,621,124** | 318,367,788 | 287,928,574 |
| | **3,584,847,513** | 3,046,511,199 | 2,759,229,874 |
| Less: Progress billings | **(3,544,418,381)** | (3,064,357,326) | (2,727,199,185) |
| Less: Accumulated impairment losses | **(157,164)** | (157,164) | (157,164) |
| | **40,271,968** | (18,003,291) | 31,873,525 |
| Presented as: | | | |
| Contract assets | **80,742,982** | 34,614,118 | 72,521,989 |
| Contract liabilities | **(40,471,014)** | (52,617,409) | (40,648,464) |
| | **40,271,968** | (18,003,291) | 31,873,525 |

Movements in the allowance for impairment losses of contract assets are as follows:

| | 31.12.2021 RM | Group 31.12.2020 RM | 01.01.2020 RM |
|---|---|---|---|
| At 1 January/31 December | **157,164** | 157,164 | 157,164 |

The contract assets represent the unbilled amount for work completed as at the reporting date. This amount will be transferred to trade receivables when the right to bill becomes unconditional.

The contract liabilities consist of advance billings in excess of revenue recognised over time during the construction period.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 13. Contract Assets/(Liabilities) (cont'd)

(b) Property development activities

| | Group | |
|---|---|---|
| | **31.12.2021** | **31.12.2020** |
| | **RM** | **RM** |
| At 1 January | **28,323,065** | 73,873,985 |
| Property development revenue recognised during the financial year | **16,807,049** | 83,652,631 |
| Less: Progress billings | **(45,130,114)** | (129,203,551) |
| At 31 December | **-** | 28,323,065 |
| Presented as: | | |
| Contract assets | **-** | 28,323,065 |

Contract assets in relation to property development activities is the excess of revenue recognised in profit or loss over billings to purchasers as at the reporting date. This unbilled amount for work completed will be transferred to trade receivables when the right to bill becomes unconditional.

(c) Contract value yet to be recognised as revenue

The Group applies the practical expedient in MFRS 15 on not disclosing the aggregate amount of the revenue expected to be recognised in the future as the Group recognises revenue from the satisfaction of the performance obligation using output methods in accordance with paragraph B16 of MFRS 15.

## 14. Trade Receivables

| | | Group | |
|---|---|---|---|
| | **31.12.2021** | **31.12.2020** | **01.01.2020** |
| | **RM** | **RM** | **RM** |
| Trade receivables | **34,572,788** | 37,149,896 | 57,348,787 |
| Retention sum receivables | **7,607,037** | 9,765,521 | 10,202,356 |
| | **42,179,825** | 46,915,417 | 67,551,143 |
| Less: Accumulated impairment losses | **(338,843)** | (345,096) | (292,680) |
| | **41,840,982** | 46,570,321 | 67,258,463 |

The Group's normal trade credit terms are generally from 14 to 180 days (31.12.2020: 14 to 180 days, 01.01.2020: 14 to 180 days) term. Other credit terms are assessed and approved on a case to case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

# NOTES TO THE FINANCIAL STATEMENTS
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## 14. Trade Receivables (cont'd)

Movements in the allowance for impairment losses of trade receivables are as follows:

| | Lifetime allowance RM | Credit impaired RM | Total allowance RM |
|---|---|---|---|
| **Group** | | | |
| **31.12.2021** | | | |
| At 1 January 2021 | **310,355** | **34,741** | **345,096** |
| Impairment losses recognised | **1,097** | **168,196** | **169,293** |
| Impairment losses reversed | **(175,546)** | **-** | **(175,546)** |
| At 31 December 2021 | **135,906** | **202,937** | **338,843** |
| **31.12.2020** | | | |
| At 1 January 2020 | 257,939 | 34,741 | 292,680 |
| Impairment losses recognised | 98,671 | - | 98,671 |
| Impairment losses reversed | (46,255) | - | (46,255) |
| At 31 December 2020 | 310,355 | 34,741 | 345,096 |

Impairment losses reversed during the financial year amounting to RM175,546 (2020: RM46,255) pertains to previously impaired receivables no longer required during the financial year.

Analysis of the trade receivables ageing as at the end of the reporting period are as follows:

| | Gross amount RM | Loss allowance RM | Net amount RM |
|---|---|---|---|
| **Group** | | | |
| **31.12.2021** | | | |
| Not past due | **26,683,177** | **(10,321)** | **26,672,856** |
| Past due | | | |
| Less than 30 days | **1,415,555** | **(832)** | **1,414,723** |
| 31 to 60 days | **220,446** | **(194)** | **220,252** |
| 61 to 90 days | **91,599** | **(108)** | **91,491** |
| More than 90 days | **13,566,111** | **(124,451)** | **13,441,660** |
| | **15,293,711** | **(125,585)** | **15,168,126** |
| **Credit impaired** | | | |
| Individually impaired | **202,937** | **(202,937)** | **-** |
| | **42,179,825** | **(338,843)** | **41,840,982** |
| **Group** | | | |
| **31.12.2020** | | | |
| Not past due | 18,497,575 | (68,535) | 18,429,040 |
| Past due | | | |
| Less than 30 days | 6,340,775 | (39,990) | 6,300,785 |
| 31 to 60 days | 3,906,933 | (28,809) | 3,878,124 |
| 61 to 90 days | 3,673,416 | (41,546) | 3,631,870 |
| More than 90 days | 14,461,977 | (131,475) | 14,330,502 |
| | 28,383,101 | (241,820) | 28,141,281 |
| **Credit impaired** | | | |
| Individually impaired | 34,741 | (34,741) | - |
| | 46,915,417 | (345,096) | 46,570,321 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 14. Trade Receivables (cont'd)

| | Gross amount RM | Loss allowance RM | Net amount RM |
|---|---|---|---|
| **Group** | | | |
| **01.01.2020** | | | |
| Not past due | 28,952,616 | (19,586) | 28,933,030 |
| Past due | | | |
| Less than 30 days | 6,780,822 | (8,399) | 6,772,423 |
| 31 to 60 days | 4,616,156 | (23,874) | 4,592,282 |
| 61 to 90 days | 3,874,394 | (16,147) | 3,858,247 |
| More than 90 days | 23,292,414 | (189,933) | 23,102,481 |
| | 38,563,786 | (238,353) | 38,325,433 |
| **Credit impaired** | | | |
| Individually impaired | 34,741 | (34,741) | - |
| | 67,551,143 | (292,680) | 67,258,463 |

Trade receivables that are not past due are creditworthy receivables with good payment records with the Group.

At 31 December 2021, trade receivables of RM15,168,126 (31.12.2020: RM28,141,281, 01.01.2020: RM38,325,433) were past due. These mainly arose from active corporate clients with healthy business relationship but slower repayment records, in which the management is of the view that the amount are recoverable based on past payment history. The trade receivables that are past due are unsecured in nature.

Trade receivables of the Group that are individually assessed to be impaired amounting to RM202,937 (31.12.2020: RM34,741, 01.01.2020: RM34,741), relate to customers that are in financial difficulties. These balances are expected to be recovered through the debts recovery process.

## 15. Other Receivables

| | | Group | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **01.01.2020 RM** |
| Other receivables | **2,094,527** | 2,046,872 | 2,922,238 |
| Less: Accumulated impairment losses | **(1,146,357)** | (1,146,357) | (1,148,037) |
| | **948,170** | 900,515 | 1,774,201 |
| Deposits | | | |
| - Third parties | **9,549,938** | 12,169,043 | 12,917,025 |
| - Related party | **35,000** | 35,000 | - |
| Prepayments | **6,218,612** | 3,835,229 | 3,202,044 |
| GST receivables | **334,043** | 440,233 | 1,523,925 |
| | **17,085,763** | 17,380,020 | 19,417,195 |

| | | Company | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **01.01.2020 RM** |
| Other receivables | **50,400** | 50,400 | 51,100 |
| Deposits | | | |
| - Third parties | **322,000** | 2,324,500 | 2,039,500 |
| Prepayments | **1,272** | 2,262 | 2,262 |
| GST receivables | **49,998** | 49,998 | 257,288 |
| | **423,670** | 2,427,160 | 2,350,150 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 15. Other Receivables (cont'd)

Movements in the allowance for impairment losses of other receivables are as follows:

| | | Group | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **01.01.2020 RM** |
| At 1 January | **1,146,357** | 1,148,037 | 1,106,388 |
| Impairment losses recognised | **-** | - | 41,649 |
| Impairment losses reversed | **-** | (1,680) | - |
| At 31 December | **1,146,357** | 1,146,357 | 1,148,037 |

Other receivables that are individually determined to be impaired at the reporting date relate to receivables that are in significant financial difficulties and have defaulted on payments.

Included in deposits is an amount of RM5,500,000 (31.12.2020: RM7,800,000, 01.01.2020: RM7,860,000) represents deposits paid for joint development of lands.

## 16. Amount Due from/(to) Subsidiary Companies

| | | Company | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **01.01.2020 RM** |
| **Amount due from subsidiary companies** | | | |
| Non-trade related | | | |
| Non-interest bearing | **20,523,850** | 21,446,242 | 21,193,133 |
| Interest bearing | **47,969,710** | 38,640,296 | 57,009,856 |
| | **68,493,560** | 60,086,538 | 78,202,989 |
| Less: Accumulated impairment losses | **(11,844,625)** | (11,834,190) | (11,834,190) |
| | **56,648,935** | 48,252,348 | 66,368,799 |

| | | Company | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **01.01.2020 RM** |
| **Amount due to subsidiary companies** | | | |
| Non-trade related | | | |
| Non-interest bearing | **6,346,494** | 6,357,165 | 6,371,116 |

Movements in the allowance for impairment losses of amount due from subsidiary companies are as follows:

| | | Company | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **01.01.2020 RM** |
| At 1 January | **11,834,190** | 11,834,190 | 11,834,190 |
| Impairment losses recognised | **10,435** | - | - |
| At 31 December | **11,844,625** | 11,834,190 | 11,834,190 |

Amount due from subsidiary companies are unsecured, non-interest bearing advances and repayable on demand except for an amount of RM47,969,710 (31.12.2020: RM38,640,296, 01.01.2020: RM57,009,856) which bears interest at a rate at 1.70% (31.12.2020: 4.46% to 6.32%, 01.01.2020: 6.32%) per annum.

Amount due to subsidiary companies are unsecured, non-interest bearing advances and repayable on demand.

# NOTES TO THE FINANCIAL STATEMENTS
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## 17. Amount Due from/(to) Related Companies

| | | Group | |
|---|---|---|---|
| | **31.12.2021** | **31.12.2020** | **01.01.2020** |
| | **RM** | **RM** | **RM** |
| **Amount due from related companies** | | | |
| Trade related | | | |
| Non-interest bearing | **166,995,210** | 241,315,616 | 162,199,844 |
| Retention sum receivables | **113,557,333** | 104,832,379 | 86,385,972 |
| | **280,552,543** | 346,147,995 | 248,585,816 |
| Less: Accumulated impairment losses | **(156,733)** | (209,359) | (146,526) |
| | **280,395,810** | 345,938,636 | 248,439,290 |
| Non-trade related | | | |
| Non-interest bearing | **37,461** | - | - |
| | **280,433,271** | 345,938,636 | 248,439,290 |

| | | Group | |
|---|---|---|---|
| | **31.12.2021** | **31.12.2020** | **01.01.2020** |
| | **RM** | **RM** | **RM** |
| **Amount due to related companies** | | | |
| Trade related | | | |
| Non-interest bearing | **5,189,679** | 13,033,818 | 10,350,967 |
| Non-trade related | | | |
| Interest bearing | **86,894** | 70,240 | 1,457 |
| | **5,276,573** | 13,104,058 | 10,352,424 |

Movements in the allowance for impairment losses of amount due from related companies are as follows:

| | Group | |
|---|---|---|
| | **31.12.2021** | **31.12.2020** |
| | **RM** | **RM** |
| At 1 January | **209,359** | 146,526 |
| Impairment losses recognised | **2,601** | 62,833 |
| Impairment losses reversed | **(55,227)** | - |
| At 31 December | **156,733** | 209,359 |

Amount due to related companies are unsecured and repayable on demand.

Impairment losses reversed during the financial year amounting to RM55,227 (2020: RMNil) pertains to previously impaired receivables no longer required during the financial year.

## 18. Amounts Due from/(to) an Associate Companies

Amounts due from/(to) an associate companies are trade in nature, unsecured, non-interest bearing and repayable on demand.

## 19. Fixed Deposits with Licensed Banks

The interest rates of fixed deposits of the Group are ranging from 1.45% to 1.85% (31.12.2020: 1.60% to 1.85%, 01.01.2020: 2.90% to 3.15%) per annum and the maturity of deposits is 30 days to 365 days (31.12.2020: 30 days to 365 days, 01.01.2020: 365days).

The fixed deposits of the Group have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 24.

# NOTES TO THE FINANCIAL STATEMENTS
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## 20. Cash Held under Housing Development Accounts and Cash and Bank Balances

Cash held under the Housing Development Accounts which are not freely available for use represents monies received from purchasers of residential properties less payments or withdrawals in accordance with the Housing Development (Controls and Licensing) Act, 1966.

The interest rates of cash held under Housing Development Accounts at the reporting date bearing interest ranging from 0.35% to 1.20% (31.12.2020: 0.35% to 0.85%, 01.01.2020: 1.29% to 1.39%) per annum.

## 21. Asset Held for Sale

As at 31 December 2019, the Directors of a subsidiary company decided to sell a piece of freehold vacant agricultural land. Purchaser is confirmed and the asset was classified as held for sale as at 31 December 2019, amounted to RM3,000,000. The sale has been completed in second quarter of previous financial year.

## 22. Share Capital

| | Group and Company | | | |
|---|---|---|---|---|
| | Number of shares | | Amount | |
| | 31.12.2021 Units | 31.12.2020 Units | 31.12.2021 RM | 31.12.2020 RM |
| **Issued and fully paid** | | | | |
| **Ordinary shares** | | | | |
| At 1 January | **501,652,605** | 501,652,605 | **327,885,706** | 327,885,706 |
| Issued during the financial year | **90,000,000** | - | **60,300,000** | - |
| At 31 December | **591,652,605** | 501,652,605 | **388,185,706** | 327,885,706 |
| **Irredeemable Convertible Preference Shares ("ICPS")** | | | | |
| At 1 January | **90,000,000** | 90,000,000 | **60,300,000** | 60,300,000 |
| Conversion during the financial year | **(90,000,000)** | - | **(60,300,000)** | - |
| At 31 December | **-** | 90,000,000 | **-** | 60,300,000 |
| Total | **591,652,605** | 591,652,605 | **388,185,706** | 388,185,706 |

**Ordinary shares**

During the financial year, the Company increased its issued and paid-up share capital from 501,652,605 to 591,652,605 by way of conversion of 90,000,000 ICPS into 90,000,000 new ordinary shares at the conversion ratio of one (1) ICPS into one (1) ordinary share with no additional cash payment.

The new ordinary shares issued ranked pari passu in all respects with the existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regards to the Company's residual assets.

# NOTES TO THE FINANCIAL STATEMENTS
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## 22. Share Capital (cont'd)

**ICPS**

The salient features of the ICPS are as follows:

(i) The ICPS were issued at RM0.67 each (par value of RM0.50) and the maturity date of ICPS is the day immediately preceding the fifth anniversary from the date of issue of the ICPS.

(ii) The ICPS holders shall have the right to convert one (1) ICPS into one (1) ordinary share with no additional cash payment, at the option of the ICPS holders, in the following manner:

(a) first fifty percent (50%) of the ICPS at any time on any Market Day from the first (1st) anniversary of the date of issue of the ICPS; and

(b) remaining fifty percent (50%) of the ICPS at any time on any Market Day from the second (2nd) anniversary of the date of issue of the ICPS, up to and including the Maturity Date.

(iii) The conversion of the ICPS into new ordinary share shall be exercised by the ICPS holders by delivering a duly completed and signed conversion notice in the form and manner to be set out in the Company's Constitution.

(iv) All the ICPS that remain outstanding on the Market Day immediately after the Maturity Date will be automatically converted into new ordinary share at the conversion price or conversion ratio.

(v) The ICPS are not redeemable.

(vi) The Company shall have the sole discretion to decide whether to declare any non-cumulative dividend and the quantum of such dividend, provided always that if dividends are declared to its ordinary shareholders, then an equivalent amount of dividend per ICPS shall be paid to the ICPS holders in preference.

(vii) The ICPS holders shall not have the right to vote at any general meeting of the Company except with regard to:

(a) when the dividend or part of the dividend payable on the ICPS is in arrears for more than six (6) months;

(b) on any proposal to wind-up the Company or during the winding-up of the Company;

(c) on any proposal that affects the rights and privileges attached to the ICPS;

(d) on any proposal to reduce the share capital of the Company; or

(e) on any proposal for the disposal of the whole or a substantial part of the property, business and undertaking of the Company, in which case, the ICPS holders shall be entitled to vote together with the holders of ordinary share by way of poll and each ICPS holder shall be entitled to one (1) vote for each ICPS held.

(viii) The ICPS are unsecured and shall upon allotment and issue, rank pari passu in all respect amongst themselves, and any such class of shares ranking pari passu with the ICPS which may be issued by the Company in the future.

The ICPS shall rank in priority to the ordinary shares and any other securities which by their terms rank junior to the ICPS.

During the financial year, a total of 90,000,000 ICPS were converted into 90,000,000 new ordinary shares at the conversion ratio of one (1) ICPS into one (1) ordinary share with no additional cash payment.

# NOTES TO THE FINANCIAL STATEMENTS
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## 23. Reserves

| | Note | 31.12.2021 RM | 31.12.2020 RM | 01.01.2020 RM |
|---|---|---|---|---|
| **Group** | | | | |
| **Non-distributable** | | | | |
| Other reserve | (a) | **(1,683,809)** | (1,683,809) | (1,683,809) |
| Asset revaluation reserve | (b) | **4,165,024** | 4,315,821 | 4,591,705 |
| | | **2,481,215** | 2,632,012 | 2,907,896 |

(a) Other reserve

Other reserve represents the difference between the Group's share of net assets before and after the acquisition of its non-controlling interests.

(b) Asset revaluation reserves

The revaluation reserves represent increases in the fair value of land and buildings and decrease to the extent that such decreases relate to an increase on the same asset previously recognised in other comprehensive income.

| | Group | | |
|---|---|---|---|
| | 31.12.2021 RM | 31.12.2020 RM | 01.01.2020 RM |
| At 1 January | **4,315,821** | 4,591,705 | 4,747,375 |
| Realisation of revaluation reserve of leasehold land and buildings | **(150,797)** | (275,884) | (155,670) |
| At 31 December | **4,165,024** | 4,315,821 | 4,591,705 |

## 24. Loans and Borrowings

| | Note | Group | | |
|---|---|---|---|---|
| | | 31.12.2021 RM | 31.12.2020 RM | 01.01.2020 RM |
| **Secured** | | | | |
| *Floating rate* | | | | |
| Bank overdrafts | (a) | **4,981,574** | 3,719,868 | 12,281,822 |
| Term loans | (b) | **19,648,770** | 32,196,198 | 50,855,758 |
| Trade services | (c) | **12,566,677** | 71,944,467 | 25,752,902 |
| Revolving credits | (d) | **20,530,103** | 35,107,007 | 35,143,540 |
| | | **57,727,124** | 142,967,540 | 124,034,022 |
| **Current** | | | | |
| Bank overdrafts | (a) | **4,981,574** | 3,719,868 | 12,281,822 |
| Term loans | (b) | **2,375,889** | 12,545,140 | 15,219,615 |
| Trade services | (c) | **12,566,677** | 71,944,467 | 25,752,902 |
| Revolving credits | (d) | **20,530,103** | 35,107,007 | 35,143,540 |
| | | **40,454,243** | 123,316,482 | 88,397,879 |
| **Non-current** | | | | |
| Term loans | (b) | **17,272,881** | 19,651,058 | 35,636,143 |
| | | **17,272,881** | 19,651,058 | 35,636,143 |
| | | **57,727,124** | 142,967,540 | 124,034,022 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 24. Loans and Borrowings (cont'd)

| | Note | 31.12.2021 RM | Company 31.12.2020 RM | 01.01.2020 RM |
|---|---|---|---|---|
| **Secured** | | | | |
| *Floating rate* | | | | |
| Revolving credits | (d) | **15,095,326** | 15,089,582 | 15,124,684 |
| **Current** | | | | |
| Revolving credits | (d) | **15,095,326** | 15,089,582 | 15,124,684 |

(a) Bank overdrafts

The bank overdrafts are secured by the following:

(i) fixed charges over the ROU assets as disclosed in Note 5(b);

(ii) fixed charge on certain investment properties as disclosed Note 7(a);

(iii) corporate guaranteed by the Company; and

(iv) corporate guaranteed by immediate holding company, LBS Bina Group Berhad.

(b) Term loans

The term loans are secured by the following:

(i) fixed charges over the ROU assets as disclosed in Note 5(b);

(ii) fixed charge on certain investment properties as disclosed Note 7(a);

(iii) fixed charge on the freehold and leasehold development lands as disclosed in Note 12(a);

(iv) a debenture by way of fixed and floating charge over all present and future assets belonging to subsidiary companies;

(v) legal assignment of cash flows or insurance proceeds in relation to project developed by subsidiary companies;

(vi) corporate guaranteed by the Company; and

(vii) corporate guaranteed by immediate holding company, LBS Bina Group Berhad.

(c) Trade services

The trade services are secured by the following:

(i) legal assignment of contract proceeds in relation to projects constructed by a subsidiary company;

(ii) certain fixed deposits of subsidiary company as disclosed in Note 19; and

(iii) corporate guaranteed by immediate holding company, LBS Bina Group Berhad.

(d) Revolving credits

The revolving credits are secured by the following:

(i) fixed charge on certain investment properties as disclosed in Note 7(a);

(ii) corporate guaranteed by the Company.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 24. Loans and Borrowings (cont'd)

The average effective interest rates per annum at the end of the reporting period are as follows:

| | | Group | |
|---|---|---|---|
| | 31.12.2021 | 31.12.2020 | 01.01.2020 |
| | % | % | % |
| Bank overdrafts | **5.47** | 5.40 | 6.81 |
| Term loans | **4.26** | 4.54 | 5.23 |
| Trade services | **6.26** | 5.95 | 6.30 |
| Revolving credits | **4.30** | 4.39 | 5.99 |

## 25. Lease Liabilities

| | Group | |
|---|---|---|
| | 31.12.2021 | 31.12.2020 |
| | RM | RM |
| At 1 January | **32,517,651** | 35,465,697 |
| Additions | **9,392,306** | 5,383,765 |
| Interest expense recognised in profit or loss | **1,895,383** | 1,968,215 |
| Payments | **(14,949,787)** | (10,300,026) |
| At 31 December | **28,855,553** | 32,517,651 |

| | | Group | |
|---|---|---|---|
| | 31.12.2021 | 31.12.2020 | 01.01.2020 |
| | RM | RM | RM |
| **Analysed as:** | | | |
| Repayable within twelve months | **12,276,702** | 11,425,934 | 11,902,788 |
| Repayable after twelve months | **16,578,851** | 21,091,717 | 23,562,909 |
| | **28,855,553** | 32,517,651 | 35,465,697 |

The maturity analysis of lease liabilities of the Group at the end of the reporting period:

| | | Group | |
|---|---|---|---|
| | 31.12.2021 | 31.12.2020 | 01.01.2020 |
| | RM | RM | RM |
| **Minimum lease payments** | | | |
| Within one year | **13,619,049** | 12,999,381 | 13,752,883 |
| Later than one year and not later than two years | **12,002,829** | 10,233,680 | 11,198,398 |
| Later than two years and not later than five years | **5,335,641** | 12,273,060 | 14,143,942 |
| Later than five years | **-** | 51,640 | 210,194 |
| | **30,957,519** | 35,557,761 | 39,305,417 |
| Less: Future finance charges | **(2,101,966)** | (3,040,110) | (3,839,720) |
| Present value of minimum lease payments | **28,855,553** | 32,517,651 | 35,465,697 |
| **Present value of minimum lease payments** | | | |
| Within one year | **12,276,702** | 11,425,934 | 11,902,788 |
| Later than one year and not later than two years | **11,250,975** | 9,287,487 | 10,044,961 |
| Later than two years and not later than five years | **5,327,876** | 11,753,068 | 13,313,924 |
| Later than five years | **-** | 51,162 | 204,024 |
| | **28,855,553** | 32,517,651 | 35,465,697 |

The Group leases various land, buildings, plant and machineries and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

The average effective interest rates per annum at the end of the reporting period for lease liabilities is 3.95% - 8.66% (31.12.2020: 4.12% - 10.32%, 01.01.2020: 4.12% - 7.57%).

# NOTES TO THE FINANCIAL STATEMENTS
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## 26. Deferred Tax Liabilities

| | Note | Group 31.12.2021 RM | Group 31.12.2020 RM Restated |
|---|---|---|---|
| At 1 January | | | |
| - as previously stated | | **2,182,283** | 1,911,446 |
| - effect of adoption of IFRIC Agenda Decision | 45(b) | **112,851** | (146,567) |
| At 1 January (restated) | | **2,295,134** | 1,764,879 |
| Recognised in profit or loss | | **82,741** | 230,845 |
| (Over)/Under provision in prior years | | **(329,313)** | 299,410 |
| At 31 December | | **2,048,562** | 2,295,134 |

The net deferred tax liabilities and assets shown on the statements of financial position after appropriate offsetting are as follows:

| | 31.12.2021 RM | 31.12.2020 RM Restated | 01.01.2020 RM Restated |
|---|---|---|---|
| **Group** | | | |
| Deferred tax liabilities | **8,090,321** | 6,695,294 | 5,288,758 |
| Deferred tax assets | **(6,041,759)** | (4,400,160) | (3,523,879) |
| | **2,048,562** | 2,295,134 | 1,764,879 |
| **Company** | | | |
| Deferred tax liabilities | **2,329** | 7,700 | 8,694 |
| Deferred tax assets | **(2,329)** | (7,700) | (8,694) |
| | **-** | - | - |

The components and movements of deferred tax liabilities and assets are as follows:

| | Accelerated capital allowances RM | Revaluation of assets RM | Intangible assets and others RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **31.12.2021** | | | | |
| **Deferred tax liabilities** | | | | |
| At 1 January 2021 | **5,264,153** | **1,347,818** | **83,323** | **6,695,294** |
| Recognised in profit or loss | **1,459,363** | **-** | **26,948** | **1,486,311** |
| Crystallisation of deferred tax | **-** | **(51,388)** | **-** | **(51,388)** |
| (Over)/Under provision in prior years | **(41,461)** | **-** | **1,565** | **(39,896)** |
| At 31 December 2021 | **6,682,055** | **1,296,430** | **111,836** | **8,090,321** |
| **31.12.2020** | | | | |
| **Deferred tax liabilities** | | | | |
| At 1 January 2020 | 3,411,970 | 1,438,707 | 438,081 | 5,288,758 |
| Recognised in profit or loss | 419,716 | - | (354,758) | 64,958 |
| Crystallisation of deferred tax | - | (90,889) | - | (90,889) |
| Under provision in prior years | 1,432,467 | - | - | 1,432,467 |
| At 31 December 2020 | 5,264,153 | 1,347,818 | 83,323 | 6,695,294 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 26. Deferred Tax Liabilities (cont'd)

The components and movements of deferred tax liabilities and assets are as follows:

| | Note | Unutilised capital allowances RM | Unused tax losses RM Restated | Others RM Restated | Total RM Restated |
|---|---|---|---|---|---|
| **Group** | | | | | |
| **31.12.2021** | | | | | |
| **Deferred tax assets** | | | | | |
| At 1 January 2021 | | | | | |
| - as previously stated | | **(3,623,603)** | **(717,986)** | **(171,422)** | **(4,513,011)** |
| - effect of adoption of IFRIC Agenda Decision | 45(b) | **-** | **398** | **112,453** | **112,851** |
| At 1 January (restated) | | **(3,623,603)** | **(717,588)** | **(58,969)** | **(4,400,160)** |
| Recognised in profit or loss | | **(1,158,573)** | **(72,801)** | **(120,808)** | **(1,352,182)** |
| Over/(Under) provision in prior years | | **128,257** | **(434,827)** | **17,153** | **(289,417)** |
| At 31 December 2021 | | **(4,653,919)** | **(1,225,216)** | **(162,624)** | **(6,041,759)** |
| **31.12.2020** | | | | | |
| **Deferred tax assets** | | | | | |
| At 1 January 2020 | | | | | |
| - as previously stated | | (2,593,013) | (113,163) | (671,136) | (3,377,312) |
| - effect of adoption of IFRIC Agenda Decision | 45(b) | - | - | (146,567) | (146,567) |
| At 1 January (restated) | | (2,593,013) | (113,163) | (817,703) | (3,523,879) |
| Recognised in profit or loss | | (758,139) | 255,084 | 759,831 | 256,776 |
| Under provision in prior years | | (272,451) | (859,509) | (1,097) | (1,133,057) |
| At 31 December 2020 | | (3,623,603) | (717,588) | (58,969) | (4,400,160) |

| | Accelerated capital allowances RM |
|---|---|
| **Company** | |
| **31.12.2021** | |
| **Deferred tax liabilities** | |
| At 1 January 2021 | **7,700** |
| Recognised in profit or loss | **(6,064)** |
| Under provision in prior years | **693** |
| At 31 December 2021 | **2,329** |
| **31.12.2020** | |
| At 1 January 2020 | 8,694 |
| Recognised in profit or loss | 200 |
| Over provision in prior years | (1,194) |
| At 31 December 2020 | 7,700 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 26. Deferred Tax Liabilities (cont'd)

The components and movements of deferred tax liabilities and assets are as follows: (cont'd)

| | **Unutilised capital allowances RM** |
|---|---|
| **Company** | |
| **31.12.2021** | |
| **Deferred tax assets** | |
| At 1 January 2021 | **(7,700)** |
| Recognised in profit or loss | **6,064** |
| Under provision in prior years | **(693)** |
| At 31 December 2021 | **(2,329)** |
| **31.12.2020** | |
| At 1 January 2020 | (8,694) |
| Recognised in profit or loss | (200) |
| Over provision in prior years | 1,194 |
| At 31 December 2020 | (7,700) |

Deferred tax assets have not been recognised in respect of the following items:

| | **31.12.2021 RM** | **31.12.2020 RM** | **01.01.2020 RM** |
|---|---|---|---|
| **Group** | | | |
| Unutilised capital allowances | **5,100,793** | 2,747,922 | 205,884 |
| Unused tax losses | **21,984,283** | 17,952,060 | 12,049,845 |
| | **27,085,076** | 20,699,982 | 12,255,729 |
| **Company** | | | |
| Unutilised capital allowances | **194,421** | 166,004 | 139,392 |
| Unused tax losses | **2,665,558** | 2,665,558 | 2,665,558 |
| | **2,859,979** | 2,831,562 | 2,804,950 |

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiaries that have a recent history of losses.

## 27. Trade Payables

| | | **Group** | |
|---|---|---|---|
| | **31.12.2021 RM** | **31.12.2020 RM** | **01.01.2020 RM** |
| Trade payables | **186,646,367** | 151,100,685 | 193,727,878 |
| Retention sum | | | |
| - third parties | **73,780,431** | 59,567,374 | 62,163,456 |
| | **260,426,798** | 210,668,059 | 255,891,334 |

The normal trade credit term granted to the Group ranged from 30 to 60 (31.12.2020: 30 to 60, 01.01.2020: 30 to 60) days depending on the terms of the contracts. Included in the current trade payables is an amount of RM16,073,728 (31.12.2020: RM279,345, 01.01.2020: RM511,945) represents payable for the acquisition and joint venture of project development land.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 28. Other Payables

| | Note | 31.12.2021 RM | 31.12.2020 RM | 01.01.2020 RM |
|---|---|---|---|---|
| **Group** | | | | |
| Other payables | | **4,498,910** | 10,243,574 | 19,738,619 |
| Accruals | (a) | **33,624,985** | 23,492,113 | 17,409,373 |
| Amount due to a shareholder | (b) | **3,528,909** | 3,986,211 | 4,996,821 |
| Deposits received | | **33,500** | 30,700 | 135,889 |
| | | **41,686,304** | 37,752,598 | 42,280,702 |
| **Company** | | | | |
| Other payables | | **228,465** | 231,037 | 228,395 |
| Accruals | | **761,283** | 436,400 | 284,211 |
| | | **989,748** | 667,437 | 512,606 |

(a) Included in accruals consist of accrued project cost of RM21,840,098 (31.12.2020: RM12,776,673, 01.01.2020: RM8,722,073).

(b) The amount due to a shareholder is unsecured, non-interest bearing advances and repayable on demand.

## 29. Revenue

| | Construction and trading RM | Property development RM | Other RM | Total RM |
|---|---|---|---|---|
| **Group** | | | | |
| **2021** | | | | |
| **Revenue from contracts with customers** | | | | |
| Sales of goods | **19,361,803** | **-** | **-** | **19,361,803** |
| Construction contracts | **557,590,050** | **-** | **-** | **557,590,050** |
| Property development | **-** | **16,807,049** | **-** | **16,807,049** |
| Total revenue | **576,951,853** | **16,807,049** | **-** | **593,758,902** |
| **Geographical market:** | | | | |
| Malaysia | **576,951,853** | **16,807,049** | **-** | **593,758,902** |
| **Timing of reveue recognition** | | | | |
| At a point in time | **19,361,803** | **-** | **-** | **19,361,803** |
| Over time | **557,590,050** | **16,807,049** | **-** | **574,397,099** |
| | **576,951,853** | **16,807,049** | **-** | **593,758,902** |
| **2020** | | | | |
| **Revenue from contracts with customers** | | | | |
| Sales of goods | 18,150,864 | - | - | 18,150,864 |
| Construction contracts | 460,984,839 | - | - | 460,984,839 |
| Property development | - | 83,652,631 | - | 83,652,631 |
| Hospitality | - | - | 485,768 | 485,768 |
| Total revenue | 479,135,703 | 83,652,631 | 485,768 | 563,274,102 |
| **Geographical market:** | | | | |
| Malaysia | 479,135,703 | 83,652,631 | 485,768 | 563,274,102 |
| **Timing of reveue recognition** | | | | |
| At a point in time | 18,150,864 | - | 485,768 | 18,636,632 |
| Over time | 460,984,839 | 83,652,631 | - | 544,637,470 |
| | 479,135,703 | 83,652,631 | 485,768 | 563,274,102 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 30. Cost of Sales

| | Group | |
|---|---|---|
| | **2021 RM** | **2020 RM Restated** |
| Sales of goods | **18,753,215** | 17,820,466 |
| Construction contracts | **467,850,467** | 402,130,748 |
| Property development | **10,096,014** | 65,494,564 |
| Completed properties | **80,904** | - |
| Hospitality | **-** | 136,786 |
| | **496,780,600** | 485,582,564 |

## 31. Finance Costs

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 RM** | **2020 RM Restated** | **2021 RM** | **2020 RM** |
| Interest expenses on: | | | | |
| Bank overdrafts | **292,973** | 401,960 | **-** | - |
| Lease liabilities | **1,895,383** | 1,968,215 | **-** | - |
| Related company | **581** | 133 | **-** | - |
| Revolving credits | **2,174,352** | 1,755,013 | **669,115** | 775,830 |
| Term loans | **644,765** | 2,664,992 | **-** | - |
| Trade services | **527,499** | 1,294,544 | **-** | - |
| Late payment | **32** | - | **-** | - |
| | **5,535,585** | 8,084,857 | **669,115** | 775,830 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 32. Profit before Tax

Profit before tax is derived after charging/(crediting):

| | Group | | Company | |
|---|---|---|---|---|
| | 2021 | 2020 | 2021 | 2020 |
| | RM | RM | RM | RM |
| Auditors' remuneration | | | | |
| - statutory audit | | | | |
| - current year | **266,000** | 254,000 | **87,000** | 77,000 |
| - (Over)/Under provision in prior year | **(3,000)** | (1,000) | **1,000** | (5,000) |
| - non statutory audit | **26,000** | 26,000 | **23,000** | 23,000 |
| Amortisation of intangible assets | **347,177** | 1,480,545 | **-** | - |
| Depreciation of: | | | | |
| - property, plant and equipment | **6,579,462** | 5,814,447 | **54,488** | 57,535 |
| - investment properties | **881,787** | 998,673 | **-** | - |
| - right-of-use assets | **7,770,659** | 7,596,047 | **-** | - |
| Impairment losses on: | | | | |
| - trade receivables | **169,293** | 98,671 | **-** | - |
| - amount due from subsidiary companies | **-** | - | **10,435** | - |
| - amount due from related companies | **2,601** | 62,833 | **-** | - |
| Non-executive Directors' remuneration | | | | |
| - fees | **135,520** | 145,200 | **135,520** | 145,200 |
| - other emoluments | **24,500** | 16,239 | **24,500** | 16,239 |
| Property, plant and equipment written off | **1** | - | **-** | - |
| Right-of-use assets written off | **-** | 9,323 | **-** | - |
| Deposit written off | **2,500** | - | **2,500** | - |
| Lease expenses relating to short term lease | | | | |
| - office building | **168,000** | 28,000 | **-** | - |
| Lease expense relating to low-value asset | | | | |
| - copier machine | **990** | 10,476 | **-** | - |
| Loss/(gain) on disposal of: | | | | |
| - property, plant and equipment | **35,916** | (365,197) | **-** | - |
| - investment properties | **-** | (2,659,750) | **-** | - |
| - right-of-use assets | **-** | (258,252) | **-** | - |
| Dividend income | **(150,000)** | - | **(7,000,000)** | - |
| Interest income | **(333,518)** | (481,309) | **(526)** | (1,379) |
| Intercompanies interest income | **-** | - | **(259,323)** | (2,830,676) |
| Lease income | **(176,255)** | (47,254) | **-** | - |
| Reversal of impairment losses on: | | | | |
| - trade receivables | **(175,546)** | (46,255) | **-** | - |
| - other receivables | **-** | (1,680) | **-** | - |
| - amount due from related companies | **(55,227)** | - | **-** | - |
| Subsidy from social security contribution | **(442,350)** | (516,273) | **-** | - |
| Waiver of debts | **(174,648)** | - | **-** | - |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 33. Taxation

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM Restated** | **RM** | **RM** |
| **Tax expenses recognised in profit or loss** | | | | |
| Malaysian income tax: | | | | |
| Current tax provision | **14,157,871** | 9,528,348 | **56,625** | 424,844 |
| Over provision in prior years | **(511,594)** | (688,825) | **(44,042)** | (43,535) |
| | **13,646,277** | 8,839,523 | **12,583** | 381,309 |
| Deferred tax: | | | | |
| Relating to origination and reversal of temporary differences | **134,129** | 321,734 | **-** | - |
| Crystallisation of deferred tax | **(51,388)** | (90,889) | **-** | - |
| (Over)/under provision in prior years | **(329,313)** | 299,410 | **-** | - |
| | **(246,572)** | 530,255 | **-** | - |
| Tax expense for the financial year | **13,399,705** | 9,369,778 | **12,583** | 381,309 |

Malaysian income tax is calculated at the statutory tax rate of 24% (31.12.2020: 24%, 01.01.2020: 24%) of the estimated assessable profits for the financial year.

A reconciliation of income tax expense applicable to profit before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM Restated** | **RM** | **RM** |
| Profit before tax | **39,977,425** | 23,372,820 | **6,166,869** | 1,002,844 |
| At Malaysian statutory tax rate of 24% (2020: 24%) | **9,594,582** | 5,609,477 | **1,480,049** | 240,683 |
| Expenses not deductible for tax purposes | **3,248,317** | 3,580,502 | **249,756** | 177,774 |
| Income not subject to tax | **-** | (1,011,760) | **(1,680,000)** | - |
| Deferred tax assets not recognised | **1,532,423** | 2,026,621 | **6,820** | 6,387 |
| Crystallisation of deferred tax | **(51,388)** | (90,889) | **-** | - |
| Deferred tax arising from intangible assets | **(83,322)** | (354,758) | **-** | - |
| (Over)/under provision in prior years | | | | |
| - income tax | **(511,594)** | (688,825) | **(44,042)** | (43,535) |
| - deferred tax | **(329,313)** | 299,410 | **-** | - |
| Tax expense for the financial year | **13,399,705** | 9,369,778 | **12,583** | 381,309 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 33. Taxation (cont'd)

The Group and the Company have the following unutilised capital allowances and unused tax losses carry forward, available to offset against future taxable profits. The said amounts are subject to approval by the tax authorities.

| | Group | | Company | |
|---|---|---|---|---|
| | **2021 RM** | **2020 RM** | **2021 RM** | **2020 RM** |
| Unutilised capital allowances | **24,492,124** | 17,311,862 | **204,125** | 200,973 |
| Unused tax losses | **27,089,349** | 22,755,447 | **2,665,558** | 2,665,558 |
| | **51,581,473** | 40,067,309 | **2,866,531** | 2,869,683 |

Pursuant to an amendment to Section 44(5F) of the Income Tax Act 1967, effective from year of assessment 2019 onwards, the unused tax losses can be carried forward for a maximum period of ten consecutive years of assessment. The unused tax losses accumulated up to year of assessment 2018 can be carried forward for another ten consecutive years of assessment until year of assessment 2028.

## 34. Earnings Per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

| | Group | |
|---|---|---|
| | **2021 RM** | **2020 RM** |
| Profit attributable to owners of the parent | **27,083,568** | 14,369,115 |
| | **Units** | **Units** |
| Weighted average number of ordinary shares in issue: | | |
| Issued ordinary shares at 1 January | **501,652,605** | 501,652,605 |
| Effect of ordinary shares issued during the financial year | **21,698,630** | - |
| Weighted average number of ordinary shares at 31 December | **523,351,235** | 501,652,605 |
| Basic earnings per ordinary share (in sen) | **5.18** | 2.86 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 34. Earnings Per Share (cont'd)

(b) Diluted earnings per share

Diluted earnings per share are calculated based on the adjusted consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

| | Group | |
|---|---|---|
| | **2021 RM** | **2020 RM Restated** |
| Profit attributable to owners of the parent | **27,083,568** | 14,369,115 |
| | **Units** | **Units** |
| Weighted average number of ordinary shares in issue in the calculation of basic earnings per share | **523,351,235** | 501,652,605 |
| Effect of conversion of ICPS | **-** | 90,000,000 |
| Weighted average number of ordinary shares at 31 December | **523,351,235** | 591,652,605 |
| Diluted earnings per ordinary share (in sen) | **5.18** | 2.43 |

## 35. Staff Costs

| | Group | |
|---|---|---|
| | **2021 RM** | **2020 RM** |
| Salaries, wages and other emoluments | **25,833,687** | 22,021,631 |
| Defined contribution plans | **3,158,562** | 2,699,480 |
| Social security contributions | **266,507** | 252,909 |
| Other staff related expenses | **840,443** | 870,816 |
| | **30,099,199** | 25,844,836 |

The Group's staff costs do not include the estimated non-monetary value of benefits-in-kind amounting to RM399,251 (31.12.2020: RM379,307, 01.01.2020: RM460,498).

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Company during the financial year as below:

| | Group | |
|---|---|---|
| | **2021 RM** | **2020 RM** |
| **Executive Directors of the Company** | | |
| Salaries and other emoluments | **2,549,132** | 2,421,841 |
| Defined contribution plans | **355,035** | 337,381 |
| Social security contributions | **3,335** | 3,363 |
| | **2,907,502** | 2,762,585 |

The Group's aggregate amount of remuneration received and receivable by the Executive Directors do not include the estimated non-monetary value of benefits-in-kind amounting to RM100,650 (31.12.2020: RM107,456, 01.01.2020: RM112,563).

## 36. Reconciliation of Liabilities Arising from Financing Activities

The table below show the details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

| | Note | At 1 January RM | Financing cash flow (i) RM | New lease [Notes 25] RM | Other changes (iii) RM | At 31 December RM |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **31.12.2021** | | | | | | |
| Term loans | 24 | **32,196,198** | **(12,547,428)** | **-** | **-** | **19,648,770** |
| Lease liabilities | 25 | **32,517,651** | **(13,054,404)** | **9,392,306** | **-** | **28,855,553** |
| Other bank borrowings | (ii) | **107,051,474** | **(73,732,350)** | **-** | **(222,344)** | **33,096,780** |
| | | **171,765,323** | **(99,334,182)** | **9,392,306** | **(222,344)** | **81,601,103** |
| **31.12.2020** | | | | | | |
| Term loans | 24 | 50,855,758 | (18,659,560) | - | - | 32,196,198 |
| Lease liabilities | 25 | 35,465,697 | (8,331,811) | 5,383,765 | - | 32,517,651 |
| Other bank borrowings | (ii) | 60,896,442 | 46,197,180 | - | (42,148) | 107,051,474 |
| | | 147,217,897 | 19,205,809 | 5,383,765 | (42,148) | 171,765,323 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 36. Reconciliation of Liabilities Arising from Financing Activities (cont'd)

The table below show the details changes in liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes: (cont'd)

| | At 1 January RM | Financing cash flow RM | Other changes (iii) RM | At 31 December RM |
|---|---|---|---|---|
| **Company** | | | | |
| **31.12.2021** | | | | |
| Other bank borrowings | **15,089,582** | **-** | **5,744** | **15,095,326** |
| **31.12.2020** | | | | |
| Other bank borrowings | 15,124,684 | - | (35,102) | 15,089,582 |

(i) The cash flows from loans and borrowings make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

(ii) Other bank borrowings represent loans and borrowings other than as disclosed above.

(iii) Other changes include unpaid interests.

## 37. Financial Guarantees

| | Group 31.12.2021 RM | 31.12.2020 RM | 01.01.2020 RM |
|---|---|---|---|
| **Secured** | | | |
| Bank guarantee issued in favour of the local authorities and developers for the performance of the construction works | **2,774,912** | 6,055,397 | 5,713,203 |

| | Company 31.12.2021 RM | 31.12.2020 RM | 01.01.2020 RM |
|---|---|---|---|
| **Unsecured** | | | |
| Corporate guarantees given to licensed banks for credit facilities granted to subsidiary companies | **52,537,523** | 123,487,353 | 61,447,908 |
| Corporate guarantees issued to third parties in respect of trade facilities of subsidiary companies | **31,700,000** | 40,093,258 | 38,593,258 |
| | **84,237,523** | 163,580,611 | 100,041,166 |

## 38. Commitment

| | Group 31.12.2021 RM | 31.12.2020 RM | 01.01.2020 RM |
|---|---|---|---|
| **Capital expenditure** | | | |
| Authorised and contracted for: | | | |
| Capital work-in-progress | **-** | - | 9,102,867 |
| Joint venture agreement for | | | |
| - settlement units to landowner | **-** | 4,950,000 | - |
| Property, plant and equipment | **42,839** | 319,921 | 1,029,077 |
| | **42,839** | 5,269,921 | 10,131,943 |
| Authorised but not contracted for: | | | |
| - Property, plant and equipment | **-** | - | 2,561,800 |

# NOTES TO THE FINANCIAL STATEMENTS
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## 39. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and management personnel of the Group, having authority and responsibility for planning, directing and controlling the activities of the Group entities directly or indirectly.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

| | Group | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| **Transactions with related companies** | | |
| **Income** | | |
| Contract revenue | **494,328,263** | 507,288,011 |
| **Expenses** | | |
| Contractor fee paid/payable | **-** | 3,044,177 |
| Deposit paid/payable | **3,000,000** | 35,000 |
| Joint venture entitlement payable | **-** | 5,500,000 |
| Interest expenses paid/payable | **581** | 133 |
| Purchase of materials | **4,607,674** | 17,897,986 |
| Purchase of properties | **-** | 8,897,900 |
| Renovation of new office | **-** | 706,093 |
| Rental expenses paid/payable | **196,445** | 28,000 |
| Reimbursement of land consideration persuant to deed of novation cum assignment | **23,076,282** | - |

| | Company | |
|---|---|---|
| | **2021** | **2020** |
| | **RM** | **RM** |
| **Transactions with subsidiary companies** | | |
| Interest income | **928,438** | 2,830,676 |
| Dividend income | **7,000,000** | - |

(c) Compensation of key management personnel

Remuneration of Directors and key management are as follows:

| | Group | | Company | |
|---|---|---|---|---|
| | **2021** | **2020** | **2021** | **2020** |
| | **RM** | **RM** | **RM** | **RM** |
| Salaries, fees and other emoluments | **6,025,254** | 4,894,230 | **160,020** | 161,439 |
| Defined contribution plans | **761,128** | 628,733 | **-** | - |
| Social security contributions | **14,311** | 11,894 | **-** | - |
| | **6,800,693** | 5,534,857 | **160,020** | 161,439 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 40. Segment Information

The Group has three major reporting segments, as described below, which are the Group's strategic business units. Segment information is primarily presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure. For each of the strategic business units, the Group's Chief Executive Officer reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments:

| | |
|---|---|
| Construction and trading | Design and build, civil engineering, general construction, piling activities, trading of construction materials and manufacturing of Industrialised Building System ("IBS") precast products. |
| Property development | Development of residential and commercial properties |
| Others | Investment holding and dormant |

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

Transactions between segments are carried out on agreed terms between both parties. The effects of such inter-segment transactions are eliminated on consolidation. The measurement basis and classification are consistent with those adopted in the previous financial year.

The total segment assets are measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the Group's Chief Executive Officer. Segment total assets are used to measure the return of assets of each segment.

Segment liabilities information is neither included in the internal management reports nor provided regularly to the Group's Chief Executive Officer. Hence no disclosure is made on segment liabilities.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 40. Segment Information (cont'd)

| | Construction and trading RM | Property development RM | Others RM | Total segments RM |
|---|---|---|---|---|
| **Group** | | | | |
| **2021** | | | | |
| **Revenue** | | | | |
| Total revenue | 621,304,462 | 16,807,049 | - | 638,111,511 |
| Less: Inter-segment revenue | (44,352,609) | - | - | (44,352,609) |
| Revenue from external customers | 576,951,853 | 16,807,049 | - | 593,758,902 |
| **Results** | | | | |
| Interest income | 158,183 | 174,113 | 1,222 | 333,518 |
| Finance costs | (4,717,764) | (388,793) | (429,028) | (5,535,585) |
| Depreciation and amortisation | (15,120,844) | (56,576) | (54,488) | (15,231,908) |
| Amortisation of intangible assets | - | - | (347,177) | (347,177) |
| Share of profit of associates | 247,072 | - | - | 247,072 |
| Segment profit/(loss) before tax | 36,813,751 | 5,198,258 | (2,034,584) | 39,977,425 |
| Taxation | | | | (13,399,705) |
| Profit after tax | | | | 26,577,720 |
| **Other non-cash items** | | | | |
| Impairment losses on: | | | | |
| - trade receivables | 169,293 | - | - | 169,293 |
| - amount due from related companies | 2,601 | - | - | 2,601 |
| Deposit written off | - | - | 2,500 | 2,500 |
| Property, plant and equipment written off | 1 | - | - | 1 |
| Loss on disposal of: | | | | |
| - property, plant and equipment | 35,916 | - | - | 35,916 |
| Waiver of debts | (174,648) | - | - | (174,648) |
| Reversal of impairment losses on: | | | | |
| - trade receivables | (4,697) | (170,849) | - | (175,546) |
| - amount due from related companies | (55,227) | - | - | (55,227) |
| **Segment assets** | | | | |
| Additions to non-current assets | 11,616,133 | 259,458 | - | 11,875,591 |
| Segment assets | 565,338,767 | 116,618,441 | 255,440,611 | 937,397,819 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 40. Segment Information (cont'd)

| | Construction and trading RM | Property development RM | Others RM | Total segments RM |
|---|---|---|---|---|
| **Restated** | | | | |
| **Group** | | | | |
| **2020** | | | | |
| **Revenue** | | | | |
| Total revenue | 575,072,838 | 83,652,631 | 486,560 | 659,212,029 |
| Less: Inter-segment revenue | (95,937,135) | - | (792) | (95,937,927) |
| Revenue from external customers | 479,135,703 | 83,652,631 | 485,768 | 563,274,102 |
| **Results** | | | | |
| Interest income | 274,003 | 204,183 | 3,123 | 481,309 |
| Finance costs | (5,698,760) | (750,255) | (1,635,842) | (8,084,857) |
| Depreciation and amortisation | (13,856,911) | (69,510) | (482,746) | (14,409,167) |
| Amortisation of intangible assets | - | - | (1,480,545) | (1,480,545) |
| Share of profit of associates | 187,034 | - | - | 187,034 |
| Segment profit/(loss) before tax | 10,269,373 | 15,305,848 | (2,202,401) | 23,372,820 |
| Taxation | | | | (9,369,778) |
| Profit after tax | | | | 14,003,042 |
| **Other non-cash items** | | | | |
| Impairment losses on: | | | | |
| - trade receivables | - | 98,671 | - | 98,671 |
| - amount due from related companies | 62,833 | - | - | 62,833 |
| Right-of-use assets written off | 9,323 | - | - | 9,323 |
| Gain on disposal of: | | | | |
| - property, plant and equipment | (81,749) | - | (283,448) | (365,197) |
| - investment properties | - | - | (2,659,750) | (2,659,750) |
| - right-of-use assets | (258,252) | - | - | (258,252) |
| Reversal of impairment losses on: | | | | |
| - trade receivables | (46,255) | - | - | (46,255) |
| - other receivables | - | - | (1,680) | (1,680) |
| **Segment assets** | | | | |
| Additions to non-current assets | 17,249,725 | 74,500 | - | 17,324,225 |
| Segment assets | 605,272,664 | 93,335,198 | 264,874,104 | 963,481,966 |

Additions to non-current assets refer to capital expenditure of property, plant and equipment, right-of-use assets and capital work-in-progress.

Inter-segment revenues are eliminated on consolidation.

No disclosure on geographical information for revenue and non-current assets as the Group operates predominantly in Malaysia.

Major customers

The following are major customers with revenue equal to or more than 10% of the Group revenue:

| | | Revenue | |
|---|---|---|---|
| | **Segment** | **2021 RM** | **2020 RM** |
| Related companies | Construction | **542,191,791** | 448,203,423 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 41. Financial Instruments

(a) Classification of financial instruments

Financial assets and financial liabilities are measured on an ongoing basis either at fair value or at amortised cost. The principal accounting policies in Note 3 describe how the classes of the financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised.

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

| | Financial assets measured at amortised cost RM | Financial liabilities measured at amortised cost RM | Total RM |
|---|---|---|---|
| **Group** | | | |
| **31.12.2021** | | | |
| **Financial assets** | | | |
| Trade receivables | 41,840,982 | - | 41,840,982 |
| Other receivables | 10,533,108 | - | 10,533,108 |
| Amount due from related companies | 280,433,271 | - | 280,433,271 |
| Amount due from an associate company | 7,200 | - | 7,200 |
| Fixed deposits with licensed banks | 5,669,801 | - | 5,669,801 |
| Cash held under Housing Development Accounts | 23,774,651 | - | 23,774,651 |
| Cash and bank balances | 13,653,502 | - | 13,653,502 |
| | 375,912,515 | - | 375,912,515 |
| **Financial liabilities** | | | |
| Trade payables | - | 260,426,798 | 260,426,798 |
| Other payables | - | 41,686,304 | 41,686,304 |
| Amount due to related companies | - | 5,276,573 | 5,276,573 |
| Amount due to an associate company | - | 65,834 | 65,834 |
| Lease liabilities | - | 28,855,553 | 28,855,553 |
| Loans and borrowings | - | 57,727,124 | 57,727,124 |
| | - | 394,038,186 | 394,038,186 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 41. Financial Instruments (cont'd)

(a) Classification of financial instruments (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (cont'd)

| | Financial assets measured at amortised cost RM | Financial liabilities measured at amortised cost RM | Total RM |
|---|---|---|---|
| **Group** | | | |
| **31.12.2020** | | | |
| **Financial assets** | | | |
| Trade receivables | 46,570,321 | - | 46,570,321 |
| Other receivables | 13,104,558 | - | 13,104,558 |
| Amount due from related companies | 345,938,636 | - | 345,938,636 |
| Amount due from an associate company | 7,200 | - | 7,200 |
| Fixed deposits with licensed banks | 3,636,839 | - | 3,636,839 |
| Cash held under Housing Development Accounts | 34,618,910 | - | 34,618,910 |
| Cash and bank balances | 31,811,217 | - | 31,811,217 |
| | 475,687,681 | - | 475,687,681 |
| **Financial liabilities** | | | |
| Trade payables | - | 210,668,059 | 210,668,059 |
| Other payables | - | 37,752,598 | 37,752,598 |
| Amount due to related companies | - | 13,104,058 | 13,104,058 |
| Amount due to an associate company | - | 69,283 | 69,283 |
| Lease liabilities | - | 32,517,651 | 32,517,651 |
| Loans and borrowings | - | 142,967,540 | 142,967,540 |
| | - | 437,079,189 | 437,079,189 |
| **Group** | | | |
| **01.01.2020** | | | |
| **Financial assets** | | | |
| Trade receivables | 67,258,463 | - | 67,258,463 |
| Other receivables | 14,691,226 | - | 14,691,226 |
| Amount due from related companies | 248,439,290 | - | 248,439,290 |
| Amount due from an associate company | 12,296 | - | 12,296 |
| Fixed deposits with licensed banks | 2,999,691 | - | 2,999,691 |
| Cash held under Housing Development Accounts | 1,895,608 | - | 1,895,608 |
| Cash and bank balances | 28,204,760 | - | 28,204,760 |
| | 363,501,334 | - | 363,501,334 |
| **Financial liabilities** | | | |
| Trade payables | - | 255,891,334 | 255,891,334 |
| Other payables | - | 42,280,702 | 42,280,702 |
| Amount due to related companies | - | 10,352,424 | 10,352,424 |
| Amount due to an associate company | - | 7,200 | 7,200 |
| Lease liabilities | - | 35,465,697 | 35,465,697 |
| Loans and borrowings | - | 124,034,022 | 124,034,022 |
| | - | 468,031,379 | 468,031,379 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 41. Financial Instruments (cont'd)

(a) Classification of financial instruments (cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (cont'd)

| | Financial assets measured at amortised cost RM | Financial liabilities measured at amortised cost RM | Total RM |
|---|---|---|---|
| **Company** | | | |
| **31.12.2021** | | | |
| **Financial assets** | | | |
| Other receivables | **372,400** | **-** | **372,400** |
| Amount due from subsidiary companies | **56,648,935** | **-** | **56,648,935** |
| Cash and bank balances | **71,776** | **-** | **71,776** |
| | **57,093,111** | **-** | **57,093,111** |
| **Financial liabilities** | | | |
| Other payables | **-** | **989,748** | **989,748** |
| Amount due to subsidiary companies | **-** | **6,346,494** | **6,346,494** |
| Loans and borrowings | **-** | **15,095,326** | **15,095,326** |
| | **-** | **22,431,568** | **22,431,568** |
| **31.12.2020** | | | |
| **Financial assets** | | | |
| Other receivables | 2,374,900 | - | 2,374,900 |
| Amount due from subsidiary companies | 48,252,348 | - | 48,252,348 |
| Cash and bank balances | 167,018 | - | 167,018 |
| | 50,794,266 | - | 50,794,266 |
| **Financial liabilities** | | | |
| Other payables | - | 667,437 | 667,437 |
| Amount due to subsidiary companies | - | 6,357,165 | 6,357,165 |
| Loan and borrowings | - | 15,089,582 | 15,089,582 |
| | - | 22,114,184 | 22,114,184 |
| **01.01.2020** | | | |
| **Financial assets** | | | |
| Other receivables | 2,090,600 | - | 2,090,600 |
| Amount due from subsidiary companies | 66,368,799 | - | 66,368,799 |
| Cash and bank balances | 482,849 | - | 482,849 |
| | 68,942,248 | - | 68,942,248 |
| **Financial liabilities** | | | |
| Other payables | - | 512,606 | 512,606 |
| Amount due to subsidiary companies | - | 6,371,116 | 6,371,116 |
| Loan and borrowings | - | 15,124,684 | 15,124,684 |
| | - | 22,008,406 | 22,008,406 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 41. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies

The Group's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group operates within clearly defined guidelines that are approved by the Board and the Group's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers, amount due from related companies and deposits with banks. The Company's exposure to credit risk arises principally from advances to subsidiary companies and financial guarantees given to licensed banks for credit facilities granted to subsidiary companies. There are no significant changes as compared to previous financial year.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposits with banks with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

At each reporting date, the Group and the Company assess whether any of the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk.

The Group's has no significant concentration to credit risk as its exposure spread over a large number of customers. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

The Company's maximum exposure to credit risk amounting to RM84,237,523 (31.12.2020: RM163,580,611, 01.01.2020: RM100,041,166), representing the outstanding banking facilities of the subsidiary companies as at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

## 41. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

| | On demand or within 1 year RM | 1 to 2 years RM | 2 to 5 years RM | After 5 years RM | Total contractual cash flows RM | Total carrying amount RM |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **31.12.2021** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Trade payables | 260,426,798 | - | - | - | 260,426,798 | 260,426,798 |
| Other payables | 41,686,304 | - | - | - | 41,686,304 | 41,686,304 |
| Amount due to related companies | 5,276,573 | - | - | - | 5,276,573 | 5,276,573 |
| Amount due to an associate company | 65,834 | - | - | - | 65,834 | 65,834 |
| Bank overdrafts | 4,981,574 | - | - | - | 4,981,574 | 4,981,574 |
| Lease liabilities | 13,619,049 | 12,002,829 | 5,335,641 | - | 30,957,519 | 28,855,553 |
| Term loans and trade services and revolving credits | 36,159,811 | 2,712,606 | 5,762,976 | 13,114,726 | 57,750,119 | 52,745,550 |
| | 362,215,943 | 14,715,435 | 11,098,617 | 13,114,726 | 401,144,721 | 394,038,186 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 41. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (cont'd)

| | On demand or within 1 year RM | 1 to 2 years RM | 2 to 5 years RM | After 5 years RM | Total contractual cash flows RM | Total carrying amount RM |
|---|---|---|---|---|---|---|
| **Group** | | | | | | |
| **31.12.2020** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Trade payables | 210,668,059 | - | - | - | 210,668,059 | 210,668,059 |
| Other payables | 37,752,598 | - | - | - | 37,752,598 | 37,752,598 |
| Amount due to related companies | 13,104,058 | - | - | - | 13,104,058 | 13,104,058 |
| Amount due to an associate company | 69,283 | - | - | - | 69,283 | 69,283 |
| Bank overdrafts | 3,719,868 | - | - | - | 3,719,868 | 3,719,868 |
| Lease liabilities | 12,999,381 | 10,233,680 | 12,273,060 | 51,640 | 35,557,761 | 32,517,651 |
| Term loans and trade services and revolving credits | 124,717,209 | 3,063,030 | 7,579,488 | 14,017,085 | 149,376,812 | 139,247,672 |
| | 403,030,456 | 13,296,710 | 19,852,548 | 14,068,725 | 450,248,439 | 437,079,189 |
| **01.01.2020** | | | | | | |
| **Non-derivative financial liabilities** | | | | | | |
| Trade payables | 255,891,334 | - | - | - | 255,891,334 | 255,891,334 |
| Other payables | 42,280,702 | - | - | - | 42,280,702 | 42,280,702 |
| Amount due to related companies | 10,352,424 | - | - | - | 10,352,424 | 10,352,424 |
| Amount due to an associate company | 7,200 | - | - | - | 7,200 | 7,200 |
| Bank overdrafts | 12,281,822 | - | - | - | 12,281,822 | 12,281,822 |
| Lease liabilities | 13,752,883 | 11,198,398 | 14,143,942 | 210,194 | 39,305,417 | 35,465,697 |
| Term loans and trade services and revolving credits | 80,465,952 | 6,362,067 | 16,462,436 | 23,298,605 | 126,589,060 | 111,752,200 |
| | 415,032,317 | 17,560,465 | 30,606,378 | 23,508,799 | 486,707,959 | 468,031,379 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 41. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(ii) Liquidity risk (cont'd)

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. (cont'd)

| | On demand or within 1 year RM | Total contractual cash flows RM | Total carrying amount RM |
|---|---|---|---|
| **Company** | | | |
| **31.12.2021** | | | |
| **Non-derivative financial liabilities** | | | |
| Other payables | **989,748** | **989,748** | **989,748** |
| Amount due to subsidiary companies | **6,346,494** | **6,346,494** | **6,346,494** |
| Revolving credit | **15,095,326** | **15,095,326** | **15,095,326** |
| Financial guarantees * | **84,237,523** | **84,237,523** | **-** |
| | **106,669,091** | **106,669,091** | **22,431,568** |
| **31.12.2020** | | | |
| **Non-derivative financial liabilities** | | | |
| Other payables | 667,437 | 667,437 | 667,437 |
| Amount due to subsidiary companies | 6,357,165 | 6,357,165 | 6,357,165 |
| Revolving credit | 15,089,582 | 15,089,582 | 15,089,582 |
| Financial guarantees * | 163,580,611 | 163,580,611 | - |
| | 185,694,795 | 185,694,795 | 22,114,184 |
| **01.01.2020** | | | |
| **Non-derivative financial liabilities** | | | |
| Other payables | 512,606 | 512,606 | 512,606 |
| Amount due to subsidiary companies | 6,371,116 | 6,371,116 | 6,371,116 |
| Revolving credit | 15,124,684 | 15,124,684 | 15,124,684 |
| Financial guarantees * | 100,041,166 | 100,041,166 | - |
| | 122,049,572 | 122,049,572 | 22,008,406 |

* *Based on the maximum amount that can be called for under the financial guarantee contract.*

The Company provides unsecured financial guarantee to licensed banks in respect of credit facilities granted to certain subsidiary companies and monitors on an ongoing basis the performance of the subsidiary companies. At the end of the financial year, there was no indication that the subsidiary companies would default on repayment.

Financial guarantees have not been recognised since the fair value on initial recognition was deemed not material and the probability of the subsidiary companies defaulting on their credit facilities is remote.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 41. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risks

(a) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long-term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

| | 31.12.2021<br>RM | 31.12.2020<br>RM | 01.01.2020<br>RM |
|---|---|---|---|
| **Group** | | | |
| **Fixed rate instruments** | | | |
| Financial assets | **5,669,801** | 3,636,839 | 2,999,691 |
| Financial liabilities | **(28,855,553)** | (32,517,651) | (35,465,697) |
| | **(23,185,752)** | (28,880,812) | (32,466,006) |
| **Floating rate instruments** | | | |
| Financial liabilities | **(57,727,124)** | (142,967,540) | (124,034,022) |
| **Company** | | | |
| **Floating rate instruments** | | | |
| Financial assets | **47,969,710** | 38,640,296 | 57,009,856 |
| Financial liabilities | **(15,095,326)** | (15,089,582) | (15,124,684) |
| | **32,874,384** | 23,550,714 | 41,885,172 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 41. Financial Instruments (cont'd)

(b) Financial risk management objectives and policies (cont'd)

(iii) Market risks (cont'd)

(a) Interest rate risk (cont'd)

**Interest rate risk sensitivity analysis**

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

A change in 1% interest rate at the end of the reporting period would have increased/(decreased) the Group's and the Company's profit before tax by RM577,271 and RM328,744 (31.12.2020: RM1,429,675 and RM235,507, 01.01.2020: RM1,240,340 and RM418,852), arising mainly as a result of higher/lower interest expense on floating rate loans and borrowings. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are United States Dollar ("USD") and Chinese Renminbi ("RMB").

The Group has not entered into any derivative instruments for hedging or trading purposes as the net exposure to foreign currency risk is not significant. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

In prior year, the carrying amounts of the Group's foreign currency denominated financial liabilities at the end of the reporting period are as follows:

| | Denominated in | | |
|---|---|---|---|
| | **USD** | **RMB** | **Total** |
| **Group** | | | |
| **01.01.2020** | | | |
| Trade payables | - | 579,990 | 579,990 |
| Other payables | 1,275,442 | - | 1,275,442 |
| | 1,275,442 | 579,990 | 1,855,432 |

The Group has minimal purchases denominated in foreign currencies. As such, the Group is not sensitive to foreign currency risk.

(c) Fair value of financial instruments

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

The carrying amount of long-term floating rate loans approximate their fair value as the loans will be re-priced to market interest rate on or near reporting date.

It was not practicable to estimate the fair value of investment in unquoted equity due to the lack of comparable quoted prices in an active market and the fair value cannot be reliably measured.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 42. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a gearing ratio. The Group's policy is to maintain a prudent level of gearing ratio that complies with debt covenants and regulatory requirements.

The gearing ratios at end of the reporting period are as follows:

| | 31.12.2021<br>RM | 31.12.2020<br>RM<br>Restated | 01.01.2020<br>RM<br>Restated |
|---|---|---|---|
| **Group** | | | |
| Bank overdrafts | **4,981,574** | 3,719,868 | 12,281,822 |
| Lease liabilities | **28,855,553** | 32,517,651 | 35,465,697 |
| Term loans | **19,648,770** | 32,196,198 | 50,855,758 |
| Trade services | **12,566,677** | 71,944,467 | 25,752,902 |
| Revolving credits | **20,530,103** | 35,107,007 | 35,143,540 |
| | **86,582,677** | 175,485,191 | 159,499,719 |
| Less: | | | |
| Fixed deposits with licensed banks | **(5,669,801)** | (3,636,839) | (2,999,691) |
| Cash held under Housing Development Accounts | **(23,774,651)** | (34,618,910) | (1,895,608) |
| Cash and bank balances | **(13,653,502)** | (31,811,217) | (28,204,760) |
| Net debt | **43,484,723** | 105,418,225 | 126,399,660 |
| Total equity | **497,887,966** | 471,310,216 | 457,307,174 |
| Net gearing ratio | **0.09** | 0.22 | 0.28 |

| | 31.12.2021<br>RM | 31.12.2020<br>RM | 01.01.2020<br>RM |
|---|---|---|---|
| **Company** | | | |
| Revolving credit | **15,095,326** | 15,089,582 | 15,124,684 |
| Less: | | | |
| Cash and bank balances | **(71,776)** | (167,018) | (482,849) |
| Net debt | **15,023,550** | 14,922,564 | 14,641,835 |
| Total equity | **353,953,899** | 347,799,613 | 347,178,078 |
| Net gearing ratio | **0.04** | 0.04 | 0.04 |

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

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 43. Significant Events

(a) Impact of 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. On 16 March 2020, the Malaysian Government has imposed several levels of Movement Control Order ("MCO") starting from 18 March 2020 to curb the spread of the COVID-19 outbreak in Malaysia. The COVID-19 outbreak also resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries.

The Group's and the Company's operations have been disrupted by a series of precautionary and control measures taken by the government in response to the emergency of the pandemic. The Group and the Company have taken into account the impact of the pandemic on their results in the financial statements for the current financial year ended 31 December 2021.

As at the date of the financial statements are authorised for issuance, the COVID-19 situation is still evolving and unpredictable. As a result, it is not practicable for the Group and the Company to estimate the financial effect on their financial positions, results of operations or cash flows in the next financial year 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 the impact of COVID-19 on their operations and their financial performances. The Group and the Company will also be taking appropriate and timely measures to minimise the potential impact of the outbreak on the Group's and the Company's operation.

## 44. Subsequent Events

(a) On 3 January 2022, MGBCE, a wholly-owned subsidiary company of the Company, has entered into Share Sales Agreement with a third party for the disposal of all the equity interest in Prisma Craft Sdn Bhd ("PCSB"), for a cash consideration of Ringgit Malaysia Seven Hundred and Fifty Thousand (RM750,000.00) only. Consequently, PCSB has ceased to be an indirect wholly-owned subsidiary company of the Company.

(b) On 23 February 2022, MGBCE, a wholly-owned subsidiary company of the Company, has entered into Share Sale Agreement with a third party for the disposal of all the equity interest in YLT Consultancy Sdn Bhd ("YLT") for a cash consideration of Ringgit Malaysia Forty Five Thousand (RM45,000.00) only. Consequently, YLT has ceased to be associate company of MGBCE.

(c) On 14 March 2022, MGB Land Sdn Bhd, a wholly-owned subsidiary company of the Company, had subscribed one (1) ordinary share in Idaman Rawang Sdn Bhd ("IRSB") for a total cash consideration of Ringgit Malaysia One (RM1) only. Consequently, IRSB became an indirect wholly-owned subsidiary company of the Company.

## 45. Comparative figures

(a) IFRIC Agenda Decision on MFRS 123 *Borrowing Costs* ("Agenda Decision")

On 18 December 2018, the Malaysian Accounting Standards Board ("MASB") has issued for public comment six Tentative Agenda Decisions ("TAD") published by the IFRS Interpretations Committee, including the TAD on International Accounting Standards 23 Borrowing Costs ("IAS 23") relating to over time transfer of constructed good.

The MASB observed that non-private entities in the real estate industry might need to change their accounting policy as a result of the Agenda Decision on IAS 23. In ensuring consistent application of the MFRS, which are word-for-word the IFRS Standards, the MASB has decided that an entity shall apply the change in accounting policy as a result of the Agenda Decision on IAS 23 to financial statements of annual periods beginning on or after 1 July 2020.

Effective 1 July 2020, the Group had retrospectively applied the Agenda Decision and comparative figures have been restated as a result of transition requirement under Agenda Decision.

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 45. Comparative figures (cont'd)

(b) Reconciliation of consolidated financial statements

The impact of the adoption of the IFRIC Agenda Decision and reclassifications of certain comparative figures in the financial statements of the Group are as follows:

**Statements of Financial Position**

| | As previously reported RM | Effects on adoption of IFRIC Agenda Decision RM | As restated RM |
|---|---|---|---|
| **Group** | | | |
| **31.12.2020** | | | |
| **Current assets** | | | |
| Inventories | 10,760,594 | 67,908 | 10,828,502 |
| **Equity attributable to owners of the parent** | | | |
| Retained earnings | 79,845,640 | (44,943) | 79,800,697 |
| **Non-current liabilties** | | | |
| Deferred tax liabilities | (2,182,283) | (112,851) | (2,295,134) |
| **01.01.2020** | | | |
| **Current assets** | | | |
| Inventories | 19,707,320 | (610,695) | 19,096,625 |
| **Equity attributable to owners of the parent** | | | |
| Retained earnings | 65,619,826 | (464,128) | 65,155,698 |
| **Non-current liabilties** | | | |
| Deferred tax liabilities | (1,911,446) | 146,567 | (1,764,879) |

**Statements of Profit or Loss and Other Comprehensive Income**

| | As previously reported RM | Effects on adoption of IFRIC Agenda Decision RM | As restated RM |
|---|---|---|---|
| **Group** | | | |
| **31.12.2020** | | | |
| Cost of sales | (487,010,259) | 1,427,695 | (485,582,564) |
| Finance costs | (7,335,765) | (749,092) | (8,084,857) |
| Profit before tax | 22,694,217 | 678,603 | 23,372,820 |
| Taxation | (9,110,360) | (259,418) | (9,369,778) |
| Profit for the financial year | 13,583,857 | 419,185 | 14,003,042 |

**Statements of Cash Flows**

| | | | |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit before tax | 22,694,217 | 678,603 | 23,372,820 |
| Finance costs | 7,335,765 | 749,092 | 8,084,857 |
| Inventories | 8,946,726 | (678,603) | 8,268,123 |

# NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2021

## 46. Date of Authorisation for Issue

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 11 April 2022.

# LIST OF **MAJOR PROPERTIES**

## HELD AS AT 31 DECEMBER 2021

| Location | Description | Tenure | Net Book Value RM'000 | Approximately Land Area/ Built Up Area | Date of Acquisition | Approximately Age of Building (Years) |
|---|---|---|---|---|---|---|
| HS(D) 43658, PT 633/LOT 12021<br>Kawasan Perindustrian Nilai<br>FASA 1<br>71800 Nilai<br>Negeri Sembilan, Malaysia | Industrial land with a single storey detached factory building and ancillary buildings | Leasehold 60 years expiring on 27 September 2045 | 17,249 | 348,741 sq ft/<br>124,399 sq ft | 8 March 2002 | 19 |
| HS(D) LP6762-6771<br>No. PT 2539-2548<br>Langkap Light Industrial Park<br>Jalan Chui Chak<br>36700 Langkap<br>Perak, Malaysia | Industrial land with a single storey detached factory, single storey office block and ancillary buildings | Leasehold 60 years expiring on 29 November 2053 | 4,414 | 236,739 sq ft/<br>97,721 sq ft | 4 June 2002 | 25 |
| H-G, Block H, Sunway PJ@51A<br>Jalan SS9A/19, Seksyen 51A<br>47300 Petaling Jaya<br>Selangor, Malaysia | Office suite | Leasehold 99 years expiring on 01 July 2109 | 1,797 | 221 Sq metre | 18 June 2015 | 11 |
| H-7, Block H, Sunway PJ@51A<br>Jalan SS9A/19, Seksyen 51A<br>47300 Petaling Jaya<br>Selangor, Malaysia | Office suite | Leasehold 99 years expiring on 01 July 2109 | 1,222 | 280 Sq metre | 18 April 2011 | 11 |
| H-3A, Block H, Sunway PJ@51A<br>Jalan SS9A/19, Seksyen 51A<br>47300 Petaling Jaya<br>Selangor, Malaysia | Office suite | Leasehold 99 years expiring on 01 July 2109 | 1,206 | 271 Sq metre | 24 June 2015 | 11 |
| H-2, Block H, Sunway PJ@51A<br>Jalan SS9A/19, Seksyen 51A<br>47300 Petaling Jaya<br>Selangor, Malaysia | Office suite | Leasehold 99 years expiring on 01 July 2109 | 1,180 | 271 Sq metre | 19 October 2015 | 11 |
| H-6, Block H, Sunway PJ@51A<br>Jalan SS9A/19, Seksyen 51A<br>47300 Petaling Jaya<br>Selangor, Malaysia | Office suite | Leasehold 99 years expiring on 01 July 2109 | 1,177 | 271 Sq metre | 2 August 2012 | 11 |
| Unit No. 102<br>(No. 42, Jalan SP 5/4<br>Pusat Perdagangan BSP<br>Bandar Saujana Putra<br>42610 Jenjarom<br>Kuala Langat, Selangor) | Two storey shop office | Leasehold 99 years expiring on 24 November 2114 | 989 | 143.08 Sq metre | 27 February 2020 | 4 |
| Unit No. 101<br>(No. 46, Jalan SP 5/4<br>Pusat Perdagangan BSP<br>Bandar Saujana Putra<br>42610 Jenjarom<br>Kuala Langat, Selangor) | Two storey shop office | Leasehold 99 years expiring on 24 November 2114 | 989 | 143.08 Sq metre | 27 February 2020 | 4 |
| I-7, Block I, Sunway PJ@51A<br>Jalan SS9A/19, Seksyen 51A<br>47300 Petaling Jaya<br>Selangor, Malaysia | Office suite | Leasehold 99 years expiring on 01 July 2109 | 782 | 180 Sq metre | 20 April 2011 | 11 |

# ANALYSIS OF **SHAREHOLDINGS**

AS AT 23 MARCH 2022

## A. SHARE CAPITAL

Number of Issued Shares : 591,652,605
Class of Shares : Ordinary Shares
Voting Rights : One vote for each ordinary share held

## B. DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Holders | % | No. of Shares | % |
|---|---|---|---|---|
| 1 – 99 | 4,264 | 69.02 | 50,382 | 0.01 |
| 100 - 1,000 | 901 | 14.58 | 425,243 | 0.07 |
| 1,001 - 10,000 | 675 | 10.92 | 2,967,175 | 0.50 |
| 10,001 - 100,000 | 234 | 3.79 | 8,090,258 | 1.37 |
| 100,001 – 29,582,629 (*) | 98 | 1.59 | 148,515,920 | 25.10 |
| 29,582,630 AND ABOVE (**) | 6 | 0.10 | 431,603,627 | 72.95 |
| **TOTAL** | **6,178** | **100.00** | **591,652,605** | **100.00** |

Remark: * - less than 5% of issued shares
** - 5% and above of issued shares

## C. SUBSTANTIAL SHAREHOLDERS AND DIRECTORS' SHAREHOLDINGS

**Substantial Shareholders based on the Register of Substantial Shareholders**

| | | Direct | | Indirect | |
|---|---|---|---|---|---|
| | Name | No. of Shares Held | Percentage (%) Held | No. of Shares Held | Percentage (%) Held |
| 1. | LBS Bina Group Berhad | 347,029,329 | 58.65 | - | - |
| 2. | Gaterich Sdn. Bhd. | - | - | 347,029,329[(a)] | 58.65 |
| 3. | Tan Sri Dato' Sri Lim Hock San, *JP* | 1,076,800 | 0.18 | 347,029,329[(b)] | 58.65 |
| 4. | Datuk Wira Lim Hock Guan, *JP* | 1,520,000 | 0.26 | 347,029,329[(b)] | 58.65 |
| 5. | Datuk Lim Lit Chek | 84,574,298 | 14.29 | 1,650,800[(c)] | 0.28 |

**Directors' Shareholdings based on Register of Directors' Shareholdings**

| | | Direct | | Indirect | |
|---|---|---|---|---|---|
| | Name | No. of Shares Held | Percentage (%) Held | No. of Shares Held | Percentage (%) Held |
| 1 | Dato' Abdul Majit bin Ahmad Khan | - | - | - | - |
| 2 | Tan Sri Dato' Sri Lim Hock San, *JP* | 1,076,800 | 0.18 | 347,029,329[(b)] | 58.65 |
| 3 | Datuk Wira Lim Hock Guan, *JP* | 1,520,000 | 0.26 | 347,029,329[(b)] | 58.65 |
| 4 | Datuk Lim Lit Chek | 84,574,298 | 14.29 | 1,650,800[(c)] | 0.28 |
| 5 | Mr Lim Kim Hoe | - | - | - | - |
| 6 | Mr Chin Sui Yin | - | - | - | - |
| 7 | Dato' Beh Hang Kong | 3,239,985 | 0.55 | - | - |
| 8 | Puan Nadhirah binti Abdul Karim | - | - | - | - |

(a) *Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad.*
(b) *Deemed interested pursuant to Section 8 of the Companies Act, 2016 by virtue of shareholdings in LBS Bina Group Berhad through Gaterich Sdn. Bhd.*
(c) *Deemed interested by virtue of Section 59(11)(c) of the Companies Act, 2016.*

# ANALYSIS OF SHAREHOLDINGS
AS AT 23 MARCH 2022

## D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

| No. | Name | Shares Held | Percentage (%) |
|---|---|---|---|
| 1. | KENANGA NOMINEES (TEMPATAN) SDN. BHD.<br>LBS BINA GROUP BERHAD (3RD PARTY EDSP) | 115,100,000 | 19.45 |
| 2. | LIM LIT CHEK | 84,574,298 | 14.29 |
| 3. | RHB NOMINEES (TEMPATAN) SDN. BHD.<br>OSK CAPITAL SDN. BHD. FOR LBS BINA GROUP BERHAD | 78,000,000 | 13.18 |
| 4. | LBS BINA GROUP BERHAD | 64,979,329 | 10.98 |
| 5. | RHB NOMINEES (TEMPATAN) SDN. BHD.<br>INDUSTRIAL AND COMMERCIAL BANK OF CHINA (MALAYSIA) BERHAD<br>PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD | 52,550,000 | 8.88 |
| 6. | PUBLIC NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR LBS BINA GROUP BERHAD (SSA) | 36,400,000 | 6.15 |
| 7. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>MTRUSTEE BERHAD FOR PRINCIPAL DALI EQUITY GROWTH FUND<br>(UT-CIMB-DALI) (419455) | 13,378,300 | 2.26 |
| 8. | CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD.<br>CIMB COMMERCE TRUSTEE BERHAD - KENANGA GROWTH FUND | 13,300,000 | 2.25 |
| 9. | CITIGROUP NOMINEES (TEMPATAN) SDN. BHD.<br>KUMPULAN WANG PERSARAAN (DIPERBADANKAN) (KENANGA) | 11,387,300 | 1.93 |
| 10. | CITIGROUP NOMINEES (ASING) SDN. BHD.<br>EXEMPT AN FOR CITIBANK NEW YORK (NORGES BANK 14) | 8,000,000 | 1.35 |
| 11. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>NATIONAL TRUST FUND (IFM KENANGA) (410196) | 6,847,400 | 1.16 |
| 12. | CIMB ISLAMIC NOMINEES (TEMPATAN) SDN. BHD.<br>CIMB ISLAMIC TRUSTEE BERHAD - KENANGA SYARIAH GROWTH FUND | 6,330,900 | 1.07 |
| 13. | HSBC NOMINEES (TEMPATAN) SDN. BHD.<br>HSBC (M) TRUSTEE BHD FOR PRINCIPAL DALI OPPORTUNITIES FUND | 5,606,500 | 0.95 |
| 14. | YAYASAN GURU TUN HUSSEIN ONN | 5,100,000 | 0.86 |
| 15. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>ETIQA LIFE INSURANCE BERHAD (GROWTH) | 5,059,800 | 0.86 |
| 16. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>ETIQA LIFE INSURANCE BERHAD (PREM EQUITY) | 4,915,100 | 0.83 |
| 17. | CITIGROUP NOMINEES (TEMPATAN) SDN. BHD.<br>UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR PRINCIPAL<br>ISLAMIC SMALL CAP OPPORTUNITIES FUND | 4,768,400 | 0.81 |
| 18. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>ETIQA FAMILY TAKAFUL BERHAD (DANA EKUITI) | 3,714,500 | 0.63 |
| 19. | CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD.<br>CIMB COMMERCE TRUSTEE BERHAD - KENANGA MALAYSIAN INC FUND | 2,560,600 | 0.43 |
| 20. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>MAYBANK TRUSTEES BERHAD FOR PRINCIPAL SMALL CAP<br>OPPORTUNITIES FUND (240218) | 2,340,300 | 0.40 |

# ANALYSIS OF SHAREHOLDINGS
AS AT 23 MARCH 2022

## D. LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS (cont'd)

| No. | Name | Shares Held | Percentage (%) |
|---|---|---|---|
| 21. | KENANGA NOMINEES (TEMPATAN) SDN. BHD.<br>RAKUTEN TRADE SDN. BHD. FOR HOR KOK CHOONG | 2,180,000 | 0.37 |
| 22. | LIM KIM ENG | 2,149,800 | 0.36 |
| 23. | CARTABAN NOMINEES (TEMPATAN) SDN. BHD.<br>UNIVERSAL TRUSTEE (MALAYSIA) BERHAD FOR<br>KENANGA GLOBAL ISLAMIC FUND | 1,926,500 | 0.33 |
| 24. | CIMB GROUP NOMINEES (TEMPATAN) SDN. BHD.<br>CIMB COMMERCE TRUSTEE BERHAD - KENANGA PREMIER FUND | 1,901,600 | 0.32 |
| 25. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>PLEDGED SECURITIES ACCOUNT FOR BEH HANG KONG | 1,868,404 | 0.32 |
| 26. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>ETIQA LIFE INSURANCE BERHAD (DANA EKT PRIMA) | 1,862,200 | 0.31 |
| 27. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>ETIQA LIFE INSURANCE BERHAD (BALANCE) | 1,840,800 | 0.31 |
| 28. | NG SAN SAN | 1,650,800 | 0.28 |
| 29. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>ETIQA LIFE INSURANCE BERHAD (LIFE PAR) | 1,610,700 | 0.27 |
| 30. | MAYBANK NOMINEES (TEMPATAN) SDN. BHD.<br>ETIQA FAMILY TAKAFUL BERHAD (SYARIAH SEIMBG) | 1,477,600 | 0.25 |
| **Total** | | **543,381,131** | **91.84** |

# NOTICE OF **ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN THAT the Twentieth Annual General Meeting (**"20th AGM"**) of the Company will be conducted virtually via remote participation and electronic voting via the online meeting platform at TIIH Online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn. Bhd. on Wednesday, 15 June 2022 at 10.00 a.m. for the following purposes:

## AGENDA

| | | |
|---|---|---|
| 1. | To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. | **Please refer to the Explanatory Note 1** |
| 2. | To approve the payment of Directors' Fees and allowance of RM169,450 to the Non-Executive Directors in respect of the financial year ended 31 December 2021. | **Ordinary Resolution 1 (Please refer to the Explanatory Note 2)** |
| 3. | To approve the payment of Directors' benefits of up to RM29,700 to the Non-Executive Directors for the period commencing from 15 June 2022 until the next annual general meeting of the Company. | **Ordinary Resolution 2 (Please refer to the Explanatory Note 3)** |
| 4. | To declare a final single tier dividend of RM0.00493 per share in respect of the financial year ended 31 December 2021. | **Ordinary Resolution 3 (Please refer to the Explanatory Note 4)** |
| 5. | To re-elect the following Directors who are retiring in accordance with Article 90 of the Company's Constitution: | |
| | i) Tan Sri Dato' Sri Lim Hock San, *JP* | **Ordinary Resolution 4 (Please refer to the Explanatory Note 5)** |
| | ii) Dato' Beh Hang Kong | **Ordinary Resolution 5 (Please refer to the Explanatory Note 5)** |
| 6. | To re-appoint Messrs UHY as Auditors of the Company and to authorise the Directors to fix their remuneration. | **Ordinary Resolution 6** |

**AS SPECIAL BUSINESS**

To consider and, if thought fit, to pass with or without any modifications, the following resolutions:-

**7. AUTHORITY TO ALLOT AND ISSUE SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** — **Ordinary Resolution 7 (Please refer to the Explanatory Note 6)**

"THAT subject always to the Companies Act, 2016 (**"Act"**), the Constitution of the Company and the approvals of the relevant governmental and/or regulatory authorities, the Directors be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Act, to allot and issue shares in the Company from time to time at such price, upon such terms and conditions, for such purposes and to such person or person whomsoever as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being;

THAT the Directors be also empowered to obtain the approval for the listing and quotation of the additional shares so issued on the Bursa Malaysia Securities Berhad (**"Bursa Malaysia"**);

AND THAT such authority shall be continue in force until the conclusion of the next Annual General Meeting of the Company."

# NOTICE OF ANNUAL GENERAL MEETING

**8. PROPOSED RENEWAL OF EXISTING SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF A REVENUE OR TRADING NATURE ("PROPOSED SHAREHOLDERS' MANDATE")**

**Ordinary Resolution 8 (Please refer to the Explanatory Note 7)**

"THAT approval be and is hereby given pursuant to Chapter 10.09 of the Main Market Listing Requirements of Bursa Malaysia for the Company and its subsidiaries (**"the Group"**) to enter into the specified recurrent transactions of a revenue or trading nature with the related parties as stated in Section 2.4 of the Circular to Shareholders dated 29 April 2022 (**"the Circular"**) which is necessary for its day-to-day operations, in its ordinary course of business, made on an arm's length basis and on normal commercial terms of the Group and on such terms which are no more favourable to the related party than those generally available to the public and which are not detrimental to the minority shareholders of the Company;

THAT the approval given in the aforesaid paragraph, unless revoked or varied by the shareholders of the Company in its general meeting, shall continue to be in force until the conclusion of the next Annual General Meeting of the Company, following this general meeting at which this mandate is passed, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed or the expiration of the period within which the next Annual General Meeting after the date it is required to be held pursuant to Section 340(2) of the Act, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act), whichever is earlier;

THAT the aggregate value of the transactions conducted pursuant to the Proposed Shareholders' Mandate during the financial year of the Company be disclosed in the annual report by providing a breakdown of the aggregate value of the transaction, amongst others, based on the following information:

(i) the type of transactions made; and

(ii) the names of the related parties involved in each type of transactions made and their relationship with the Group.

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required or approved or permitted by the relevant authorities) as they may consider expedient or necessary or in the interests of the Company to give effect to the Proposed Shareholders' Mandate."

# NOTICE OF ANNUAL GENERAL MEETING

**9. PROPOSED PURCHASE BY THE COMPANY OF UP TO 10 PER CENTUM (10%) OF ITS ISSUED AND PAID-UP SHARE CAPITAL ("PROPOSED SHARE BUY-BACK")**

**Ordinary Resolution 9 (Please refer to the Explanatory Note 8)**

"THAT, subject to the Act, the Constitution of the Company, the Main Market Listing Requirements (**"Listing Requirements"**) of Bursa Malaysia and the approval of such relevant government and/or regulatory authorities where necessary, the Company be and is hereby authorised to purchase its own ordinary shares (**"Purchased Shares"**) on Bursa Malaysia (**"Proposed Share Buy-Back"**) at any time, upon such terms and conditions as the Board of Directors (**"Board"**) shall in their discretion deem fit and expedient in the best interest of the Company provided that:

(a) The aggregate number of Shares in the Company which may be purchased and/or held by the Company shall not exceed ten percent (10%) of the prevailing total number of issued shares of the Company at the time of purchase and the compliance with the public shareholding spread requirements as stipulated in Paragraph 8.02(1) of the Listing Requirements or such other requirements as may be determined by Bursa Malaysia from time to time;

(b) The maximum funds to be allocated by the Company for the Proposed Share Buy-Back shall not exceed the Company's latest audited retained profits of RM107,035,062 as at 31 December 2021;

(c) The authority conferred by this resolution will commence after the passing of this ordinary resolution and will continue to be in force until:-

    (i) the conclusion of the next Annual General Meeting (**"AGM"**) at which time it shall lapse unless by ordinary resolution passed at the meeting, the authority is renewed, either unconditionally or subject to conditions; or

    (ii) the expiration of the period within which the next AGM after that date is required by law to be held; or

    (iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in a general meeting; whichever occurs first; and

(d) Upon the purchase by the Company of its own Shares, the Board be and is hereby authorised:-

    (i) to cancel the Purchased Shares; and/or

    (ii) to retain the Purchased Shares as treasury shares for distribution as share dividends to the shareholders and/or resell through Bursa Malaysia in accordance with the relevant rules of Bursa Malaysia and/or transfer the treasury shares for the purposes of or under an employees' share scheme and/or as purchase consideration and/or cancel subsequently; and/or

    (iii) to retain part of the Purchased Shares as treasury shares and cancel the remainder of the shares; and/or

    (iv) In such manner as may be permitted pursuant to Section 127 of the Act, the provision of Listing Requirements and any other relevant authorities for the time being in force.

AND THAT authority be and is hereby given to the Board to take all such steps as necessary to implement, finalise and give full effect to and to implement the Proposed Share Buy-Back with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be required or imposed by the relevant authorities from time to time and to do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

10. To transact any other business of which due notice shall have been given in accordance with the Act.

# NOTICE OF ANNUAL GENERAL MEETING

## NOTICE OF DIVIDEND ENTITLEMENT

NOTICE IS HEREBY GIVEN that subject to the approval of the shareholders at the 20th AGM to be held on 15 June 2022, a final single tier dividend of RM0.00493 per share in respect of the financial year ended 31 December 2021 will be paid on 20 July 2022 to Shareholders whose name appear in the Company's Record of Depositors on 28 June 2022.

A Depositor shall qualify for entitlement only in respect of:

(a) Securities transferred into the Depositor's Securities Account before 4:30 p.m. on 28 June 2022 in respect of transfers; and

(b) Securities bought on Bursa Malaysia Securities Berhad on a cum entitlement basis according to the Rules of Bursa Malaysia Securities Berhad.

By Order of the Board,

**CHONG VOON WAH (SSM PC NO. 202008001343) (MAICSA 7055003)**
**KHOO WEI LEE (SSM PC NO. 201908001577) (MAICSA 7063165)**
Company Secretaries

Petaling Jaya, Selangor
Date : 29 April 2022

**Notes:**

(a) The 20th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (**"RPV"**) facilities.

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

(c) No member(s) or proxy(ies)/corporate representative(s)/attorney(s) shall be physically present or allowed to enter the Broadcast Venue on the day of the meeting.

(d) A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of Directors (**"Board"**) of the Company) and vote in his stead. A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) must register himself/herself via the TIIH Online website at https://tiih.online to attend, participate and vote remotely via the RPV facilities. Please read these Notes carefully and follow the procedures as set out in the Administrative Guide of the 20th AGM (**"Administrative Guide"**) which is available from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com or Company's corporate website at www.mgbgroup.com.my in order to participate remotely via RPV facilities. A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) may pose his/her questions via the platform as set out in the Administrative Guide.

(e) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

(f) Where a member is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with provision of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (**"omnibus account"**), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(g) The instrument appointing proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

(h) The appointment of a proxy may be made in hard copy form or by electronic form in the following manner not later than Tuesday, 14 June 2022 at 10.00 a.m.:

   (i) In hard copy form:

      (a) By hand or post to the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; or

      (b) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com

   (ii) By electronic form:

      (a) To submit Proxy Form electronically via TIIH Online at https://tiih.online

(i) For the purpose of determining who shall be entitled to participate the 20th AGM via RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 3 June 2022. Only members whose name appears on the Record of Depositors as at 3 June 2022 shall be entitled to participate and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.

(j) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 20th AGM will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

# NOTICE OF ANNUAL GENERAL MEETING

**Explanatory Notes to the Agenda:**

1. **Item 1 of the Agenda – Audited Financial Statements for the financial year ended 31 December 2021**

   Item 1 of the Agenda is meant for discussion only, as the provision of Section 340(1) of the Act does not require a formal approval of the shareholders for the Audited Financial Statements. Hence, this Agenda item is not put forward for voting.

2. **Ordinary Resolution 1 – Payment of Directors' Fees and allowance to Non-Executive Directors**

   The breakdown of the proposed payment of Directors' Fees and meeting allowance to Non-Executive Directors amounting to RM169,450 for the financial year ended 31 December 2021 is set out below:

| | **RM** |
|---|---|
| Directors' Fees | 145,200.00 |
| Meeting Allowance | 24,250.00 |
| **Total** | **169,450.00** |

   The payment of the Directors' Fees and allowance in respect of the financial year ended 31 December 2021 will only be made if the proposed Ordinary Resolution 1 has been passed at the 20th AGM.

3. **Ordinary Resolution 2 – Directors' benefits from 15 June 2022 to the next annual general meeting of the Company**

   The Directors' benefits payable to the Non-Executive Directors of up to RM29,700 comprise of meeting allowance which will only be made by the Company as and when incurred if the proposed Ordinary Resolution 2 has been passed at the 20th AGM. In determining the estimated total amount of the Directors' benefits, the Board has considered the number of scheduled meetings for the Board, Board Committees and general meetings as well as number of Non-Executive Directors involved in the meetings.

4. **Ordinary Resolution 3 – Final single tier dividend of RM0.00493 per share in respect of the financial year ended 31 December 2021**

   Ordinary Resolution 3, if passed, will allow the Company to pay the final single tier dividend of RM0.00493 per share in respect of the financial year ended 31 December 2021 on 20 July 2022 to Shareholders whose name appear in the Company's Record of Depositors on 28 June 2022.

5. **Ordinary Resolution 4 & 5 – Re-election of Directors who are retiring in accordance with Article 90 of the Company's Constitution**

   The profiles of the Directors who are standing for re-election at the 20th AGM are set out in the Board of Directors' Profile on page 9 and 12 of the Annual Report. Their shareholdings in the Company are set out in the section entitled "Analysis of Shareholdings" on page 204 of the Annual Report. A statement of the Board is supporting the re-election of the Directors and reason of supporting is disclosed on page 83 in the Corporate Governance Overview Statement of the Annual Report.

6. **Ordinary Resolution 7 – Authority to Allot and Issue Shares**

   The Ordinary Resolution proposed under Resolution 7 above for the renewal of general mandate in relation to the authorisation for allotment and issuance of shares by the Directors, if passed, will enable the Directors to issue up to 10% of the total number of issued shares of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority unless revoked or varied at a general meeting will expire at the next annual general meeting.

   The renewed mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment, working capital and/or acquisition.

   As at the date of this Notice, no new share of the Company was issued pursuant to the mandate granted to the Directors at the Nineteenth Annual General Meeting held on 3 August 2021.

7. **Ordinary Resolution 8 – Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

   Ordinary Resolution 8, if passed, will allow the Company and/or its subsidiaries to enter into the Recurrent Related Party Transactions in its ordinary course of business and the necessity to convene separate general meetings from time to time to seek shareholders' approval as and when such Recurrent Related Party Transactions occur would not arise. This will reduce substantial administrative time, inconvenience and expenses associated with the convening of such meetings, without compromising the corporate objectives of the Group or adversely affecting the business opportunities available to the Group. The shareholders' mandate is subject to renewal on an annual basis.

   Further information on the Recurrent Related Party Transactions is set out in the Circular to Shareholders dated 29 April 2022.

8. **Ordinary Resolution 9 – Proposed Purchase by the Company of up to 10 Per Centum (10%) of its Issued and Paid-Up Share Capital ("Proposed Share Buy-Back")**

   The Ordinary Resolution, if passed, will provide mandate for the Company to buy-back its own shares up to a limit of 10% of the existing total number of issued shares of the Company. Further information on Proposed Share Buy-Back is set out in the Statement to Shareholders dated 29 April 2022.

**STATEMENT ACCOMPANYING THE NOTICE OF THE TWENTIETH ANNUAL GENERAL MEETING**
**(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)**

*Details of individuals who are standing for election as Directors*

*No individual is seeking election as Director (excluding the Directors who are standing for re-election under Ordinary Resolutions 4 & 5) at the 20th AGM of the Company.*

*The Company will seek shareholders' approval on the general mandate for issue of securities in accordance with Paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. Please refer to the proposed Ordinary Resolution 7 as stated in the Notice of 20th AGM of the Company for the details.*

**PERSONAL DATA PRIVACY**

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, participate, speak and vote at the 20th AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the 20th AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the 20th AGM (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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MGB
VALUE DRIVEN INNOVATION

**MGB BERHAD**

Registration No.
200201021504 (589167-W)
(Incorporated in Malaysia)

# PROXY FORM

| NUMBER OF SHARES HELD | CDS ACCOUNT NO. |
|---|---|
| | |

I/We ______________________________________________________________________

*(Full Name in Block Letters)*

NRIC No./Passport No./Company No. ________________________________________

of ________________________________________________________________________

__________________________ Contact No./Email address __________________________

being a member/members of **MGB BERHAD** hereby appoint __________________________

__________________________ NRIC No./Passport No. ______________________________

of ________________________________________________________________________

and _______________________________________________________________________

NRIC No./Passport No. _____________________________________________________

of ________________________________________________________________________

or failing *him/her, the CHAIRMAN OF THE MEETING as my/our proxy to vote and act on my/our behalf at the Twentieth Annual General Meeting (**"20th AGM"**) of the Company to be conducted virtually via remote participation and electronic voting through the online meeting platform of TIIH Online website at https://tiih.online on Wednesday, 15 June 2022 at 10.00 a.m. and at any adjournment thereof.

| Resolutions | | For | Against |
|---|---|---|---|
| Ordinary Resolution 1 | Approval for the payment of Directors' Fees and allowance of RM169,450 to the Non-Executive Directors in respect of the financial year ended 31 December 2021. | | |
| Ordinary Resolution 2 | Approval for the payment of Directors' benefits of up to RM29,700 to the Non-Executive Directors for the period commencing from 15 June 2022 until the next annual general meeting of the Company. | | |
| Ordinary Resolution 3 | Approval for the payment of a final single-tier dividend of RM0.00493 per share in respect of the financial year ended 31 December 2021. | | |
| Ordinary Resolution 4 | Re-election of Tan Sri Dato' Sri Lim Hock San, *JP*, who retires in accordance with Article 90 of the Company's Constitution, and being eligible, offers himself for re-election. | | |
| Ordinary Resolution 5 | Re-election of Dato' Beh Hang Kong, who retires in accordance with Article 90 of the Company's Constitution, and being eligible, offers himself for re-election. | | |
| Ordinary Resolution 6 | Re-appointment of Messrs UHY as Auditors of the Company for the financial year ending 31 December 2022 and to authorise the Directors to fix their remuneration. | | |
| Ordinary Resolution 7 | Allotment and issuance of shares pursuant to Sections 75 and 76 of the Companies Act, 2016. | | |
| Ordinary Resolution 8 | Proposed Renewal of the Existing Shareholders' Mandate for Recurrent Related Party Transactions. | | |
| Ordinary Resolution 9 | Proposed Purchase of up to 10 per centum (10%) of the Issued and Paid-Up Share Capital of the Company. | | |

**Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on any resolutions as he/she/they may think fit.**

Signed this ____________ day of ____________________, 2022.

Signature: ____________________________________________
(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows:

**First Proxy**
No. of Shares: ____________
Percentage : ____________%

**Second Proxy**
No. of Shares: ____________
Percentage : ____________%

**NOTES:**

(a) The 20th AGM will be conducted on a virtual basis through live streaming and online remote voting via Remote Participation and Voting (**"RPV"**) facilities.

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

(c) No member(s) or proxy(ies)/corporate representative(s)/attorney(s) shall be physically present or allowed to enter the Broadcast Venue on the day of the meeting.

(d) A member of the Company entitled to attend and vote is entitled to appoint another person as his/her/its proxy to exercise all or any of his/her/its rights to attend, participate (including to pose questions to the Board of Directors (**"Board"**) of the Company) and vote in his stead. A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) must register himself/herself via the TIIH Online website at https://tiih.online to attend, participate and vote remotely via the RPV facilities. Please read these Notes carefully and follow the procedures as set out in the Administrative Guide of the 20th AGM (**"Administrative Guide"**) which is available from Company's announcement on Bursa Malaysia Berhad's website at www.bursamalaysia.com or Company's corporate website at www.mgbgroup.com.my in order to participate remotely via RPV facilities. A member or his/her/its proxy(ies)/corporate representative(s)/attorney(s) may pose his/her questions via the platform as set out in the Administrative Guide.

(e) Where a member appoints two (2) proxies, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy. A proxy may but need not be a member and there shall be no restriction as to the qualification of the proxy.

(f) Where a member is an exempt authorised nominee defined under the Securities Industry (Central Depositories) Act, 1991 which is exempted from compliance with provision of subsection 25A(1) of the Securities Industry (Central Depositories) Act, 1991 which holds ordinary shares in the Company for multiple beneficial owners in one Securities Account (**"omnibus account"**), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(g) The instrument appointing proxy must be signed by the appointor or his attorney duly authorised in writing or in the case of a corporation, be executed under its common seal or under the hand of its attorney duly authorised in writing.

(h) The appointment of a proxy may be made in hard copy form or by electronic form in the following manner not later than Tuesday, 14 June 2022 at 10.00 a.m.:
- (i) In hard copy form:
  - (a) By hand or post to the office of the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur; or
  - (b) By fax at 03-2783 9222 or e-mail to is.enquiry@my.tricorglobal.com
- (ii) By electronic form:
  - (a) To submit Proxy Form electronically via TIIH Online at https://tiih.online

(i) For the purpose of determining who shall be entitled to participate the 20th AGM via RPV facilities, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 3 June 2022. Only members whose name appears on the Record of Depositors as at 3 June 2022 shall be entitled to participate and vote at the said meeting or appoint proxies to attend and/or vote on his/her behalf.

(j) Pursuant to Paragraph 8.29A of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice of 20th AGM will be put to vote by way of poll. Poll Administrator and Independent Scrutineers will be appointed to conduct the polling process and verify the results of the poll respectively.

* *By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of 20th AGM dated 29 April 2022.*

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STAMP

**TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN. BHD.**
Registration No. 197101000970 (11324-H)
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Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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Fold this flap for sealing

www.mgbgroup.com.my


**MGB Berhad**

Registration No. 200201021504 (589167-W)

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