





Children Play Pool & Fun Water Slides, E'Island Lake Haven

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*Grand Entrance Statement, E'Island Lake Haven*

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Abbreviations  
Proxy Form



SCAN HERE to access to  
**GABUNGAN AQRS ANNUAL REPORT 2022**

All information provided is correct at time of print,  
and subject to changes

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your camera at the QR Code



**Access it**  
Get access to Gabungan AQRS's website



Gabungan AQRS Berhad is a construction and property development company based from Kota Damansara, Selangor. We were listed on Bursa Malaysia in July 2012, and have since grown to become a leading player in the Malaysian construction industry, with a diverse portfolio of projects in both the private and public sectors.

GBG's construction arm, GBG Construction, has been involved in multiple building and civil engineering projects such as high-rise buildings, residential and commercial developments, infrastructure, and transportation projects. The company also provides engineering services such as mechanical and electrical engineering, as well as project management services. Key projects that we are involved in include Klang Valley Mass Rapid Transit 1 ("KVMRT1"), Sungai Besi Ulu Kelang Expressway ("SUKE"), Light Rail Transit 3 ("LRT3"), East Coast Rail Line ("ECRL") and Pusat Pentadbiran Sultan Ahmad Shah ("PPSAS").



Our property development arm, GBG Property, prides itself on creating exceptional living spaces that people are proud to call home. Our team of experienced professionals including architects, engineers, project managers, and contractors work together to ensure that every project is completed to the highest standards of quality and safety, whilst incorporating the latest designs. To date, we have completed various landed commercial and residential projects in Selangor and Johor; with two ongoing high-rise property development projects.



# VISION

At Gabungan AQRS Berhad ("**GBG**"), our vision is to be the premier provider of innovative and sustainable construction and property development products. We strive to create exceptional buildings and communities that enhance the quality of life for our customers, while also preserving the environment for future generations. We are dedicated to building long-lasting relationships with our clients, partners, and employees, and to making a positive impact in the communities where we work. Our ultimate goal is to be recognized as a leader in the construction and property development industry, and to leave a lasting legacy of excellence, innovation, and sustainability.

# MISSION



Our mission is to create exceptional buildings and spaces that enhance the communities where we work. We are committed to providing our clients with the highest quality construction and property development services.

Ultimately, our goal is to be a trusted partner to our clients, delivering exceptional projects that meet their needs and exceed their expectations. We are proud to contribute to the growth and development of the communities where we work, creating buildings and spaces that inspire and enrich the lives of those who use them.

**INTEGRITY**

We believe in honesty, transparency, and accountability in all our dealings with employees, clients, and shareholders. We strive to act with integrity and treat others with respect and fairness.

**EXCELLENCE**

We are committed to delivering high-quality work and exceeding our clients' expectations. We strive for excellence in everything we do, from design to construction to client service.

**INNOVATION**

We believe in staying ahead of the curve and embracing new technologies and techniques to improve our work and benefit our clients. We encourage creativity and innovation in our employees and partners.

People-oriented: We prioritize the well-being and development of our employees, recognizing that they are the foundation of our success. We believe in fostering a positive and supportive workplace that encourages growth, learning, and collaboration.

**COMMITMENT**

We are committed to delivering exceptional work and building long-term relationships with our clients, employees, and partners. We believe in following through on our promises and delivering results that exceed expectations. We are committed to providing ongoing support and service to our clients even after the completion of our projects. We value loyalty and dedication in our employees and partners and believe that a strong commitment to our work is essential to our success.



## BOARD OF DIRECTORS

**Y.M. Tunku Alizan bin Raja Muhammad Alias**  
*Independent, Non-Executive Director and Chairman*

**Dato' Sri Azizan bin Jaafar**  
*Executive Director and Group Chief Executive Officer*

**Dato' Ow Chee Cheoon**  
*Executive Director and Group Deputy Chief Executive Officer*

**Dato' Kamisah binti Johan**  
*Non-Independent, Non-Executive Director*

**Dato' Muraly Daran A/L M Narayana Menon**  
*Independent, Non-Executive Director*

**Datuk Ir. Mohd Dom bin Ahmad**  
*Independent, Non-Executive Director*

**Masleena binti Zaid**  
*Independent, Non-Executive Director*

### AUDIT COMMITTEE

**Dato' Muraly Daran A/L M Narayana Menon**  
*Chairman*  
**Datuk Ir. Mohd Dom bin Ahmad**  
*Member*  
**Masleena binti Zaid**  
*Member*

### NOMINATION COMMITTEE

**Masleena binti Zaid**  
*Chairman*  
**Dato' Muraly Daran A/L M Narayana Menon**  
*Member*  
**Datuk Ir. Mohd Dom bin Ahmad**  
*Member*

### REMUNERATION COMMITTEE

**Datuk Ir. Mohd Dom bin Ahmad**  
*Chairman*  
**Dato' Muraly Daran A/L M Narayana Menon**  
*Member*  
**Masleena binti Zaid**  
*Member*

### RISK MANAGEMENT & SUSTAINABILITY COMMITTEE

**Datuk Ir. Mohd Dom bin Ahmad**  
*Chairman*  
**Y.M. Tunku Alizan bin Raja Muhammad Alias**  
*Member*  
**Dato' Sri Azizan bin Jaafar**  
*Member*  
**Dato' Ow Chee Cheoon**  
*Member*  
**Dato' Kamisah binti Johan**  
*Member*  
**Dato' Muraly Daran A/L M Narayana Menon**  
*Member*  
**Masleena binti Zaid**  
*Member*

### FORM OF LEGAL ENTITY

Incorporated in Malaysia on 20 August 2010 as a private limited company  
Converted to a public limited company on 17 January 2011

### COMPANY NUMBER

201001028608 (912527-A)

### STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad  
Sector : Construction  
Listing Date : 31 July 2012

|              |               |                 |
|--------------|---------------|-----------------|
|              | <u>Shares</u> | <u>Warrants</u> |
| Stock Name : | GBGAQRS       | GBGAQRS-WB      |
| Stock Code : | 5226          | 5226WB          |

### SECRETARY

**Ooi Li Ann**  
(SSM PC No.: 201908003060)  
(MAICSA 7065065)  
**Chua Siew Chuan**  
(SSM PC No.: 201908002648)  
(MAICSA 0777689)  
**Tan Ley Theng**  
(SSM PC No.: 201908001685)  
(MAICSA 7030358)

### SHARE REGISTRAR

**Securities Services (Holdings) Sdn Bhd**  
Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara, Damansara Heights,  
50490 Kuala Lumpur  
Telephone no. : 603-2084 9000  
Facsimile no. : 603-2094 9940

### REGISTERED OFFICE

G-58-3, Blok G, Jalan Teknologi 3/9,  
Bistari 'De' Kota, Kota Damansara,  
PJU 5, 47810 Petaling Jaya,  
Selangor Darul Ehsan  
Telephone no. : 603-6141 8181  
Facsimile no. : 603-6141 8872

### PRINCIPAL OFFICE

G-58-G, Blok G, Jalan Teknologi 3/9  
Bistari 'De' Kota, Kota Damansara,  
PJU 5, 47810 Petaling Jaya,  
Selangor Darul Ehsan  
Telephone no. : 603-6141 8181  
Facsimile no. : 603-6141 8871  
e-mail address : [enquiries@gbg.com.my](mailto:enquiries@gbg.com.my)

### AUDITORS

**Messrs Mazars PLT**  
(LLP0010622-LCA & AF 001954)  
Chartered Accountants  
Wisma Golden Eagle Realty, 11<sup>th</sup> Floor,  
South Block, No. 142-A Jalan Ampang,  
50450 Kuala Lumpur  
Telephone no. : 603- 2702 5222

### PRINCIPAL BANKERS

Maybank Islamic Berhad  
AFFIN Bank Berhad  
AmBank (M) Berhad  
United Overseas Bank (Malaysia) Bhd

### WEBSITE

[www.gbg.com.my](http://www.gbg.com.my)

# MILESTONES

## 2012



**JUL**  
Listed on Bursa Malaysia



**SEP**  
Secured MRT V1 contract worth RM303.5 million

## 2020

**JUN**

Secured a RM36.73 million contract to undertake drainage works for the East Coast Rail Link (ECRL) project in Pahang

**OCT**

Signed an Articles of Agreement with MRCBGK for GS04 of LRT3 for a lump-sum contract sum of RM710 million

**DEC**

Secured 358 units in property sales worth RM224.4 million

**DIVIDENDS**

1.0 sens (RM4.9m)

## 2021

**JAN**

Secured RM83.6 million contracts from Rembawang Holdings

**APR**

Dato' Kamisah Johan emerged as Substantial Shareholder

**DEC**

Secured 391 units in property sales worth RM194.0 million  
Voted top 26-50% by ESG Ratings amongst PLCs in FBM Emas (assessed by FTSE Russel)



CORPORATE MILESTONES  
(CONT'D)

2016

**APR**

- Appointment of Dato' Sri Azizan Jaafar as Group CEO
- Transformation Plan Initiated

**AUG**

Secured SUKE sub-contract worth RM628 million



2017

**OCT**

Appointed main contractor for package GS04 of LRT3

**3Q 2017**

Appointed turnkey contractor for PR1MA Gambang a sum of RM424 million

**DIVIDENDS**

2.0 sens (RM8.9m)



2019

**(AWARDS)**

- 1) Malaysia Best Employer Brand Award 2019 by 14<sup>th</sup> Employer Branding Awards
- 2) Best CEO for Investor Relations 2019 (Small Cap) by Malaysia Investor Relations Association
- 3) Ranked in top 11% of PLCs for overall CG Performance by Minority Shareholder Watchdog (MSWG) (2019)

**2Q 2019**

Relaunch the property development division

**DEC**

Secured 185 units in property sales worth RM84.7 million

**DIVIDENDS**

1.5 sens (RM7.4m)  
2:100 share dividend

**(AWARDS)**

- 1) Best Under Billion Award 2018 - Best Turnaround Story by Focus Malaysia
- 2) Best CEO for Investor Relations 2018 (Small Cap) by Malaysia Investor Relations Association
- 3) Ranked in top 7% of PLCs for overall CG Performance by Minority Shareholder Watchdog (MSWG) (2018)
- 4) Third Merit Award for Most Improved CG Disclosure 2018

**JUN**

Secured the SUKE Toll Plaza contract worth RM60 million

**DIVIDENDS**

5.0 sens (RM23.5m)

2022

**(AWARDS)**

- 1) Winner Best Waterfront High-Rise Development by PropertyGuru Asia Awards Malaysia with iProperty 2022

**MAR**

Secured RM31.8 million Sewer Pipe Relining works

**JUL**

Secured RM66.6 million of school project



# GROUP CORPORATE STRUCTURE



## CONSTRUCTION

100% — Gabungan Strategik Sdn Bhd

100% — Motibina Sdn Bhd

100% — Pembinaan Megah Ikhlas Sdn Bhd

100% — Sinajasa Sdn Bhd

IBS Manufacturing

49% — SEDCO Precast Sdn Bhd



## PROPERTY DEVELOPMENT

100% — AQRS The Building Company Sdn Bhd

— 100% Grand Meridian Development Sdn Bhd

— 100% Nusvista Development Sdn Bhd

100% GBG Property Sdn Bhd  
(f.k.a. Bright Reach Sdn Bhd)

— 100% GBG Pertama Sdn Bhd  
(f.k.a. Crystal Aspect Sdn Bhd)

100% — GBG Property (Sabah) Sdn Bhd  
(f.k.a. GBG Properties (Sabah) Sdn Bhd)

100% — Monolight IBS Building System Sdn Bhd

100% — Prestige Field Development Sdn Bhd

## OTHERS

100% — Gabungan AQRS Capital Berhad

100% — Gabungan AQRS Management Sdn Bhd

100% — Gabungan AQRS Properties Sdn Bhd

100% — GBG Trading Sdn Bhd

90% — Trusvest Sdn Bhd

30% — Kreatif Sinar Gabungan Sdn Bhd

# FINANCIAL HIGHLIGHTS

|                                                                                                        | 2022    | 2021<br>(Restated) |
|--------------------------------------------------------------------------------------------------------|---------|--------------------|
| <b>SUMMARISED STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (RM'000)</b> |         |                    |
| REVENUE                                                                                                | 337,771 | 324,802            |
| PROFIT BEFORE TAX                                                                                      | 22,853  | 25,733             |
| EBITDA                                                                                                 | 36,328  | 37,488             |
| NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS                                                              | 20,229  | 15,763             |

|                                                                    |                  |                  |
|--------------------------------------------------------------------|------------------|------------------|
| <b>STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER (RM'000)</b> |                  |                  |
| Total Non-Current Assets                                           | 92,104           | 94,851           |
| Total Current Assets                                               | 1,273,544        | 1,244,838        |
| <b>Total Assets</b>                                                | <b>1,365,648</b> | <b>1,339,689</b> |
| Share Capital                                                      | 355,614          | 355,614          |
| Reserves                                                           | 144,147          | 124,047          |
| Shareholder's Equity                                               | 499,761          | 479,661          |
| Non-controlling interests                                          | 1,813            | 2,108            |
| <b>Total Equity</b>                                                | <b>501,574</b>   | <b>481,769</b>   |
| Total Non-Current Liabilities                                      | 3,551            | 4,464            |
| Total Current Liabilities                                          | 860,523          | 853,456          |
| <b>Total Equity and Liabilities</b>                                | <b>1,365,648</b> | <b>1,339,689</b> |

|                                                                                              |           |           |
|----------------------------------------------------------------------------------------------|-----------|-----------|
| <b>SUMMARISED STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER (RM'000)</b> |           |           |
| Operating Profit before working capital changes                                              | 39,027    | 32,598    |
| Net Cash Flows (Used in)/From Operating Activities                                           | (26,983)  | 4,772     |
| Net Cash Flows From /(Used in) Investing Activities                                          | 7,519     | (44,924)  |
| Net Cash Flows From Financing Activities                                                     | 8,789     | 79,106    |
| Net Changes in Cash and Cash Equivalents                                                     | (10,675)  | 38,954    |
| Cash and Cash Equivalents at Beginning of Year                                               | (161,861) | (200,815) |
| Cash and Cash Equivalents at End of Year                                                     | (172,536) | (161,861) |

|                                              |          |         |
|----------------------------------------------|----------|---------|
| <b>FINANCIAL ANALYSIS</b>                    |          |         |
| EBITDA Margin                                | 10.73%   | 12.07%  |
| Profit/(Loss) Before Tax Margin              | 6.77%    | 7.92%   |
| Net Profit/(Loss) Margin                     | 5.99%    | 4.85%   |
| Free Cash Flow (RM'000)                      | (23,040) | 12,374  |
| Returns on Average Shareholders Equity (ROE) | 4.05%    | 3.29%   |
| Returns on Average Total Assets (ROA)        | 1.48%    | 1.18%   |
| Earnings Per Share (sen)                     | 3.73     | 2.97    |
| Cash and Bank Balances (RM'000)              | 150,334  | 156,192 |
| Total Borrowings (RM'000)                    | 303,068  | 273,879 |
| Net Gearing (x)                              | 0.30     | 0.24    |



AWARDS AND RECOGNITION  
(CONT'D)**01.  
Grade  
Registered G7  
for year  
(2018 to 14.01.20)**

by SME Corp  
Malaysia and CIDB  
Malaysia

**02.  
Malaysia Best  
Employer Brand  
Award 2018**

by 13<sup>th</sup> Employer  
Branding Awards

**03.  
Best Under Billion  
Awards 2018  
- Best Turnaround  
Story**

by Focus Malaysia

**04.  
Best CEO for  
Investor  
Relations  
2018 (Small Cap)**

by Malaysia Investor  
Relations  
Association

**05.  
3<sup>rd</sup> Merit Award  
for Most  
Improved CG  
Disclosure (2018)**

by Minority  
Shareholders Watch  
Group

**06.  
HR Asia Best  
Companies to  
Work for in Asia  
2018**

by HR Asia

**07.  
Appreciation of Best  
Practices on  
Construction Solid  
Waste Management  
(2019)**

by SWCorp Malaysia /  
KPKT

**08.  
Malaysia Best  
Employer Brand  
Award 2019**

by 14<sup>th</sup> Employer  
Branding Awards

**09.  
Community  
Development  
Recognition 2019**

by The Golden Tigers

**10.  
Best CEO for  
Investor  
Relations  
2019 (Small Cap)**

by Malaysia Investor  
Relations  
Association

**11.  
Gold Class 1  
Award**

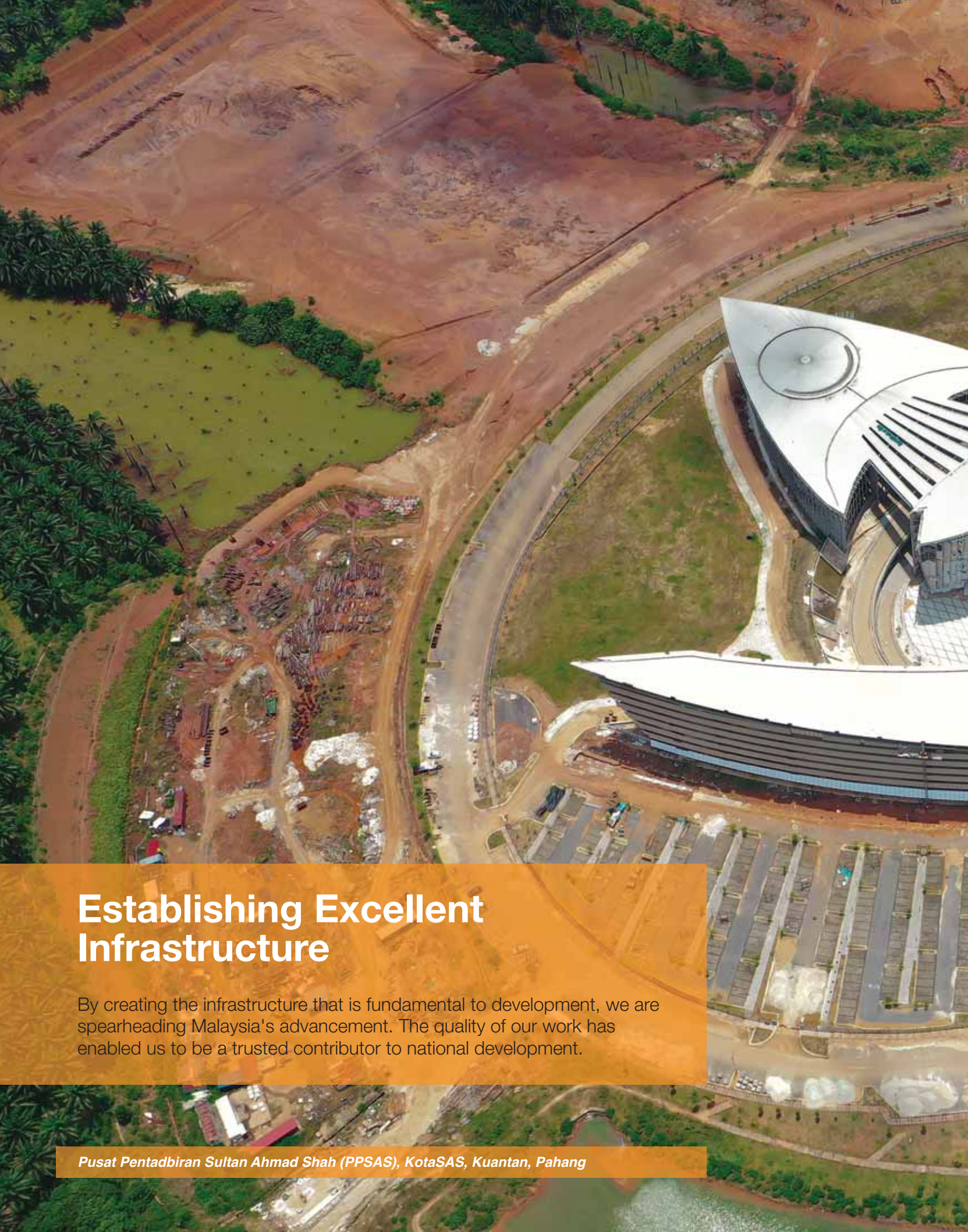
by the Malaysian  
Society For  
Occupational Safety  
And Health  
(MSOHS)

**12.  
Winner Best  
Waterfront  
High-Rise  
Development**

by PropertyGuru  
Asia Awards Malaysia  
with iProperty 2022

**13.  
Penghargaan  
Menunaikan  
Zakat melebihi  
RM100,000**

by Lembaga Zakat  
Selangor



# Establishing Excellent Infrastructure

By creating the infrastructure that is fundamental to development, we are spearheading Malaysia's advancement. The quality of our work has enabled us to be a trusted contributor to national development.

*Pusat Pentadbiran Sultan Ahmad Shah (PPSAS), KotaSAS, Kuantan, Pahang*



# MANAGEMENT DISCUSSION AND ANALYSIS

A portrait of Dato' Sri Azizan Jaafar, a middle-aged man with grey hair and a beard, wearing a dark blue suit jacket over a white shirt. He is standing in front of a wooden wall with warm, bokeh-style lights in the background. His hands are clasped in front of him, and he is wearing a watch and rings.

**DATO' SRI AZIZAN JAAFAR**  
Group Chief Executive Officer

**Dear shareholders,**  
**FYE 2022 was another productive year for GBG, and our prospects look bright as we leave threats of the pandemic behind. While the aftereffects of the pandemic continues to linger within the organisation, we are confident that with our focus, together with policies and processes that are in place, we would be able to continue to navigate towards being a stronger organisation.**

We managed to navigate the business toward growth despite the challenges that the construction and property development industries faced. Supply chain disruptions, labour shortages, volatile input costs, higher fuel prices, and rising interest rates have led to higher overall operating costs and delays in project timelines. Despite the challenges, we have managed to overcome huge setbacks, with the same tactical approaches that we have always employed in the past.

Moving out of the pandemic, hopes of optimism remain on the horizon. We think that the business landscape continues to remain challenging, stemming from both economic and social headwinds.

The Group managed to overcome various challenges which proves the resiliency of the business in navigating turbulent periods. This is further backed by the Group's ability to be rated a MARC-1 company by the Malaysian Rating Corporation in 2022, which assessments include the Group's businesses, management capability, and future cashflow generation.

As it stands, the group has a relatively strong outstanding construction orderbook of RM955.7 million and a tall unbilled property sale of RM353.9 million, which will ensure earnings and cashflow generation over the next 2-years. In November 2022, the Group also inked a joint development agreement with Prima Corporation to jointly develop a 100-acre township in Gambang, Kuantan; and will enhance our property development's earnings visibility from 2024 onwards.

Our fiscal strategies continue to be implemented throughout the organisation, focusing on cashflow management, cost optimisations, and borrowings. All of which have improved our overall cashflow liquidity positions. Monitoring of construction project costs optimisation, tracking of certifications and progress billings, and close follow-ups in our collections have also helped us in improving our overall liquidity positions.

### Financial Performance

Our financial statements for FYE 2022 demonstrate a solid financial performance. The Group's revenue increased by 4.0% compared to the previous year, reaching RM337.8 million. Gross profit margin improved by 1.7 percentage points to 18.1% in FYE 2022. Net income increased by 25.2%, amounting to RM4.1 million, indicating a positive trend of profitability in our operations. Profit before tax for the Group stood at RM22.9 million, 11.2% lower compared to FYE 2021. Positively in FYE 2022, our profit after tax grew by 25.2% to RM20.1 million, with an improvement in PAT margin to 6.0% compared to 5.0% recorded in FYE 2021.



SUKE (CA3) - Alam Damai, Cheras



E'Island Lake Haven - Overall Site View

The construction division registered a revenue of RM206.5 million or 61.1% of Group revenue, contributed by the ongoing construction projects such as the Light Rail Transit 3 (LRT3), Sungai Besi Ulu Kelang Expressway (SUKE), Pusat Pentadbiran Sultan Ahmad Shah (PPSAS), E'Island Lake Haven, Solitaire Suites and Teringin Sentral. Whereas, the property development division, having registered a 132.3% growth year-on-year, contributed 38.5% or RM130.1 million toward Group revenue.

In terms of costs, the Group registered an operating cost base of RM31.7million for FYE 2022, compared to RM29.5 million in FYE 2021. The increase in costs is a result of the recognition of net measurement of loss allowance for trade and other receivables of RM4.2 million and the Liquidated Ascertained Damages of RM5.1 million. Excluding these costs, the Group's overall overhead expenses were registered at RM27.5 million, compared to RM32.8 million in FYE 2021.

During the FYE 2022, we experienced an increase in finance costs compared to the previous year. This was primarily due to higher interest expenses on our borrowings. The increase in borrowing was necessary to finance the working capital requirements for our construction and property development projects, which have entered into higher productivity levels compared to FYE 2021. Additionally, as a results of the OPR hikes, interest rates on our borrowings increased during the year, which also contributed to the rise in finance costs. However, despite the increase in finance costs, our overall financial performance remained strong, with solid growth in revenue and profitability, and a positive outlook for future growth and profitability. We remain committed to managing our borrowing costs effectively and prudently while continuing to invest in our long-term strategic objectives.

Our strong financial performance during the year is attributed to several factors. Firstly, our revenue growth is due to higher work productivity achieved for our key projects, following the full reopening of the economic sector. Secondly, we continued to manage our core operating costs effectively, with an emphasis on operational efficiency and effective cost management. Finally, lower overall Group tax expenses, which declined by 71.9% year-on-year.

### Balance Sheet Stability

Our balance sheet continues to show stability, with total assets increasing by 1.9% to RM1.4 billion. Our total liabilities increased by 0.7% to RM864.1 million, which was mainly due to higher payables, but the increase was offset by higher equity as we continue to focus on our long-term financial stability.

In FYE 2022, we lodged our application for our inaugural ICP/IMTN Programme of RM200.0 million, with an accorded MARC-1 rating by the Malaysian Rating Corporation with an initial issuance of RM50.0 million. Tapping into the debt capital market is part of our long-term financing strategies, having a more diversified base of source of funding, that could potentially be more cost-efficient for the Group.

As at 31 December 2022, our total borrowings stood at RM303.1 million, which comprises RM264.0 million in short-term bank financing facilities, RM38.7 million in short-term Islamic Commercial Papers (ICPs), and RM0.4 million in long-term borrowings.



SUKE (CA3) - Alam Damai, Cheras

## RM1,365.6

Million

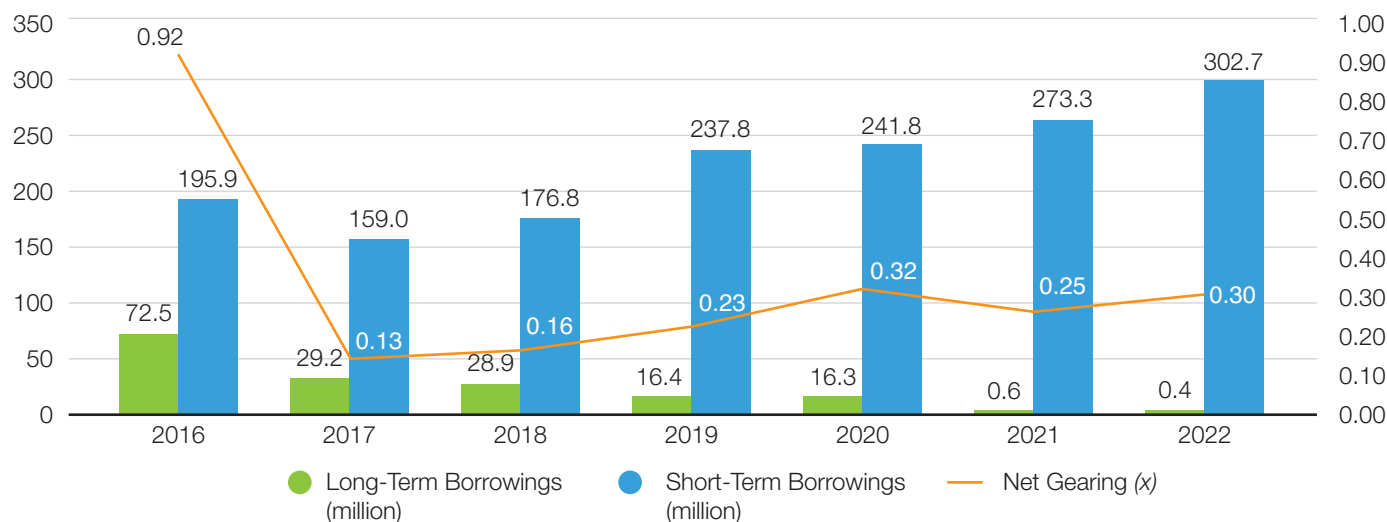
Total assets increased  
by 1.9%

## RM864.1

Million

Total liabilities increased  
by 0.7%

## Group Borrowings and Net Gearing

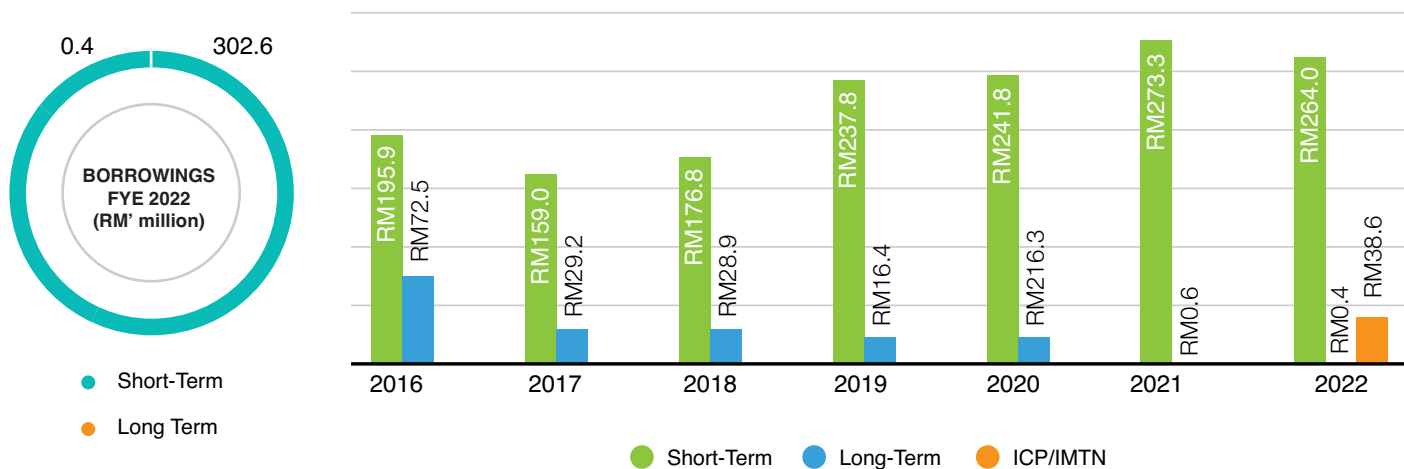


We note that 57% of our RM264.0 million short-term bank financing facilities are ring-fenced against project cashflows, particularly the projects of LRT3, PPSAS, and E'Island Lake Haven, all of which are expected to complete by the first half of FYE 2024, which will result in substantial borrowing repayments. Other projects within the Group mostly remain unencumbered.

Despite the challenging business environment, the Group continues to have a stable level of cash and cash equivalents. As at 31 December 2022, our total cash and cash equivalents stood at RM150.3 million, 3.8% or RM5.9 million lower year-on-year.

As a result of the above, our total net borrowings stood at RM152.7 million; which represents a gross gearing and net gearing ratio of 0.60x and 0.30x respectively.

## Group Borrowings and Net Gearing



## Segmental Earnings Review - Construction

| (RM million)   | 2021  | 2022  |
|----------------|-------|-------|
| Revenue        | 346.3 | 282.5 |
| Gross Profit   | 50.0  | 24.5  |
| PBT            | 40.8  | 6.2   |
| PAT            | 31.3  | 5.4   |
| <b>Margins</b> |       |       |
| GP             | 14.4% | 8.7%  |
| PBT            | 11.8% | 2.2%  |
| PAT            | 9.0%  | 1.9%  |

## Outstanding Construction

|           |                 |               |
|-----------|-----------------|---------------|
| Orderbook | RM1,095 million | RM956 million |
|-----------|-----------------|---------------|

In FYE 2022, the construction division registered a revenue of RM282.5 million, or 18.4% or RM63.8 million lower compared to FYE 2021. The lower revenue registered is because in the period of FYE 2022, a bulk of our projects are nearing completion. Correspondingly, the construction division registered a net profit of RM5.4 million, 82.7% lower compared to FYE 2021. The lower earnings are due to the abovementioned reason, coupled with net measurement of loss allowance for trade and other receivables of RM0.5 million.

Based on our experience, capabilities, and resources, we see opportunities from potential government and private construction projects. However, prospective projects will undergo an extensive internal assessment to ensure that the risk-reward parameters are of an optimal level, particularly in terms of cashflow generation and margins.

During FYE 2022, our construction division clinched a total of RM99 million in new construction orderbook, comprising two government-related projects for the upgrading of sewerage pipes in Klang and the construction of a school in Bandar Enstek. As at 31 December 2022, the Group's construction arm has an outstanding construction orderbook of RM956 million, which will sustain earnings cashflow and earnings contributions up to FYE 2024.



SUKE (CA3) - Alam Damai, Cheras



LRT3 (GS04) - Stadium Station, Shah Alam

**Segmental Earnings Review – Property Development Division**

| (RM million)                   | 2021<br>(Restated) | 2022            |
|--------------------------------|--------------------|-----------------|
| Revenue                        | 56.0               | 130.1           |
| Gross Profit                   | 3.5                | 34.7            |
| (LBT)/PBT                      | (12.0)             | 16.6            |
| (LAT)/PAT                      | (11.4)             | 16.1            |
| <b>Margins</b>                 |                    |                 |
| GP                             | 6.2%               | 26.6%           |
| (LBT)/PBT                      | -21.5%             | 12.8%           |
| (LAT)/PAT                      | -20.3%             | 12.3%           |
| Property Sales                 | RM194.0 million    | RM88.6 million  |
| Sold & Unbilled Property Sales | RM352.5 million    | RM353.9 million |

In FYE 2022, the property division reported revenue of RM130.1 million, an increase of 132.3% compared to the previous financial year. In terms of profitability, the division reported a profit after tax of RM16.1 million, compared to a loss after tax of RM11.4 million in FYE 2021. The property development division is currently developing properties worth RM1.1 billion comprising of two projects, namely E'Island Lake Haven in Puchong and The Peak in Johor Bahru City Centre. As at 31 December 2022, the projects have a take-up rate of 87% and 40% respectively. Additionally, we have completed and unsold inventories worth RM19.4 million, comprising of Contours in Melawati Heights and Kinrara Uptown in Lestari Perdana.

On 16 November 2022, we finalised a joint-development agreement with PR1MA Corporation Malaysia to jointly develop a landed township in Gambang, Kuantan with a total GDV of RM336.0 million and comprises of 1,065 units of landed homes. The development is targeted to be launched in the first half of FYE 2024.

**List of Ongoing and Future Property Development Projects**

| Development         | GDV             | Number of Units | Take-Up                  |
|---------------------|-----------------|-----------------|--------------------------|
| E'Island Lake Haven | RM501.8 million | 1,140           | 87%                      |
| The Peak            | RM689.0 million | 668             | 40%                      |
| Gambang Residensi   | RM336.0 million | 1,065           | To be launched in 1H2024 |

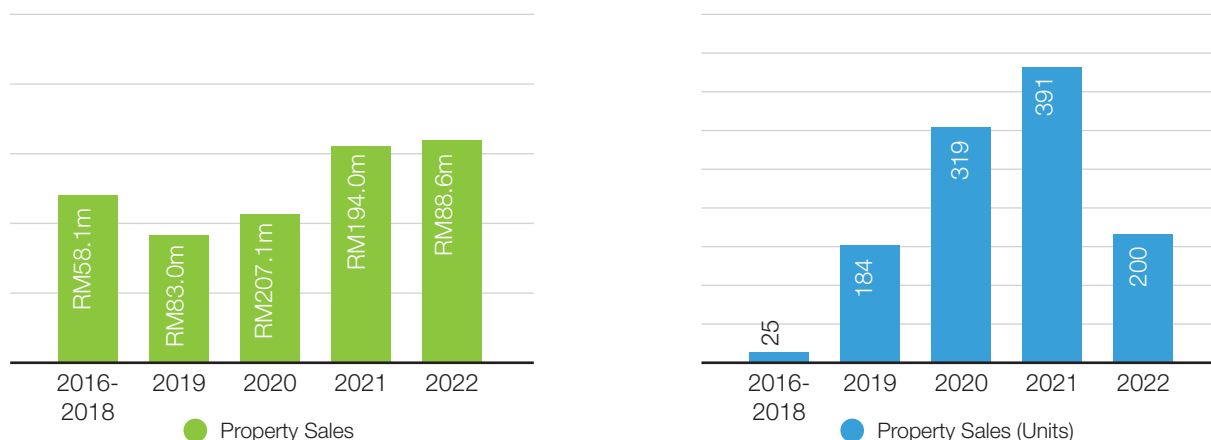
**List of Completed and Unsold Inventory**

| Development                | Balance Units | Unsold GDV     |
|----------------------------|---------------|----------------|
| Contours, Melawati Heights | 2             | RM9.3 million  |
| Kinrara Uptown             | 2             | RM10.1 million |

Please refer to pages 30-32 for updates on the individual property development projects.

We are pleased to report robust sales growth for our property development business during the year. The division achieved total sales of RM88.6 million, driven by the successful sales of E'Island Lake Haven, which has achieved a take-up rate of 87% as at 31 December 2022 and 89% as at 31 March 2023. Our focus on delivering high-quality properties, combined with our commitment to customer satisfaction, has enabled us to maintain and attract a loyal customer base.

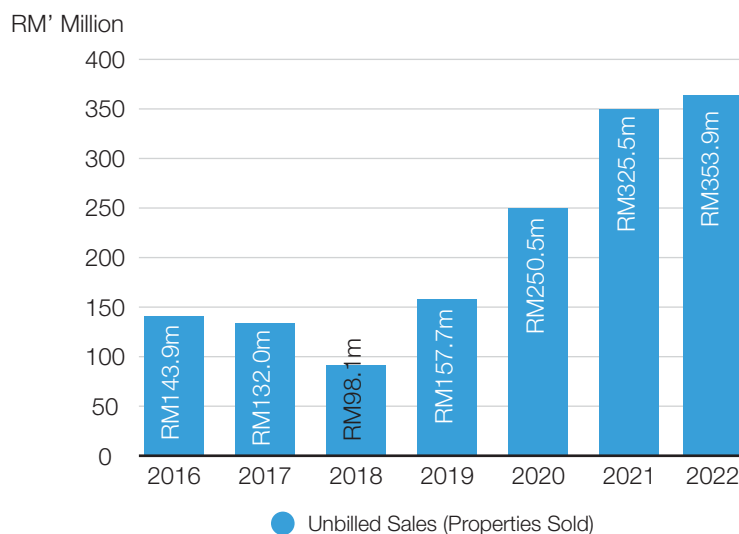
We sold a total of 200 units of properties worth RM88.6 million in FYE 2022. To recap, we relaunched our property development division in the second quarter of FYE 2019, which comprised 1,645 units of properties worth RM1.1 billion. Since then up to 31 December 2022, the property development division has sold 1,095 units of properties that are both ongoing and completed projects, representing a blended take-up rate of 67%.



Looking ahead, we remain confident in the prospects for our property development business. Our pipeline of projects, combined with our established reputation for quality and customer service, positions us well for future growth. We are committed to continuing to innovate and improve our operations to drive sustainable long-term growth and deliver value to our stakeholders.

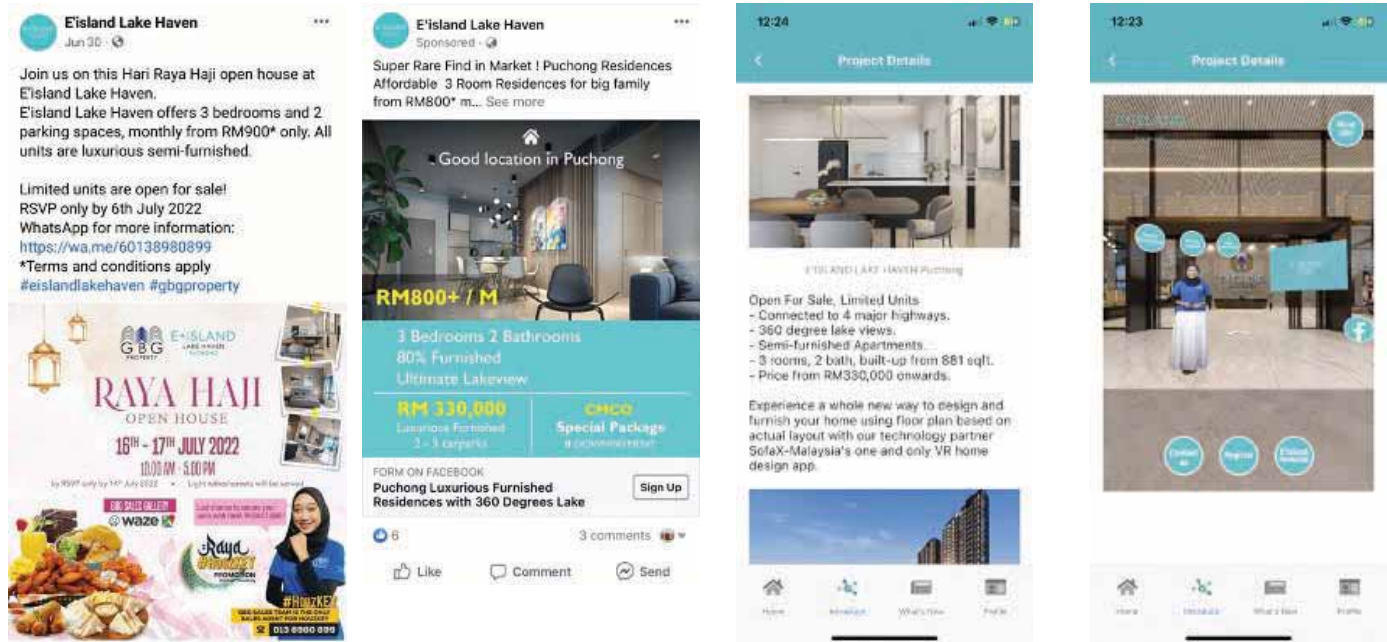
#### Unbilled Sales Stand at RM353.9 million

As at 31 December 2022, our total sold and unbilled sales stand at RM353.9 million, which will mostly be recognised from FYE 2023 up to 1HFY 2024. As a comparison, our total sold and unbilled sales stood at RM352.5 million on 31 December 2021.



### Digital Marketing Advertisements

Our team's efforts to streamline operations and improve efficiency have also contributed to this success. We have invested in digital technology to enhance our sales and marketing efforts, which has allowed us to reach a wider audience and target our messaging more effectively.



### Corporate Governance

Aside from adopting best practices of our Risk Management procedures, the Board, together with Management continues to implement steps to further enhance its Corporate Governance practices. During the year, the Board had a refreshed composition of Independent Directors, as outgoing Independent Directors were reaching the 9-year tenure mark.

In July 2022, we also announced that BDO PLT had voluntarily resigned as the external auditors of the company. It was part and parcel of the Group's aim to further heighten its Corporate Governance, given that the outgoing auditors had served the Group for more than 12 years. In August 2022, the Board of Directors appointed Mazars PLT as the new external auditor of the Group.

Besides adopting risk management practices, the Board continues to implement good corporate governance and ethical business conduct to support long-term value creation for all our stakeholders. Our policies have cascaded throughout our supply chain to encourage commitment to upholding corporate integrity and good business practices. The Board is committed to ensuring alignment in line with the spirit and practices of the Malaysian Code of Corporate Governance 2017.

# PROJECT UPDATES

## ON-GOING PROJECT

### KotaSAS, Kuantan, Pahang



## CONSTRUCTION

## PUSAT PENTADBIRAN SULTAN AHMAD SHAH (PPSAS)

PPSAS comprises of 4-storey Dewan Undangan Negeri, 7-storey Menteri Besar and State Secretary Office, 7-storey State Building Office, 7-storey Federal Building Office and related mechanical & electrical services and external works and infrastructure works.



### Date of Possession:

27 December 2016

### Status:

The project is expected to complete in 2023



CONTRACT VALUE

**RM410**  
million

## CONSTRUCTION

## ON-GOING PROJECT

Kuala Lumpur



## SUNGAI BESI – ULU KELANG EXPRESS WAY (SUKE) – CA3

The construction and completion of mainline and other associated works for package CA3 starts from CH. 4200 to CH. 7800 which makes the total length of approximately 5.2 km. The construction of package CA3 involves mainly elevated expressway mainline structure and minor construction for at grade. The package also involves the construction of Alam Damai interchange with five ramps - MA10, MA20, MA11, MA21 and MA30 and slip road Alam Damai.


**Date of Possession:**

29 August 2016

**Status:**

The project is expected to complete by 2023



Kuala Lumpur



CONTRACT VALUE

**RM720**  
million

## ON-GOING PROJECT

Shah Alam, Selangor

## CONSTRUCTION



Crossing ELITE Highway

LIGHT RAIL TRANSIT 3 (LRT3) –  
GS04

Construction and completion of guideway, stations, park and ride, ancillary buildings and other associated works for Package GS04 of an approximately 4.6 km in total starting from Stadium Melawati, Shah Alam. In October 2020, we signed the Articles of Agreement with MRCB George Kent (MRCBGK) in relation to our GS04 Light Rail Transit 3 construction package. Both partners have agreed to omit the provisional contract sum, the prime cost sum and the Temasya Station; reduce the scope of work for the Glenmarie and Stadium stations; and agreed to a lump-sum contract of RM709.8 million following our cost optimisation proposal.



Viaduct works in progress and cast in situ extended pier cap

## Date of Possession:

5 October 2017

## Status:

The project is expected to complete by 4Q23

Shah Alam,  
Selangor

Stadium Station (Station 10), Shah Alam



CONTRACT VALUE

**RM710**  
million

## CONSTRUCTION

## ON-GOING PROJECT

Kuantan, Pahang



## EAST COAST RAIL LINK (ECRL)

Construction and completion of subgrade, drainage works and culvert work from chainage 325+110 to Chainage 331+683 - Section 6.



## Date of Possession:

22 June 2020

## Status:

The project is expected to complete in 2023



CONTRACT VALUE

**RM37**  
million

## ON-GOING PROJECT

## Kuala Lumpur



## CONSTRUCTION

## SOLITAIRE SUITES

Provision of main building piling works, structural works, architectural finishes works, mechanical and electrical services, landscape works and local infrastructure works.



## Date of Possession:

1 Jun 2021

## Status:

The project is expected to complete in 2024



Kuala Lumpur



CONTRACT VALUE

**RM37.9**  
million

## CONSTRUCTION

## ON-GOING PROJECT

Kuala Lumpur



## TERINGIN SENTRAL

Provision of main building piling works, structural works, architectural finishes works, mechanical and electrical services, landscape works and local infrastructure works.



## Date of Possession:

1 July 2021

## Status:

The project is expected to complete in 2024



Kuala Lumpur



CONTRACT VALUE

**RM45.7**  
million


## ON-GOING PROJECT

## Klang &amp; Kuala Langat, Selangor



## CONSTRUCTION

## PIPE RELINING

Sewer pipe relining works under sub-package 2 for open excavation and pipe jacking works in Klang and Kuala Langat.



## Date of Possession:

7 February 2022

## Status:

The project is expected to complete in 1Q2025



Klang & Kuala Langat,  
Selangor



CONTRACT VALUE

**RM32**  
million

## CONSTRUCTION

## ON-GOING PROJECT

Bandar Enstek, Negeri Sembilan



## BANDAR ENSTEK SCHOOL

Construction of Sekolah Menengah Kebangsaan  
Pendidikan Khas Bandar Enstek, Negeri Sembilan



## Date of Possession:

2 August 2022

## Status:

The project is expected to  
complete in 2025



Bandar Enstek,  
Negeri Sembilan



CONTRACT VALUE

**RM66.6**  
million

## ON-GOING PROJECT

Johor Bahru, Johor



## PROPERTY DEVELOPMENT

THE PEAK,  
JOHOR BAHRU

A premium freehold commercial development of two 39-storey interconnected towers spread over 5.5 acres.



As at 31 December 2022, the project has achieved 270 units of sales worth RM234.9 million



**668**  
units



GROSS DEVELOPMENT VALUE

**RM689**  
million

## PROPERTY DEVELOPMENT

## ON-GOING PROJECT

Puchong, Selangor



## E'ISLAND LAKE HAVEN

An affordable luxury development comprising four low density towers on 19.1 acres of leasehold land



As at 31 December 2022, the project has achieved 985 units of sales worth RM423.5 million

Puchong,  
Selangor

**1,140**  
units



GROSS DEVELOPMENT VALUE

**RM502**  
million

## FUTURE PROJECT

## PROPERTY DEVELOPMENT

## Gambang, Pahang



## GAMBANG RESIDENSI

An affordable township comprising 1,065 landed homes in Gambang, Kuantan



## Status:

To be launched in 1H2024



Gambang,  
Pahang



**1,065**  
units

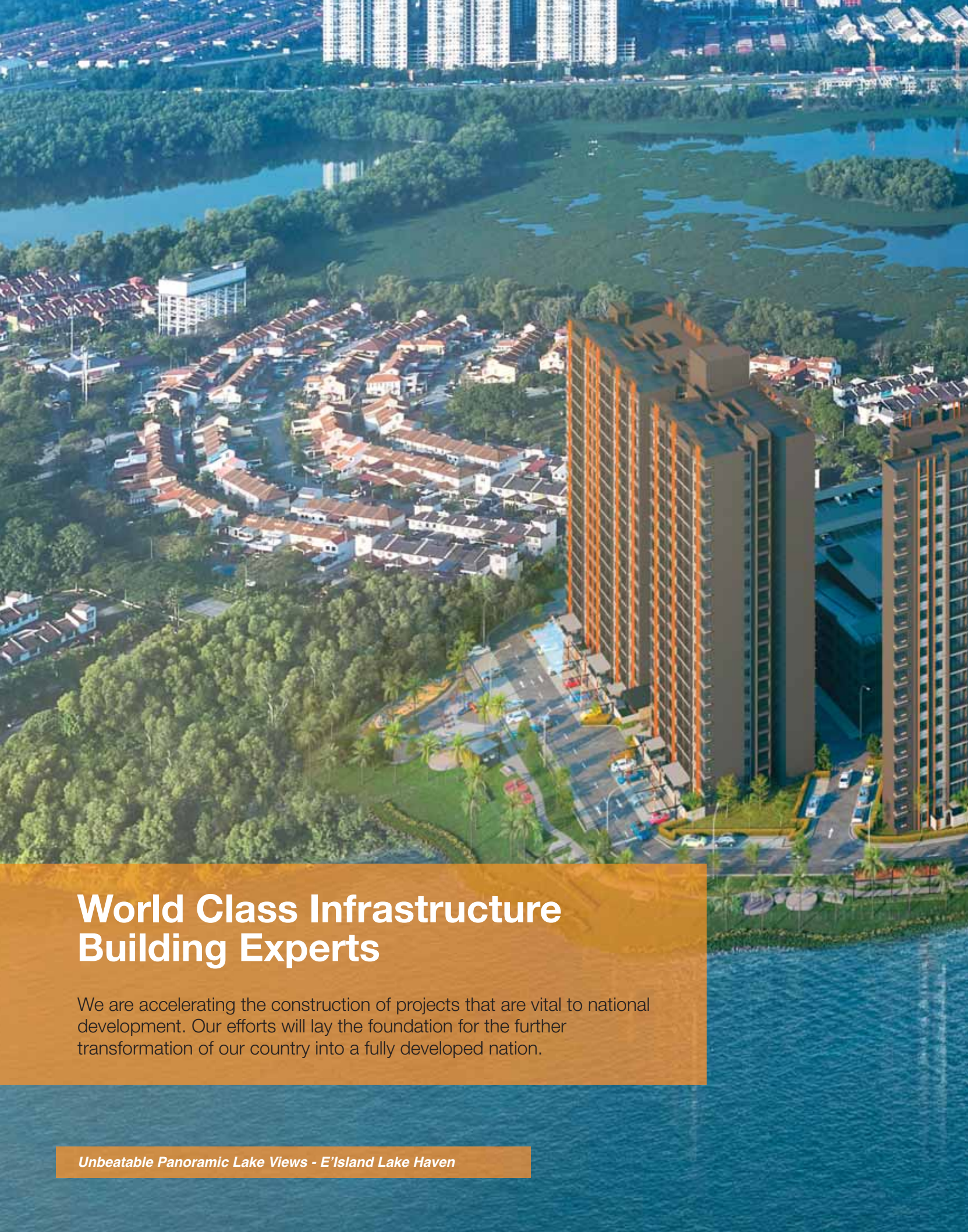


GROSS DEVELOPMENT VALUE

**RM338**  
million



*The Peak Johor Bahru*



# World Class Infrastructure Building Experts

We are accelerating the construction of projects that are vital to national development. Our efforts will lay the foundation for the further transformation of our country into a fully developed nation.

*Unbeatable Panoramic Lake Views - E'Island Lake Haven*



# BOARD OF DIRECTORS

FROM THE BOARD OF DIRECTORS



**Y.M. TUNKU ALIZAN BIN  
RAJA MUHAMMAD  
ALIAS**

Independent  
Non-Executive Director  
and Chairman



**DATO' SRI AZIZAN  
BIN JAAFAR**

Executive Director and  
Group Chief Executive  
Officer



**DATO' OW CHEE  
CHEOON**

Executive Director and  
Group Deputy Chief  
Executive Officer



**DATO' KAMISAH  
BINTI JOHAN**

Non-Independent  
Non-Executive Director





**DATO' MURALY DARAN  
A/L M NARAYANA MENON**

Independent  
Non-Executive Director



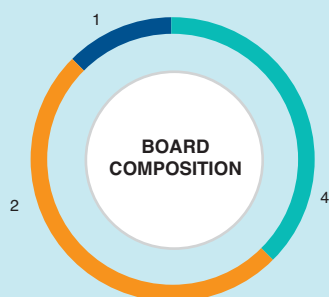
**DATUK IR. MOHD  
DOM BIN AHMAD**

Independent  
Non-Executive  
Director

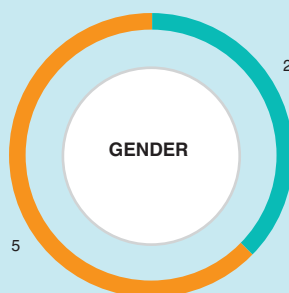


**MASLEENA  
BINTI ZAID**

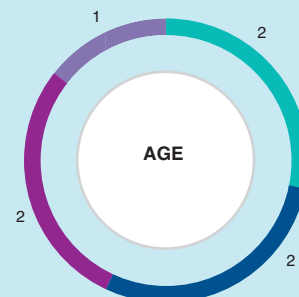
Independent  
Non-Executive Director



● Executive Director  
● Independent Non-Executive Director  
● Non-Independent Non-Executive Director



● Male  
● Female



● 45-49  
● 60-69  
● 55-59  
● 70 and above

# BOARD OF DIRECTORS' PROFILE

|                                                                                   |           |
|-----------------------------------------------------------------------------------|-----------|
|  | Aged 57   |
|  | Male      |
|  | Malaysian |



**Y.M. TUNKU ALIZAN  
BIN RAJA MUHAMMAD ALIAS**

Independent Non-Executive  
Director and Chairman

## Academic / Professional Qualifications:

- LLM from the University of Bristol (1993)
- LLB (Honours) from the University of Malaya (1991)

## Date of Appointment

- 17 March 2017
- Chairman of the Board

## Membership of Board Committees:



## No. of Board of Meeting Attended for FYE2022:



## Working Experience:

In 1991, **Y.M. Tunku Alizan bin Raja Muhammad Alias** was admitted as an Advocate & Solicitor of the High Court of Malaya. He formed Messrs. Zul Rafique & Partners in 1999 together with Dato' Zulkifly Rafique and several other partners. He has been exposed to a wide range of legal experiences in his thirty-two (32) years of post-qualification, specialising in the areas of Corporate and Construction Law.

## Directorships of other Public Companies:

Y.M. Tunku Alizan does not hold any directorship in other public companies and listed issuers.

His interest in the securities of the Company is as disclosed on page 252 and 254 of this Annual Report.

## Board Committee:



Chairman/Chairperson



Member

**AC** Audit Committee

**RC** Remuneration Committee

**NC** Nomination Committee

**RM  
SC** Risk Management &  
Sustainability Committee

BOARD OF DIRECTORS' PROFILE  
(CONT'D)**DATO' SRI AZIZAN  
BIN JAAFAR**Executive Director and  
Group Chief Executive Officer

|                                                                                     |           |
|-------------------------------------------------------------------------------------|-----------|
|  | Aged 55   |
|  | Male      |
|  | Malaysian |

**Working Experience:**

**Dato' Sri Azizan bin Jaafar** has more than 30 years of experience in the construction industry and 13 years in property industry. He began his career in 1990 with Warrington Martin as an Assistant Quantity Surveyor in Manchester, the United Kingdom. He then joined a London firm, Henry Riley & Sons in 1992 as a Quantity Surveyor and remained working in the United Kingdom until 1995. Upon returning to Malaysia, he became a Senior Quantity Surveyor at Taisei Corporation.

In 1996, he joined Ahmad Zaki Sdn Bhd as a Contracts General Manager, where he was subsequently appointed as a Senior Executive Director. During the period from 2005 to 2009, he was also responsible for the operations of Ahmad Zaki Sdn Bhd in India and Saudi Arabia.

In 2009, Dato' Sri Azizan started his business in construction where he founded Dasa Sentosa Sdn Bhd. In April 2013, he then expanded into the property development business after acquiring a stake in Tanah Makmur Kotasas Sdn Bhd. Today, KotaSAS, Bandar Baru Kuantan is recognized as the largest township in Pahang.

**Directorships of other Public Companies:**

At present, Dato' Sri Azizan is a director of all of our subsidiaries and holds several other directorships in a number of private limited companies.

His interests in the securities of the Company are as disclosed on pages 252 and 254 of this Annual Report.

**Academic / Professional Qualifications:**

- Bachelor of Science in Quantity Surveying from the University of Salford, United Kingdom (1992)

**Date of Appointment:**

- 6 July 2011  
Independent Non-Executive Director
- 2 November 2012  
Redesignated as Executive Director
- 25 April 2016  
Appointed as Chief Executive Officer
- 1 January 2017  
Redesignated as Group Chief Executive Officer

**Membership of Board Committees:****No. of Board of Meeting Attended for  
FYE2022:**

## BOARD OF DIRECTORS' PROFILE (CONT'D)

|                                                                                   |           |
|-----------------------------------------------------------------------------------|-----------|
|  | Aged 63   |
|  | Male      |
|  | Malaysian |



**DATO' OW CHEE CHEOON**

Executive Director and  
Group Deputy Chief Executive Officer

### Academic / Professional Qualifications:

- Bachelor of Engineering from Monash University, Australia (1986)

### Date of Appointment

- 6 July 2011  
Executive Director
- 25 April 2016  
Appointed as Deputy Chief Executive Officer
- 01 January 2017  
Redesignated as Group Deputy Chief Executive Officer

### Membership of Board Committees:



### No. of Board of Meeting Attended for FYE2022:



### Working Experience:

**Dato' Ow Chee Cheoon** has more than 31 years of experience in the construction and property development industries and is the co-founder of Motibina Sdn Bhd ("Motibina") and AQRS The Building Company Sdn Bhd ("AQRS"). He began his career in 1986 as a Site Engineer with Sungei Way Construction Sdn Bhd (now known as Sunway Construction Berhad), where he was involved in several property development as well as Civil Engineering projects. In 1989, he moved to Melbourne, Australia, where he took up a Municipal Engineer's position in the City of Mentone.

Subsequently, he joined an international builder, Baulderstone Hornibrook as a Project Engineer where he was actively involved in the construction of the Australian Commonwealth Offices, a high-rise building project in Melbourne. Dato' Ow then returned to Malaysia in 1991 and was appointed as an Executive Director of Dekon Sdn Bhd where he helmed and managed a staff force of over 80 employees until the year 1996. He was primarily responsible for the company's constructions business operations.

With his diverse experience in the construction industry, Dato' Ow co-founded Motibina in 1996 and formed AQRS in 2003. In AQRS, he is responsible for managing its day-to-day operations, strategic planning and business development.

### Directorships of other Public Companies:

He is currently a director of all of our subsidiaries and holds several other directorships in a number of private limited companies.

His interests in the securities of the Company are as disclosed on pages 252 and 254 of this Annual Report.

BOARD OF DIRECTORS' PROFILE  
(CONT'D)**DATO' KAMISAH BINTI JOHAN**Non-Independent  
Non-Executive Director

|           |  |
|-----------|--|
| Aged 47   |  |
| Female    |  |
| Malaysian |  |

**Working Experience:**

**Dato' Kamisah Binti Johan**, is the founder and Group Executive Chairman of Rembawang Holdings Sdn Bhd. Dato' Kamisah is a self-made entrepreneur and has more than 11 years of experience in the Property Development sector. She began her career at the age of 17, starting out in hospitality before going into sales, working for several leading hospitality and property development companies.

In 2009, Dato' Kamisah established her investment holding and property development business with Rembawang Holdings Sdn Bhd and was tasked with overseeing and steering the business through the utilisation of her business acumen for Property Development. Rembawang's flagship residential development project, popularly known as Teringin @ Sri Ukay, is an Award Winner for Residential Development Malaysia at the Asia Pacific Property Awards 2020 organised by International Property Media. The internationally acclaimed development was also awarded the Best Landed Development of the year, Best Life Style Landed Development and Best Luxury Landed Development at the iProperty Development Excellence Awards 2021.

With her excellent entrepreneurship and management skills compiled with her resilience and philanthropic attributes, Dato' Kamisah was recently lauded with several accolades, namely Woman Property Icon of the Year at the Malaysia Excellence Business Award (MEBA) 2018, co-organised by the Dewan Industri & Perdagangan Malaysia and Malaysia Digital Chamber of Commerce. Dato' Kamisah was also accorded the Corporate Social Responsibility Award 2018 at the CSR Malaysia Awards 2018 and Brand Laurette CSR Brand Leadership Awards 2018.

**Directorships of other Public Companies:**

At present, Dato' Kamisah does not hold any directorship in other public companies and listed issuers.

Her interests in the securities of the Company are as disclosed on pages 252 and 254 of this Annual Report.

**Date of Appointment:**

- 12 August 2021  
Non-Independent  
Non-Executive Director

**Membership of Board Committees:****No. of Board of Meeting Attended for FYE2022:**

## BOARD OF DIRECTORS' PROFILE (CONT'D)

|                                                                                   |           |
|-----------------------------------------------------------------------------------|-----------|
|  | Aged 72   |
|  | Male      |
|  | Malaysian |



**DATO' MURALY DARAN  
A/L M NARAYANA MENON**

Independent Non-Executive Director

### Academic / Professional Qualifications:

- Completed ACCA exams (1974)
- Fellow of the Association of Chartered Certified Accountants (FCCA), United Kingdom
- Past Member Malaysian Institute of Accountants
- Fellow of the International Council, Lloyds.earle.panicker (International Accountants and Corporate Advisors) (since 2004)

### Date of Appointment:

- 28 February 2022  
Independent Non-Executive Director

### Membership of Board Committees:



### No. of Board of Meeting Attended for FYE2022:



### Working Experience:

**Dato' Muraly Daran A/L M Narayana Menon** was appointed to the Board of Directors on 28 February 2022. He was the Chief Executive Officer of Amanah Raya Berhad from year 2000 to 2003. He served as Managing Director of UBB Amanah Berhad (formerly known as UBB (Malaysia) Trustee Berhad) for a period of about 9 years from September 2003.

Prior to his appointment by Amanah Raya Berhad, Dato' Muraly Daran had served with the Malaysian Ministry of Finance as Senior Treasury Accountant. Dato' Muraly Daran has over 40 years' experience in trustee services, financial management, investment portfolio management and accounting. During his service with the Government of Malaysia, he was bestowed with three titles, namely DPMP, PMP and AMN.

### Directorships of other Public Companies:

Dato' Muraly Daran also holds directorships in LYC Healthcare Berhad, Digital Trustees Berhad and ZICO Trust (M) Berhad. He also holds directorships in several private limited companies.

BOARD OF DIRECTORS' PROFILE  
(CONT'D)**DATUK IR MOHD DOM BIN AHMAD**

Independent Non-Executive Director

|           |  |
|-----------|--|
| Aged 60   |  |
| Male      |  |
| Malaysian |  |

**Working Experience:**

**Datuk Ir. Mohd Dom bin Ahmad** started his career with Pernas Engineering Sdn Bhd as a Civil Engineer. He left Pernas Engineering Sdn Bhd in 1989 and joined HSS Integrated Sdn Bhd in 1990 as a Civil Engineer and was later promoted to Assistant Resident Engineer.

He left HSS Integrated Sdn Bhd in 1993 and joined MTD Group in 1994 as a Project Manager and worked his way up within the group and got promoted to the Chief Operating Officer ("COO") of Alloy Group and holding directorships in multiple private companies within the group. During his tenure with MTD and Alloy Group, he was overseeing multiple transmission line, building, housing, roadworks, bridges and highway projects.

He was also in charge of the operation and maintenance of tolled highways in Malaysia and Philippines. He left his position as the COO in 2011 and was redesignated as the Technical Advisor of Alloy and MTD Group and eventually retired from Alloy and MTD Group in 2016.

Datuk Ir. Mohd Dom Bin Ahmad has founded his own construction company MDA Builders Sdn Bhd since 2017 and is acting as their Managing Director currently.

**Directorships of other Public Companies:**

At present, Datuk Ir. Mohd Dom bin Ahmad also holds directorship in Mestron Holdings Berhad.

**Academic / Professional Qualifications:**

- Degree in Civil Engineering with Hons from University of Technology Malaysia (1986)
- Member of the Institute of Engineers Malaysia (IEM)
- Registered professional engineer with the Board of Engineer Malaysia (BEM)

**Date of Appointment:**

- 28 February 2022  
Independent Non-Executive Director

**Membership of Board Committees:****No. of Board of Meeting Attended for FYE2022:**

## BOARD OF DIRECTORS' PROFILE (CONT'D)

|                                                                                   |           |
|-----------------------------------------------------------------------------------|-----------|
|  | Aged 48   |
|  | Female    |
|  | Malaysian |



**MASLEENA BINTI ZAID**

Independent Non-Executive Director

### Academic / Professional Qualifications:

- L.L.B. (Hons) graduate from Sheffield Hallam University, United Kingdom
- High Court of Malaya as an advocate and solicitor (2001)
- Registered Trade Mark Agent

### Date of Appointment:

- 28 February 2022  
Independent Non-Executive Director

### Membership of Board Committees:



### No. of Board of Meeting Attended for FYE2022:



### Working Experience:

**Puan Masleena Binti Zaid** was appointed as an Independent Non-Executive Director of the Company on 28 February 2022.

Her predominantly areas of practise are corporate, commercial and company law. Her portfolio includes providing advice to corporate clients which matters varies from liaising with relevant authorities for clients, dealing with human management issues, conveyancing matters and preparing agreements and on case-to-case basis.

Prior to founding Masleena, Yee & Partners, Puan Masleena was with the Securities Commission of Malaysia as Senior Prosecuting Officer and subsequently with the Companies Commission of Malaysia (SSM) as Head of Interest Scheme Section and acting Head for the Insolvency Section.

### Directorships of other Public Companies:

At present, Puan Masleena also holds directorships in Sinmah Capital Berhad, Eastland Equity Berhad, UBB Amanah (Labuan) Limited, UBB Investment Bank Limited, ECA Integrated Solution Berhad and various other private limited companies.



A successful organisation relies on the performance of one of its key assets – employees. Under the leadership of Dato' Sri Azizan, we formed "TEAM GBG". Instilled with a professional organisation working culture, we have built a resource of employees that are highly committed, rightly experienced and loyal, enabling us to deliver quality projects and in time.

# KEY SENIOR MANAGEMENT



**Ir. BAKRI BIN ISHAK**

Managing Director,  
Construction Division



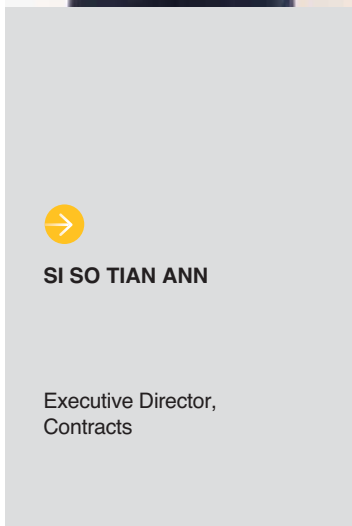
**Ir. TAI JIUNN HONG**

Managing Director,  
Property Division



**ABD RAZAK  
BIN ABD MANAN**

Executive Director,  
Operations



**SI SO TIAN ANN**

Executive Director,  
Contracts



**SR. MUSTAFA  
BIN MOHD SAID**

Vice President,  
Contracts



**THUM PENG YONG**

Vice President,  
Operations

**CHEW WEI SHIN**

Vice President,  
Development

**MUHAMMAD RIDHWAN  
BIN EFFENDY**

Vice President,  
Strategic Planning & Investment  
(CEO's Office)

**NAZARUL HISHAM  
BIN SABARDIN**

Vice President,  
Mechanical & Electrical (M&E)

**UMMI SA'ADAH  
BINTI SALLEH HUDIN**

Group Financial Controller

**OOI LI ANN**

Joint Company Secretary



## KEY SENIOR MANAGEMENT PROFILE



Managing Director, Construction Division

**IR. BAKRI BIN ISHAK**

|           |  |
|-----------|--|
| Aged 62   |  |
| Male      |  |
| Malaysian |  |

### Academic / Professional Qualifications:

- Bachelor Degree in Civil Engineering (Hons) from University Malaya (1985)
- Postgraduate Master Degree in Civil and Environmental Engineering from Kumamoto University, Japan (1994)
- Registered Practising Professional Engineer with Board of Engineers Malaysia (1995)

### Date of Appointment:

- 02 April 2012 – Operation Director
- 26 May 2016 – Redesignated as Chief Operating Officer of Construction Division
- 1 March 2018 – Promoted as Managing Director

### Working Experience:

Upon graduation in 1985, **Ir. Bakri bin Ishak** began his career as a Design Engineer with the Public Works Department of Malaysia (JKR) and later was subsequently promoted as a District Engineer. After ten years of service, JKR sent him for a Master's Degree in Japan for two years and upon returning in 1994, he was seconded to KLIA Berhad to lead the construction of KL International Airport (KLIA) in Utilities Department as Assistant General Manager, Construction. Subsequently, he joined Ahmad Zaki Sdn Bhd (AZRB) as a Project Manager and been promoted as General Manager 3 years later. After eleven years of service in AZRB, he left as an Executive Director, Operation and joined Gabungan Strategik Sdn Bhd as an Operation Director in 2012.

With about 37 years working experience in the construction industry, Ir. Bakri has vast hands-on experience as Project Manager and Project Director for various construction projects including low-medium rise buildings, high-rise buildings and infrastructure of both urban elevated highways, interchange, rail tracks including the first Mass Rapid Transit V1 (MRT-V1), Jalan Duta Highway, Persiaran Putrajaya and other developments such as housing, apartments and shop lot development, hospitals, stadiums, universities, mosques and other public amenities such as the iconic Masjid Tuanku Mizan (Putrajaya), Universiti Teknologi Petronas and several other prominent buildings.

With his great exposure in construction of variety of projects, the educational team of UTM Razak School and KLIA College invited him to be a guest lecturer to specifically share his valuable experience and to give a lecture on Safety Engineering to Executive Master in Occupational Safety & Health (EMOSH) course students. Aside that, he also was selected to be a member of various subcommittee as a Technical Advisor for CIDB, UTM Razak School and KLIA College. His experience and service in Construction Industry has been recognised and been conferred the 'Anugerah Tokoh Industri Pembinaan' during the KLIA College Convocation in 2018.

|                                                                                   |           |
|-----------------------------------------------------------------------------------|-----------|
|  | Aged 45   |
|  | Male      |
|  | Malaysian |

**IR. TAI JIUNN HONG**

Managing Director, Property Division

**Academic / Professional Qualifications:**

- Bachelor Degree in Civil Engineering (Honours) majoring in Construction Management from University of Technology Malaysia (2001)
- Master of Business Administration (Honours) majoring in Finance and Strategic Management from University of Malaya (2005)
- Board of Engineer (BEM) Registered Professional Engineer with Practising Certificate (PEPC) (since 2006)
- Corporate Member of International Real Estate Federation (FIABCI) Malaysian Chapter (since 2013)
- Member and Sub-Committee of REHDA Selangor Chapter, Malaysia (since 2015)

**Date of Appointment:**

- March 2015 – Division Head
- 26 May 2016 – Redesignated as Chief Operating Officer of Property Division
- 1 March 2018 – Promoted as Managing Director, Property Division

**Working Experience:**

**Ir. Tai Jiunn Hong** has more than 22 years of working experience in the industry of civil, structural, geotechnical engineering and property development. He began his career with Tonkin & Taylors Malaysia as a Structural and Geotechnical Engineer in 2001. He was involved in the Perbadanan Putrajaya Complex and the iconic Arch Structure, Putrajaya Boat House, Bank Negara Financial Services Resource Center (FSRC) as well as mega infrastructure project, the KL Monorail.

He obtained his Masters of Business Administration with major in Finance and Strategic Management in 2005 and subsequently moved into property development. He joined CP Landmark Sdn Bhd in 2005 and was involved in the redevelopment of the mixed development of Queensbay, Penang. During his tenure with CP Landmark Sdn Bhd, he was leading the development planning, construction and tenancy of the longest mall in Penang, Queensbay Mall, alongside with the development and construction of Eastin Hotel Penang, landed residentials and condominiums.

In year 2008, he joined Bandar Raya Development Berhad ("BRDB") and with the company for more than 6 years as an Assistant General Manager. One of his first role in BRDB was the redevelopment of boutique premium malls namely, Bangsar Shopping Center (BSC), of which he was leading the development, tenants mix planning and construction of the live mall aside with the development of BRDB Tower adjoining BSC. Subsequently, he was in charged for the development of the renowned high-end condominium, Serai at Bukit Bandaraya and few more high-end mixed and integrated development locally and overseas.

## KEY SENIOR MANAGEMENT PROFILE (CONT'D)



|           |  |
|-----------|--|
| Aged 55   |  |
| Male      |  |
| Malaysian |  |

**ABD RAZAK BIN ABD MANAN**  
Executive Director, Operations

### Academic / Professional Qualifications:

- Bachelor Degree of Science in Civil Engineering from the University of Colorado at Denver USA (December 1991)
- Master of Science in Structural Engineering from University of Manchester Institute of Technology United Kingdom (November 1993)

### Date of Appointment:

- October 2017 – Senior Project Director
- 1 March 2018 – Appointed as Executive Director, Operations

### Working Experience:

**Abd Razak bin Abd Manan** is an enthusiastic and dedicated professional with over 29 years working experience derived from wide varieties of prestigious and landmark projects in different engineering and management capacity built upon strong technical knowledge and organizational skill.

He started his career with SIRIM as Research Officer and served for 2 years before steadily charted his professional advancement to assume significant roles in major infrastructure and building projects beginning with KLIA as Project Engineer with Taisei Consortium prior to joining Ahmad Zaki Sdn Bhd as Senior Project Engineer in 1998 for Realignment B15 road at Putrajaya and Cyberjaya project and later was promoted to Project Director of Construction Department oversaw various projects such as Subang Kelana Link, LPT highway Project and Jitra Kodiang Road.

He further developed his professional progression in construction and engineering when he was with Dasa Sentosa Sdn Bhd as Project Director for school projects and held similar position with SMPP for MRT Package V1 project.



|           |  |
|-----------|--|
| Aged 55   |  |
| Male      |  |
| Malaysian |  |

**SI SO TIAN ANN**  
Executive Director, Contracts

### Academic / Professional Qualifications:

- Bachelor of Applied Science in Construction Management and Economics from Curtin University of Technology, Australia

### Date of Appointment:

- 02 January 2015 – Assistant General Manager for Post Contracts Department
- 26 May 2016 – Re-designated as Head of Pre & Post Contracts Department
- 1 March 2018 – Promoted as Executive Director, Contracts

### Working Experience:

**Si So Tian Ann** has about 29 years of experience in the construction industry and involved in various construction and development contracts. During his tenure with the company, he spearheaded the team in the procurement and contracts management for the projects undertaken by the company.

## KEY SENIOR MANAGEMENT PROFILE (CONT'D)



|           |  |
|-----------|--|
| Aged 45   |  |
| Male      |  |
| Malaysian |  |

**SR. MUSTAFA BIN MOHD SAID**  
Vice President, Contracts

### Academic / Professional Qualifications:

- Bachelor Degree of Quantity Surveying from Universiti Teknologi Mara (UiTM) (2002)
- Registered Quantity Surveyor of Board of Quantity Surveyors, Malaysia (since 2017)
- Member of The Royal Institution of Surveyors Malaysia (since 2017)

### Date of Appointment:

- 2 June 2015 – Contract Services Manager
- 1 March 2018 – Promoted as Vice President, Contracts

### Working Experience:

**Sr. Mustafa Bin Mohd Said** has more than 21 years' experience in various pre and post contracts administration especially in constructions and property development. He began his career in June 2002 with Ahmad Zaki Sdn Bhd as an Assistant Quantity Surveyor and was responsible for contract administration, recommendation of progress payments and variation orders. He was the key person to established and responsible for all Loss and/or Expenses claims for Ahmad Zaki Sdn Bhd projects. He was subsequently transferred to Ahmad Zaki Saudi Arabia Ltd (Riyadh, Saudi Arabia) in year 2005 until 2009 where he is responsible for handling contracts administration and procurements for all Saudi projects. He was involved in overseeing the project operations on a daily basis, involved in technical matters and ensuring the construction cost within the budget. He was involved in the project construction of Alfaisal University Project (Riyadh), King Abdullah University (Jeddah) and Jabal Omar (Mecca). In 2007, he was promoted to Assistant Contracts Manager.

Upon returning to Malaysia in 2009, he joined Dasa Sentosa Sdn Bhd as a Contracts Manager and responsible handling government school projects around the Klang Valley. In December 2012, he joined Syarikat Muhibbah Perniagaan dan Pembinaan Sdn Bhd as a Contracts Manager, where he was responsible for contracts, procurements and payments of MRT Package V1 – Kota Damansara – Sungai Buloh project.



|           |  |
|-----------|--|
| Aged 61   |  |
| Male      |  |
| Malaysian |  |

**THUM PENG YONG**  
Vice President, Operations

### Academic / Professional Qualifications:

- Bachelor Degree of Science in Civil and Structural Engineering from the University of Manchester Institute of Science and Technology (UMIST) United Kingdom (1984)

### Date of Appointment:

- 15 November 2008 – Operations Manager
- 1 June 2013 – Promoted as Assistant General Manager, Operations
- 1 June 2014 – Promoted as General Manager, Operations
- 26 May 2016 – Redesignated to Deputy Chief Operation Officer, Operations
- 1 March 2018 – Appointed as Vice President, Operations

### Working Experience:

**Thum Peng Yong** has more than 37 years' experience in the construction industry. With his professional qualification and vast experience, the projects undertaken and successfully completed covers a wide range of projects which comprises of residential and commercial development, high rise condominiums/ apartments, public buildings and infra-structure works.

## KEY SENIOR MANAGEMENT PROFILE (CONT'D)



|           |  |
|-----------|--|
| Aged 44   |  |
| Male      |  |
| Malaysian |  |

### CHEW WEI SHIN

Vice President, Development

#### Academic / Professional Qualifications:

- Bachelor Degree (Hons) in Civil Engineering from University of Technology, Malaysia (Year 2002)

#### Date of Appointment:

- 15 July 2015 – Project Manager, Development
- 26 May 2016 – Senior Development Manager, Development
- 1 March 2018 – Vice President, Development

#### Working Experience:

**Chew Wei Shin** has more than 20 years' experience in the construction and property development industries, including construction of institutions, high end residential and commercial developments.

Upon his graduation from university, he joined a local contractor firm as a Project Engineer and was involved in various infrastructure projects for private sectors and construction projects for government institutions.

In year 2010, he took up a new challenge in the development industry as Assistant Manager in Sunway City Berhad and was responsible for the expansion of Monash University, Sunway University as well as Sunway Medical Center. He further strengthened his experience in high end residential developments in year 2013 by joining Perdana Park City, the developer for award winning-township Desa ParkCity, KL. The high end mix development - The Breezeway was one of the prestigious projects under his involvement.



|           |  |
|-----------|--|
| Aged 33   |  |
| Male      |  |
| Malaysian |  |

### MUHAMMAD RIDHWAN BIN EFFENDY

Vice President, Strategic Planning & Investment  
(CEO's Office)

#### Academic / Professional Qualifications:

- Bachelor of Commerce, majoring in Banking and Finance from Monash University (2012)

#### Date of Appointment:

- 02 April 2018 – Vice President of Strategic Planning & Investment under the CEO's Office

#### Working Experience:

**Muhammad Ridhwan bin Effendy** was appointed as Vice President of Strategic Planning & Investment under the CEO's office on 2 April 2018. He holds a Bachelor of Commerce, majoring in Banking and Finance from Monash University.

In GBG Group, he is involved in the areas of Planning, Business Development, Corporate Finance, Investment and Investor Relations. He works closely with the GBG Group's CEO, Managing Directors of Construction and Property Development divisions, as well as the Finance Department. His responsibilities include assisting in the assessment of new potential ventures, the GBG Group's fundraising activities, financial management, formalising business plans, investor relations communications and overseeing the development of the GBG Group's corporate communications strategies.

He started his career in the equity research industry in 2012 as an Equity Research Associate at UOB Kay Hian Securities (M) Sdn Bhd where he was promoted to Investment Analyst in less than 2 years, covering the Construction, Property Development, Real Estate Investment Trust (REIT) and Oil & Gas sectors. In 2016, he went on to assume the position of Senior Analyst, specialising in the Construction and Property Development sectors. His role involved conducting detailed equity research including analysing and forecasting industry trends and articulating recommendations on sectors and stocks. In 2017, he was awarded two of The Edge's Best Call Awards.

KEY SENIOR MANAGEMENT PROFILE  
(CONT'D)

Aged 53



Male



Malaysian



**NAZARUL HISHAM BIN SABARDIN**  
Vice President, Mechanical & Electrical (M&E)

**Academic / Professional Qualifications:**

- Bachelor Degree in Mechanical/System Engineering from Universiti Putra Malaysia (UPM) (1995)

**Date of Appointment:**

- 13 December 2017 – Head of Mechanical & Electrical (M&E)
- 01 January 2022 – Vice President, Mechanical & Electrical (M&E)

**Working Experience:**

**Nazarul Hisham Bin Sabardin** has 26-years of experience of managing projects involving various M&E works including Airport, Hospital, Viaduct & Stations for MRT & LRT, Office Complex, Retail, High Rise Office Tower and Residential Building.

He began his career in 1995 with Perspec-Taisei-Kajima-Shimizu-Hazama Consortium as Project Engineer, M&E for KLIA. He then joined Putra Perdana Construction Sdn. Bhd as Senior Engineer, in 1998 for the completion of Federal Administrative Government Building Parcel C, Putrajaya.

In 2000, he joined Ahmad Zaki Sdn. Bhd which begin with hospital project and procurement for M&E work and medical equipment. He then joined MRCB in 2009 as a Senior Manager, M&E overseeing the delivery of project implementation and procurement for KL Sentral jobs.

In 2013, he returned to Ahmad Zaki Sdn. Bhd. as General Manager, M&E where he had successfully set-up the M&E Department in the company and leading all M&E team at all projects for the work of planning, procurement and work implementation.

He guided the planning, procurement and furnishing medical equipment for Design & Built International Islamic University Malaysia (IIUM) Teaching Hospital, Kuantan and lead the completion of JKR HQ Building for Green Building Index (GBI) Platinum rating.

Involved as M&E key player for successful completion of Malaysian Anti-Corruption Commission (MACC) HQ, Putrajaya on 2017 for Pembinaan Mitrajaya Sdn Bhd.

In December 2017, he joined Gabungan Strategik Sdn Bhd as Head of M&E, leading the team for several projects and appointed as Vice President, M&E in 2022.



Aged 42



Female



Malaysian



**UMMI SA'ADAH BINTI SALLEH HUDIN**  
Group Financial Controller

**Academic / Professional Qualifications:**

- Bachelor Degree of Accounting (Honours) in Universiti Utara Malaysia (2004)
- Chartered Accountant (CA) of Malaysian Institute of Accountants since 2010
- Associate of Chartered Institute of Management Accountants (ACMA)

**Date of Appointment:**

- 1 August 2022 – Group Financial Controller

**Working Experience:**

**Ummi Sa'adah binti Salleh Hudin** has close to 20 years of experience in driving a broad spectrum of financial management, audit, accounting and reporting, and governance operations towards enhancing shareholders value especially in construction industry (11 years).

She started her career at Ernst & Young in the field of audit for almost 5 years and followed by 2 years of experience in a property development company, a subsidiary of MK Land Holdings Bhd. She continued her journey at a construction company (Johawaki Group) and progressed from an Accountant to a Manager role for more than 4 years.

In November 2015, her career progressed to another construction company, Ahmad Zaki Resources Berhad, a public listed company with a larger turnover and team. Over the years, she went from Senior Manager to Asst. General Manager, and was later promoted to Group Financial Controller.



|           |  |
|-----------|--|
| Aged 36   |  |
| Female    |  |
| Malaysian |  |

**OOI LI ANN**  
Joint Company Secretary

**Academic / Professional Qualifications:**

- Bachelor of Arts with Honours (Commerce) from Liverpool John Moores University
- Associate Member of the Malaysian Institute of Chartered Secretaries and Administrators

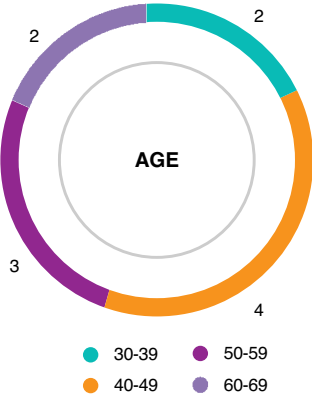
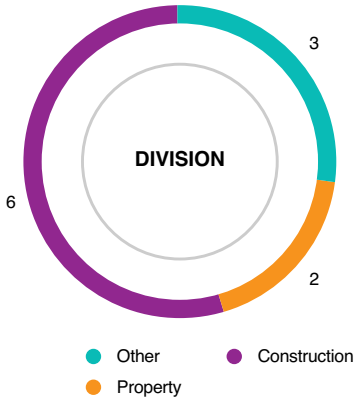
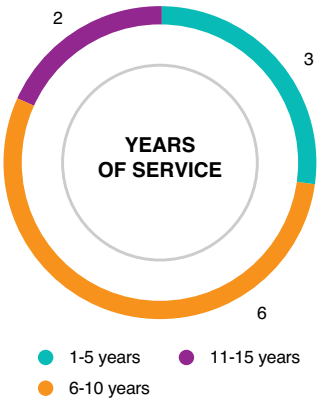
**Date of Appointment:**

- 1 October 2014 – Assistant Company Secretary
- 22 May 2017 – Joint Company Secretary

**Working Experience:**

**Ooi Li Ann** embarked on her career with a company secretarial service providers in Petaling Jaya in year 2009 and was subsequently held the position of Associate Senior until 2014.

In 2014, she then joined Gabungan AQRS Berhad as an Assistant Company Secretary. During her tenure at the company, she assisted and supervised the secretarial department and was eventually promoted to Joint Company Secretary for Gabungan AQRS Berhad and its subsidiaries.



Notes:-

Save as disclosed above, none of the key personnel has:-

- (a) directorship in other public companies;
- (b) any family relationship with any Director and/or major shareholder of the Company;
- (c) any conflict of interest with the Company;
- (d) any conviction for offences (other than traffic offences) within the past five (5) years; and
- (e) any sanction and/or penalty imposed by any regulatory bodies.

# SUSTAINABILITY REPORT

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# ABOUT THIS SUSTAINABILITY REPORT

## INTRODUCTION

Gabungan AQRS Berhad (“GBG” or the “Company”) and its subsidiaries and associates (jointly known as the “Group”) are cognisant of the strategic importance of sustainability in driving value creation. This strategic and concerted approach to addressing environmental, social and governance (“ESG”) topics are based on an inclusive perspective of the Group and its stakeholders to mitigate business and operational risks. It further supports continued financial and non-financial value creation across the short, medium and long-term perspectives.

The Company’s assurance of sustainability is demonstrated in its commitment statements covering biodiversity, energy consumption, pollution, waste and water consumption.



## SCOPE & BOUNDARY

This Report covers the active and significant operating business units of GBG, highlighting key risks and challenges based on the materiality assessment exercise. The information presented in this Report discloses only business activities in Malaysia unless otherwise stated.

We exercise a “local-where-we-operate” practice. In establishing trendlines, three-year statistical data is provided for disclosures, where possible. This also enables readers to better track and understand the comparative performance achieved.

## FRAMEWORKS APPLIED

This sustainability statement has been prepared in reference to locally and internationally recognised bodies, standards and law requirements, as encapsulated in GBG's Sustainability Policy (available on its corporate website):

- United Nations Sustainable Development Goals (“**UNSDGs**”)
- UN Global Compact 10 Principles
- Section 17A of the Malaysian Anti-Corruption Commission (Amendment) Act 2018
- Securities Commission Malaysia
- Bursa Malaysia Securities Berhad Main Market Listing Requirements
- Companies Act 2016
- International Labour Organisation's Declaration on Fundamental Principles and Rights at Work
- Malaysian Employment Act 1955
- Children and Young Persons (Employment) Act 1966
- Fair Trade Principles
- Malaysian Employer Federation
- Construction and Industry Development Board
- Master Builders Association
- Real Estate & Housing Developers' Association

## REPORT PERIOD

This Statement covers the period of 1 January 2022 to 31 December 2022 (“FYE 2022”).

## LIMITATIONS AND EXCLUSIONS

GBG is cognisant that there remains unavailability of data for certain disclosures, and the Group continues to improve data collection efforts to address these gaps. This includes developing new processes for data collection, introducing a more frequent reporting cycle for sustainability-related data and also firmly establishing a clear reporting structure for ESG matters within the Group.

Collectively, these measures will support improved data collection towards strengthening disclosures.

## REPORT QUALITY & ASSURANCE

Content for inclusion has been further determined based on 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.

This is to ensure the quality of disclosures in enabling readers to gain a better comprehension of the Group's sustainability performance.

All data contained within this report has been sourced internally and has been verified accordingly by the respective business units or Senior Management. We continue to enhance our data collection and analysis processes towards improving data accuracy and quality and strengthening disclosures in the future.

This report is made in accordance with a resolution of the Board of Directors dated 19 April 2023.

## FORWARD-LOOKING STATEMENTS

Any forward-looking statements such as targets, future plans, operations and forecast figures are based on reasonable current assumptions. Readers are advised not to place undue reliance on such statements as our business is subject to risks and uncertainties beyond our control. Actual results may differ.

## MEMBERSHIP IN ASSOCIATIONS

GBG is a member of the following professional bodies and industry associations:

- Malaysian Employer Federation ("**MEF**")
- Construction Industry Development Board ("**CIDB**")
- Master Builders Association Malaysia ("**MBAM**")
- Real Estate & Housing Developers' Association ("**REHDA**")
- Listed on Bursa Malaysia Berhad - Main Market

## DISTRIBUTION & FEEDBACK

This Report is available for download at: [www.gbg.com.my/investor-relations/reports](http://www.gbg.com.my/investor-relations/reports)

We welcome questions, feedback and suggestions towards improving our sustainability disclosures and performance. Such suggestions for improvements or comments can be sent to: [info@gbg.com.my](mailto:info@gbg.com.my).



## MESSAGE FROM THE GROUP CEO



### Dear valued stakeholders,

FYE 2022 has been another productive year for GBG, largely thanks to the support and trust you have placed in us.

The Group's prospects look bright as we leave the pandemic threat behind. This is not to say that FYE 2022 did not have its own set of challenges. Despite the reopening of global markets, the international economy was still volatile. This, in turn, had a lingering effect on the construction industry. Supply chain disruptions, labour shortages, higher fuel prices, and inflation have all led to higher operating costs and delays in project timelines.

Despite all this, however, we at GBG remain optimistic about our future. For one, Malaysia has welcomed a new government that has assured political stability within the country. We are confident that this administration is more than capable of steering our national economy towards recovery. The government has already begun taking steps to resolve the ongoing labour crisis by streamlining the recruitment process.

GBG has approached the challenges and opportunities of FYE 2022 with the same tenacity and tactical thinking we have always employed in the past. We maintain our resilience through our robust and comprehensive ESG agendas. By leveraging non-financial value creation resulting from our sustainability initiatives, GBG ensures that our core business operations, which generate financial revenue, remain adaptable to whatever challenges we face.

And this approach has clearly worked. In FYE 2022, the Group managed to create a total revenue of RM337.8 million and a profit after tax of RM20.1 million. In return, we have provided our workforce with a total of RM32.0 million in salaries and benefits to show them our appreciation for supporting GBG's continued growth.

Moving forward, we expect great things for GBG as we make greater strides to implement more Group-wide sustainability initiatives. The Group shall aim assess future construction and property developments that it undertakes, and if feasible, implement these projects with greater usage of more efficient construction methods and provide for infrastructures that reduce wastage and energy consumption.

With that said, I would once again like to represent GBG's Board of Directors and Management to extend our deepest gratitude to all our value-adding employees and stakeholders. Your unwavering support is monumental for our continued growth as key industry players.

**Dato' Sri Azizan bin Jaafar**  
Group Chief Executive Officer

# 2022 SUSTAINABILITY HIGHLIGHTS

## ECONOMIC



Tax Payment

**RM1,645,687**



Employee Wages & Benefits

**RM32,007,648**



Operating Cost

**RM31,714,012**



Revenue

**RM337,771,031**



Total Market Capitalization

**RM117,323,501**



Payment to Capital Providers

**RM9,084,791**

## ENVIRONMENTAL



Green Area Initiative

**21%**

E'Island, Lake Haven,  
Puchong



**BEST**

Practices on

Construction Solid  
Waste Management



Use of Renewable Energy (RE)

**SOLAR PV**

at the E'Island Lake Haven Project

## SOCIAL



Workforce  
**361**  
Capable Staff



**27%**  
of Employees  
Comprising the younger generation  
(aged 30 and below) Local Manpower  
Workforce



Training Programme  
**15**  
For Employees



**ISO45001:2018**  
ISO Certified



Reduction  
**30%**  
in Highway Congestion



**100%**  
of Employees  
Receive Appraisals to  
Develop Competencies



Overall Workforce  
**31%**  
Woman



CSR Initiatives' Spend  
**RM216,000**



Overall Workforce  
**6%**  
Woman Middle  
Management

# INDUSTRY AWARDS AND MARKET RECOGNITION

| PARTICIPATING COMPANY             | CATEGORY                                                                                                       | AWARDED BY                                                             |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------|
| Gabungan AQRS Berhad Malaysia     | Best Employer Brand Award 2018                                                                                 | 13 <sup>th</sup> Employer Branding Awards                              |
| Gabungan AQRS Berhad              | Best Under Billion Awards 2018 - Best Turnaround Story                                                         | Focus Malaysia                                                         |
| Gabungan AQRS Berhad              | Best CEO for Investor Relations 2018 (Small Cap)                                                               | Malaysia Investor Relations Association                                |
| Gabungan AQRS Berhad              | 3 <sup>rd</sup> Merit Award for Most Improved CG Disclosure (2018)                                             | Minority Shareholders Watch Group                                      |
| Gabungan AQRS Berhad              | Best CEO for Investor Relations 2019 (Small Cap)                                                               | Malaysia Investor Relations Association                                |
| Gabungan AQRS Berhad              | Malaysia Best Employer Brand Award 2019                                                                        | 14 <sup>th</sup> Employer Branding Awards                              |
| Gabungan AQRS Berhad              | Community Development Recognition 2019                                                                         | The Golden Globe Tigers                                                |
| Gabungan Strategik Sdn Bhd        | Grade Registered G7 for year (2018 to 14.01.20)                                                                | SME Corp Malaysia and CIDB Malaysia                                    |
| Gabungan Strategik Sdn Bhd        | HR Asia Best Companies to Work for in Asia 2018                                                                | HR Asia                                                                |
| Gabungan Strategik Sdn Bhd        | Appreciation of Best Practice on Construction Solid Waste Management (2019)                                    | SWCorp Malaysia / KPKT                                                 |
| Gabungan Strategik Sdn Bhd        | ISO 45001:2018 for provision of construction services in building and civil engineering works                  | CI International                                                       |
| Gabungan Strategik Sdn Bhd        | SHASSIC Achiever for PPSAS project                                                                             | Safety and Health Assessment System in Construction (SHASSIC) and CIDB |
| Gabungan Strategik Sdn Bhd        | MSOSH OSH Award 2019 Gold Class Award under Construction & Engineering Construction Sectors for LRT3 and PPSAS | Malaysian Society for Occupational Safety and Health (MSOSH)           |
| AQRS The Building Company Sdn Bhd | Best Waterfront High-Rise Development (Malaysia) 2022                                                          | PropertyGuru Asia Property Awards                                      |

# OUR SUSTAINABILITY JOURNEY



**GBG's overall sustainability agenda is driven by the adoption of key United Nations Sustainability Development Goals ("UN SDGs") that align with the Group's vision. The Group has adopted 15 out of the 17 SDGs, effectively linking our own ESG agenda in support of this international blueprint.**

Adoption of the UN SDGs as part of our strategic sustainability direction is to provide a larger context to GBG's ESG journey. Through this integration with international frameworks, the Company ensures that it is able to create truly positive values that contribute to a more equitable and sustainable world. This focus has since served as a backbone to all GBG's sustainability initiatives, resulting in a more strategic approach where policy development and implementation are concerned.

More comprehensive details on the UN SDGs adopted by the Group and its corresponding initiative can be found at the end of this report. GBG shall continue strengthening our ESG disclosures moving forward and will constantly be looking to close any gaps.

# GOVERNANCE OF SUSTAINABILITY

The sustainability agenda, as well as ESG-related matters across the Group's business operations, comes under the purview of the Board. This includes any key decision-making in approving the sustainability budget and annual sustainability report. The Chairman and the Board shall review this policy on a yearly basis.

Since the establishment of the Risk Management and Sustainability Committee ("**RMSC**") in late 2021, the sustainability agenda and related risk management will be driven by the RMSC committee, alongside support from the Board and Senior management.

In pursuing more robust sustainability governance, GBG rolled out the Performance Management System ("**PMS**") in FY2021, which saw the implementation of Phase 1, which was to map out the key results area ("**KRA**") and key performance indicators ("**KPI**") for each employee.

To effectively manage ESG issues and their associated operational risks, GBG practises a two-tier sustainability governance structure in supporting the Group's sustainability agenda. An overview of GBG's two-tier governance structure and responsibility is as below:

| ENTITY                                                                                                                                                      | RESPONSIBILITY                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|  <p><b>Board of Directors</b><br/>("BOD")</p>                              | <ul style="list-style-type: none"> <li>• Has overall ownership of the GBG sustainability agenda</li> <li>• Maintains oversight on all EES topics</li> <li>• Approves the sustainability budget and the annual sustainability statement</li> <li>• Supports the development of a sustainability-oriented culture within the Group</li> <li>• Drives stakeholder engagement</li> </ul>                                                            |
|  <p><b>Risk Management and Sustainability Committee</b><br/>("RMSC")</p> | <ul style="list-style-type: none"> <li>• Determining sustainability strategy</li> <li>• Reviewing, strengthening and approving sustainability policies and guidelines in line with the Board's set sustainability agenda</li> <li>• Supports stakeholder engagement</li> <li>• Executes sustainability-related strategies</li> <li>• Monitor progress achieved on EES topics</li> <li>• Maintains data collection for all EES topics</li> </ul> |
|  <p><b>Management Sustainability Committee</b></p>                       | <ul style="list-style-type: none"> <li>• Establishing policies and systems to promote sustainability management</li> <li>• Monitoring progress management of operating companies</li> <li>• Reporting sustainability progress to the RMSC</li> </ul>                                                                                                                                                                                            |

Together with our stipulated Sustainability Policy, in addressing pollution and emission control, energy and water reduction, as well as biodiversity conservation, GBG believes the governance in place to uphold the Group's commitment to achieving more sustainable business operations throughout the supply chain.

In addition to Sustainability Policy compliance, GBG also ensures the implementation of a corporate-wide approach for non-compliance, which any non-compliance incidents to be filed by the Division's Managing Director for further investigative procedures.

In FYE 2022, there is one (1) environmental non-compliance has been reported for the subsidiary, AQRS The Building Company Sdn. Bhd., which work after working hour under S70(13)(d) Street, Drainage and Building Act 1974 [Act 133]. The initial compound amount was RM 25,000 and was reduced to RM 4,500 after made appeal.

There is no socio-economic non-compliance reported in FYE 2022.

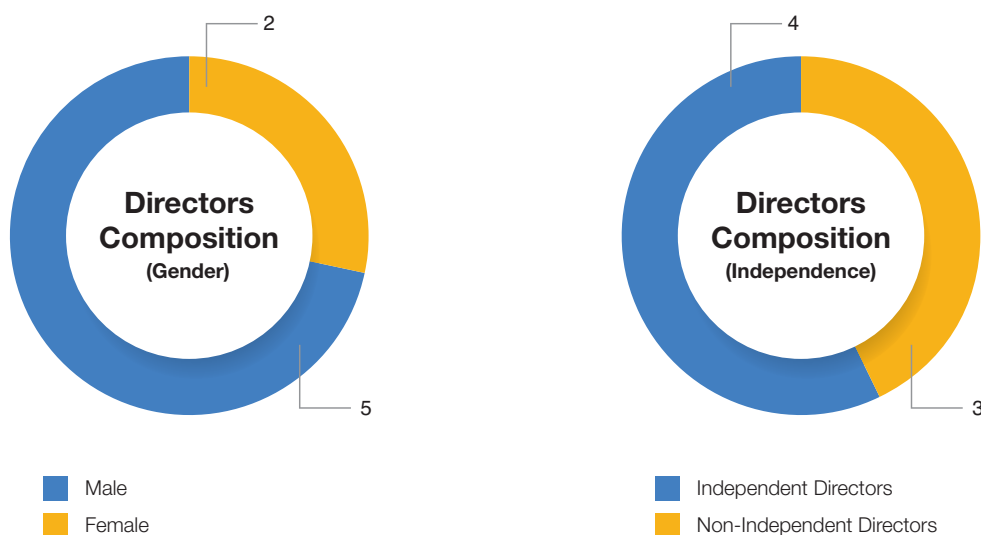
## BOARD COMPOSITION

GBG seeks to ensure its Board comprises diverse individuals from diverse professional backgrounds, experiences and competencies. This mix of skills, talents and capabilities enables the cultivation of richer perspectives and insights, which supports better decision-making.

GBG supports the Malaysian government's aspiration as well as the MCCG 2021 to achieve at least 30% women directors on the Board of public listed companies.

As of FYE 2022, 29% of the Board comprises women directors. Hence, going forward, the aforementioned 30% target will be given significant consideration in the selection of new appointments to the Board.

The Board composition consists of 57% of independent directors, which has ensured a 50% representation of independent directors on the GBG Board. Following are further details of GBG's board composition:



## GOVERNANCE OF CORPORATE ETHICS AND INTEGRITY

GBG's approach to conducting business emphasises the importance of ethical conduct, corporate integrity, accountability, and good corporate governance. These elements are crucial in fostering a desired organisational culture that prioritises professional excellence, high-performance standards, and equal opportunity.

With this, the Group has a list of corporate governance statements and policies that complement the Code of Conduct and Ethics. These policies aim to strengthen good corporate governance practices, promote transparency, accountability, integrity, professionalism, anti-corruption, equality, and diversity in the workplace.

|                            |               |                                  |                         |                                      |                     |                                                                 |
|----------------------------|---------------|----------------------------------|-------------------------|--------------------------------------|---------------------|-----------------------------------------------------------------|
| Code of Conduct and Ethics | Board Charter | Directors' Fit and Proper Policy | Gender Diversity Policy | External Auditor Independence Policy | Remuneration Policy | Anti-Corruption Policy<br><br>No Gift Policy<br>Whistle-blowing |
|----------------------------|---------------|----------------------------------|-------------------------|--------------------------------------|---------------------|-----------------------------------------------------------------|

In order to maintain the integrity of its financial reporting and uphold public trust in its financial statements, the Group has appointed a new external auditor in FYE 2022 as part of its regular rotation practice.

## CODE OF CONDUCT AND ETHICS

GBG has established a structured set of Codes of Conduct and Ethics ("**CoCE**") for both its employees and directors. This Code of Conduct encompasses principles and regulations that govern corporate behaviour and define the appropriate manner in which GBG's representatives should interact with stakeholders, including suppliers, contractors, vendors, business partners, and other related parties.

The Code emphasises the importance of transparency in addressing conflicts of interest and establishes rules for how employees and supervisors should handle instances of corrupt or unethical conduct. Ultimately, the Code outlines unacceptable practices that GBG's employees and stakeholders should avoid emulating.

GBG's CoCE can be viewed here at <https://www.gbg.com.my/investor-relations/corporate-governance>.

## ANTI-CORRUPTION POLICY AND FRAMEWORK

GBG's unwavering commitment to combatting corruption was strengthened in the fiscal year ending in 2020 through the adoption of its Anti-Corruption Policy Framework ("**ACPF**"), as mandated by Section 17A of the Malaysian Anti-Corruption Commission Act. This policy outlines critical measures and guidelines for GBG to effectively manage and respond to any potential risks or situations related to bribery and corruption.

Our ACPF clearly outlines what actions qualify as corrupt and expressly prohibits their commission in any form. The policy also specifies the punitive measures that will be enforced against employees or other stakeholders who engage in corrupt behaviour.

The Policy comprehensively addresses various types of corrupt activities, including commissions and incentives, unofficial payments, gifts and entertainment, political contributions and donations, gratuities, charitable support, and other behaviours deemed to constitute bribery and corruption. GBG's ACPF may be viewed at <https://www.gbg.com.my/investor-relations/corporate-governance>.

GBG remains committed to bolstering its internal controls and procedures across the Group to reduce and mitigate the risks associated with corruption effectively. As part of this effort, all subcontractors and suppliers deemed to pose a high risk must sign GBG's corporate integrity pact before commencing business with the company.

In FYE 2022, there was no incidence of corruption. Hence, there were zero cases of staff disciplined or dismissed due to non-compliance with the Anti-Corruption Policy and zero fines incurred for the financial year.

## ANTI-CORRUPTION TRAINING AND COMMUNICATION

GBG has implemented an extensive anti-corruption training program for all Board members, utilising various engagement and communication methods to ensure continuous awareness and understanding of the ACPF among employees. This program includes ongoing induction for new employees, as well as regular communication through posters and reminder emails distributed quarterly throughout the organisation.

100% of Board members and employees have provided signed acknowledgement of having read and understood the Policy, which attests to their willingness to abide by the Policy at all times and in all of their dealings as agents of the Group.

In FYE 2022, GBG communicated its anti-corruption policies and procedures to all of its 329 employees, providing a total of 672 training hours on this aspect.



### ANTI-CORRUPTION ASSESSMENT

As an added measure to prevent corrupt practices, GBG has implemented a continuous practice of evaluating and identifying areas of potential risk. A comprehensive bribery and corruption risk assessment was conducted, and 100% of operations were assessed for risks related to corruption. Through this process, the company has identified certain areas that are particularly vulnerable to risk, specifically Procurement and Contracts. In response, GBG has instituted additional measures to address these risks.

### NO GIFT POLICY

GBG has implemented a no-gift policy to prevent corrupt practices and any misconceptions that may arise from gift-giving. In accordance with the ISO 37001:2016 Anti-Bribery Management System (ABMS), the exchange of gifts among parties is strictly forbidden, including giving, receiving, or soliciting gifts. However, exceptions may be made for corporate gifts provided to the Group rather than to individuals, so long as the gifts are of insignificant monetary value and are not perceived to influence actions or decisions or lead to the expectation of favours. Management is responsible for recording all corporate gifts and pertinent details, such as the value and name of the giver and receiver.

Furthermore, when GBG provides gifts, it ensures that all gift-giving practices comply with applicable laws, the ACPF, and the recipient's policy on the matter.



### WHISTLE-BLOWING MECHANISM AND REPORTING CHANNELS

GBG has a Whistle-blowing policy in place, last updated on 28 April 2021, which closely aligns with the Companies Act 2016, Capital and Market Services Act 2007, and the Whistle-blower Protection Act 2010 (Act 711). The policy is accessible on the company website.

Any whistle-blower who chooses to disclose any improper conduct will be granted confidentiality to the extent reasonably possible, as long as the disclosure is made in good faith. The whistle-blower will be protected from victimisation, harassment, or disciplinary action for their disclosure.

Such allegations may be raised directly to the official reporting channels, comprising individuals below:

- Independent and Non-Executive Director, Datuk Ir. Mohd Dom bin Ahmad (mdom.ahmad@gbg.com.my)
- Audit Committee Chairman, Dato' Muraly Daran A/L M Narayana Menon (muralyd@gbg.com.my), OR

any reports made through the whistle-blowing policy will be thoroughly investigated, and if deemed necessary, appropriate action will be taken.

In FYE 2022, there were zero cases reported under the whistle-blowing channels.

### CONFLICT OF INTEREST

GBG employees are prohibited from engaging in any other occupation or business or having an interest in any activity that conflicts with their position in the company, regardless of whether it is in the capacity of an employee, agent, consultant, director, advisor, shareholder, partner or any other role. Any potential conflicts of interest must be reported to management through the Conflicts of Interest Disclosure Form. Private matters must not interfere with an employee's duties or the interests of the Company in any way.

Employees are not permitted to benefit financially or in any other way while performing their duties. Furthermore, they are prohibited from engaging in any activity that competes with or creates a rival interest in the Company's business.

UPHOLDING DATA PRIVACY

Being a property developer and construction company, GBG handles significant amounts of personal data, particularly customer data. In accordance with the Personal Data Protection Act of 2010 ("**PDPA**"), GBG treats all data as confidential and private and does not disclose it to third parties unless mandated by law or enforcement agencies.

GBG collects all data with the customer's explicit consent and ensures that they fully understand and are aware of the collection of such data for internal purposes as agreed upon by the customer. New employees are given an induction briefing on the Group's Electronic System Policy, which emphasises data security as a top priority. To safeguard against breaches of data privacy, the company maintains a robust IT security system.

In FYE 2022, there have been zero cases of data breaches throughout the Company's operations.

GOVERNANCE OF SUPPLY CHAIN

GBG's focus remains on cascading its sustainability mindset across its supply chains by encouraging a more ethical group of service providers who share the Group's business philosophy and ESG approach. The Group recognises that the supply chain plays a crucial role in creating a positive impact on environmental and social issues, as various challenges often persist in the supply chain.

While GBG can work to enhance its operations and become more sustainable, true sustainability will only be accomplished when the supply chain aligns with the Group's approach and vision.

To be eligible to bid for GBG's contracts, suppliers need to abide by the following general principles:

|                                                                                                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-----------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <div><p><b>Governance</b></p></div>            | <div><div>1. All suppliers must provide a written commitment that they have understood and will abide by GBG's ACPF Policy and CoCE. Failure to abide may lead to contract termination or other penalties, including being reported to the authorities</div><div>2. The prerequisite to abide by the Anti-Bribery and Corruption ("<b>ABAC</b>") and CoCE is written into all tender documents and contracts</div></div>                                                                                                                                                                                                                                               |
| <div><p><b>Environmental/ Social</b></p></div> | <div><div>1. Suppliers are assessed on whether they have existing environmental and social policies and if they have been censured for poor performance in these areas</div><div>2. Suppliers must provide a contractual, written undertaking that they will adhere to all environmental and social requirements as stipulated by law. Failing which, GBG has the right to terminate the contract or take other forms of action, including reporting said supplier to the authorities</div><div>3. All subcontractors are required to use only legal workers with a work permit, no forced labour and must comply with OSH rules set out by the government</div></div> |

The Group may consider performing audits, which could be either in the form of desktop audits or physical inspection audits, to verify if suppliers are meeting GBG's expected EES performance standards

# STAKEHOLDER ENGAGEMENT

Stakeholder engagement plays a crucial role in GBG's sustainability journey. Within GBG, stakeholders are defined as individuals, groups or entities that have the influence or power to impact GBG's business operations and its reputation, as well as contribute to financial and non-financial values for the Group. This also includes individuals, groups or entities that are impacted or can be impacted by the Group's business operations, presence and processes.

Through effective stakeholder engagement, a more inclusive and accurate perception of sustainability is developed by the Board and Management. This enables a more comprehensive understanding and identification of significant material topics to GBG.

GBG continues to engage stakeholders using various communication channels and platforms actively. The following is a snapshot of stakeholder engagement activities undertaken over FYE 2022:

| STAKEHOLDER                                                                                                                | TOPICS OF CONCERN/ INTEREST                                                                                                                                                                                                                                                       | ENGAGEMENT CHANNELS                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Employees</b><br>                      | <ul style="list-style-type: none"> <li>• Health, safety and well-being</li> <li>• Talent development, performance and rewards</li> <li>• Fair and equal opportunity</li> <li>• Company's benefits</li> <li>• Training and education</li> <li>• Diversity and inclusion</li> </ul> | <ul style="list-style-type: none"> <li>• New employee induction programme</li> <li>• Annual Performance appraisal</li> <li>• Career development</li> <li>• Quality, Safety, Health briefings and training</li> <li>• Technical and non-technical training programmes</li> <li>• Regular department meetings</li> <li>• Employee engagement activities</li> </ul> |
| <b>Clients / Customers</b><br>          | <ul style="list-style-type: none"> <li>• Trust and Safety</li> <li>• Connectivity</li> <li>• Family-friendly facilities</li> <li>• Delivery</li> <li>• Defect rectifications</li> <li>• Service Quality</li> <li>• Customer Service and experience</li> </ul>                     | <ul style="list-style-type: none"> <li>• Project meetings</li> <li>• Client engagement surveys and feedback forms</li> <li>• Quality Assurance monitored by Quality Unit Department</li> </ul>                                                                                                                                                                   |
| <b>Subcontractors and Suppliers</b><br> | <ul style="list-style-type: none"> <li>• Legal Compliance</li> <li>• Payment schedule</li> <li>• Equal Opportunity for bidding</li> <li>• Completion deadline</li> </ul>                                                                                                          | <ul style="list-style-type: none"> <li>• Periodic meetings and dialogue sessions</li> <li>• Liaison with subcontractors/suppliers</li> <li>• Engage with contract managers</li> <li>• Contract negotiation and bidding opportunities</li> </ul>                                                                                                                  |
| <b>Shareholders and Analysts</b><br>    | <ul style="list-style-type: none"> <li>• Acquisition and expansion</li> <li>• Risk Management</li> <li>• Corporate Governance</li> <li>• Reporting standards</li> </ul>                                                                                                           | <ul style="list-style-type: none"> <li>• General meetings, quarterly results and annual report</li> <li>• Walk-in visits and inquiries</li> <li>• Investors' or Analysts' briefing and engagements</li> <li>• Corporate announcements</li> </ul>                                                                                                                 |

| STAKEHOLDER                                                                                            | TOPICS OF CONCERN/ INTEREST                                                                                                                              | ENGAGEMENT CHANNELS                                                                                                                                                                                   |
|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Community</b><br>  | <ul style="list-style-type: none"> <li>• Work opportunities</li> <li>• Environmental safety and protection</li> </ul>                                    | <ul style="list-style-type: none"> <li>• Volunteering to help the underprivileged</li> <li>• Control of waste and GHG emission</li> </ul>                                                             |
| <b>Government</b><br> | <ul style="list-style-type: none"> <li>• Compliance with government policies</li> <li>• Adhere to the law and regulation</li> </ul>                      | <ul style="list-style-type: none"> <li>• Support government initiatives in complying with the latest statutory development</li> </ul>                                                                 |
| <b>NGOs</b><br>       | <ul style="list-style-type: none"> <li>• Consumerism</li> <li>• Employee's human rights</li> <li>• Environmental pollution and climate change</li> </ul> | <ul style="list-style-type: none"> <li>• Address consumers' complaints professionally</li> <li>• Comply with the statutory labour law</li> <li>• Address the NGO's concerns professionally</li> </ul> |
| <b>Media</b><br>    | <ul style="list-style-type: none"> <li>• Corporate governance</li> <li>• Customer health and safety</li> </ul>                                           | <ul style="list-style-type: none"> <li>• Press Releases</li> <li>• Site Visits</li> <li>• Website</li> <li>• Social Media</li> </ul>                                                                  |

## ASSESSING AND PRIORITISING MATERIAL TOPICS

In FYE 2021, GBG conducted a comprehensive materiality assessment exercise to determine its top ESG priorities. The assessment was carried out with the participation of the Board and Management and was communicated throughout the organization. This level of involvement from top decision-makers reflects GBG's commitment to identifying and prioritizing material topics in line with industry best practices.

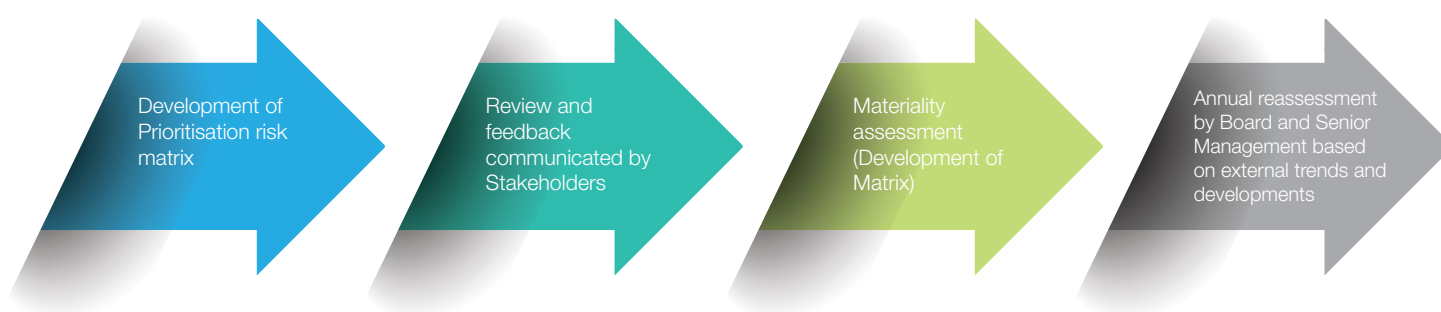
GBG's leadership believes that accurately identifying material topics is crucial in strategically allocating resources to effectively address the most important ESG issues and achieve optimal results.

The topics for the assessment were sourced from various reporting frameworks, including the Global Reporting Initiative ("GRI"), Bursa Malaysia, FTSE4 Good Bursa Malaysia Index, Task Force on Climate-Related Financial Disclosures ("TCFD"), and Sustainable Accounting Standards Board ("SASB").

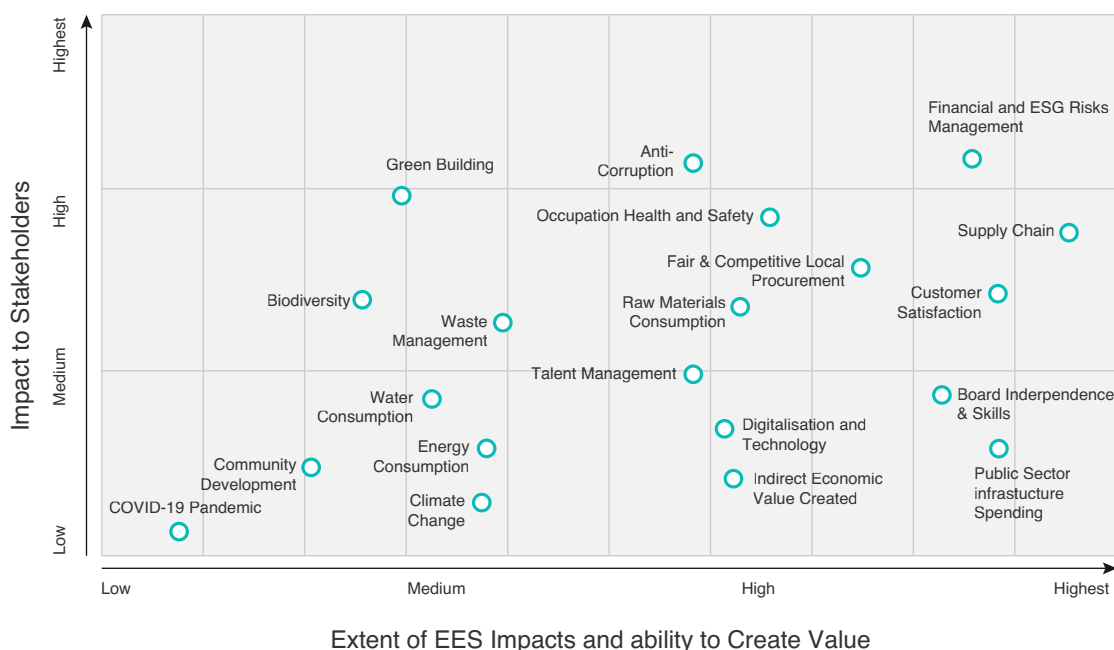
As there have been no significant changes to GBG's business operations, the material prioritisation determined in FYE 2021 is considered practical and applicable for FYE 2022.

### PRIORITISING MATERIAL TOPICS

GBG employs a thorough and rigorous process for determining materiality, which encompasses the following stages:



Materiality Matrix (Full Topic)



## ASSESSING AND PRIORITISING MATERIAL TOPICS (CONT'D)

The following table displaying the linkage of materiality topics to stakeholders is a tool that helps GBG understand how its ESG topics impact different groups, such as customers, employees, investors, and communities. It allows GBG to map out the relationships between its material topics and the stakeholders who are most affected by them.

|                                       | Employees | Client / Customer | Subcontractors and Suppliers | Shareholders & Analysis | Community | Government | NGOs | Value Chain Partners |
|---------------------------------------|-----------|-------------------|------------------------------|-------------------------|-----------|------------|------|----------------------|
| ECONOMIC TOPICS                       |           |                   |                              |                         |           |            |      |                      |
| Customer Satisfaction                 |           | √                 |                              |                         |           |            |      |                      |
| Financial & ESG Risks Management      |           |                   | √                            | √                       |           |            |      |                      |
| Supply Chain                          |           |                   | √                            |                         |           |            |      | √                    |
| Raw Materials Consumption             |           |                   |                              |                         |           |            |      | √                    |
| Digitalisation & Technology           | √         | √                 |                              |                         |           |            |      |                      |
| ENVIRONMENTAL TOPICS                  |           |                   |                              |                         |           |            |      |                      |
| Green Buildings                       | √         |                   |                              |                         |           | √          |      |                      |
| Biodiversity                          | √         |                   |                              |                         | √         |            |      |                      |
| Waste Management                      |           |                   |                              |                         | √         |            | √    |                      |
| Water Consumption                     |           |                   |                              |                         | √         |            |      |                      |
| Energy Consumption                    |           |                   |                              |                         | √         |            |      |                      |
| Indirect Economic Values Created      |           |                   |                              | √                       |           |            |      |                      |
| Public Sector Infrastructure Spending |           |                   |                              | √                       |           | √          |      |                      |
| Climate Change                        |           |                   |                              | √                       |           | √          | √    |                      |
| SOCIAL TOPICS                         |           |                   |                              |                         |           |            |      |                      |
| Occupational Health and Safety        | √         |                   |                              |                         |           | √          |      |                      |
| Talent Management                     | √         |                   |                              |                         |           |            |      |                      |
| Community Development                 |           |                   |                              |                         | √         |            | √    |                      |
| COVID-19 Pandemic                     | √         | √                 | √                            |                         | √         | √          |      |                      |

## ASSESSING AND PRIORITISING MATERIAL TOPICS (CONT'D)

|                                               | Employees | Client /<br>Customer | Subcontractors<br>and Suppliers | Shareholders &<br>Analysis | Community | Government | NGOs | Value Chain<br>Partners |
|-----------------------------------------------|-----------|----------------------|---------------------------------|----------------------------|-----------|------------|------|-------------------------|
| GOVERNANCE TOPICS                             |           |                      |                                 |                            |           |            |      |                         |
| Anti-Corruption                               | ✓         |                      | ✓                               |                            |           | ✓          |      | ✓                       |
| Board<br>Independence<br>& Skills             |           |                      |                                 | ✓                          |           |            |      |                         |
| Fair &<br>Competitive<br>Local<br>Procurement |           |                      |                                 |                            | ✓         |            |      | ✓                       |



# ECONOMIC PILLAR

**As a primarily commercial enterprise, GBG is aware that the continued generation of financial values is necessary for sustaining our business operations. At the same time, GBG also has a responsibility to generate profit for our stakeholders.**

With that said, the Company acknowledges that focusing solely on generating financial value is not ideal for a sustainable business model. Ideally, financial value generation leads to the creation of non-financial values. The Group's many sustainability initiatives and policies would not be possible without considerable financial capital. At the same time, driving Group-wide sustainability and ESG agendas lead to improvements that create financial value.

Ultimately, improved financial performance benefits not only GBG but also all the key stakeholders it supports. More fiscal returns allow us to distribute more wealth back to the stakeholders and support more sustainability and community-based initiatives. This is also in line with several UN SDGs that align with the Group's values, particularly SDGs 8 (Decent Work and Economic Growth), 9 (Industry, Innovation, and Infrastructure), 11 (Sustainable Communities and Cities), and 17 (Partnership for the Goals).

## FINANCIAL VALUES CREATION

In FYE 2022, GBG recorded and overall revenue of RM337.8 million and a total profit before tax of RM22.8 million. More detailed information on the Group's financial performance for the financial year can be found in the XX section of the Annual Report.

| FINANCIAL VALUES CREATED                         | FYE 2020<br>RM'000 | FYE 2021<br>(Restated)<br>RM'000 | FYE 2022<br>RM'000 |
|--------------------------------------------------|--------------------|----------------------------------|--------------------|
| Economic Value Generated                         | 202,262.00         | 324,801.60                       | 337,771.00         |
| Economic Value Distributed                       | 232,292.00         | 271,526.20                       | 276,723.60         |
| Economic Value Retained                          | -30,030.00         | 53,275.40                        | 61,047.40          |
| Total Payment to Employees (Salaries & Benefits) | 23,633.60          | 26,270.40                        | 32,007.70          |
| Repayment to Financiers                          | 10,165.60          | 10,760.40                        | 9,084.80           |
| Taxes Paid to Government                         | 9,927.60           | 1,336.90                         | 1,645.70           |

## ECONOMIC IMPACT VERSUS ENVIRONMENTAL FOOTPRINT

GBG has continued to compare its economic performance against environmental performance in FYE2022. This is based on efficiency measurements that were set as shown below:

| ABSOLUTE FIGURES                        | FYE 2020 | FYE 2021<br>(Restated) | FYE 2022 |
|-----------------------------------------|----------|------------------------|----------|
| Total Revenue (RM'000)                  | 202.3    | 324.8                  | 337.8    |
| Electricity Usage (kWh million)         | 0.989    | 1.026                  | 1.786    |
| Diesel Usage (litres '000)              | 55.8     | 114.8                  | 367.0    |
| Water Consumption (m <sup>3</sup> '000) | 102.0    | 97.8                   | 86.8     |
| Carbon Emissions (tCO <sub>2</sub> e)   | 732.9    | 914.4                  | 2,067.8  |

| EFFICIENCY RATIOS                                  | FYE 2020 | FYE 2021 | FYE 2022 |
|----------------------------------------------------|----------|----------|----------|
| Total Electricity (kWh/revenue)                    | 4.89     | 3.16     | 5.29     |
| Total Diesel (litres/ revenue)                     | 0.28     | 0.35     | 1.09     |
| Total Water Consumption (m <sup>3</sup> /revenue)  | 0.504    | 0.301    | 0.257    |
| Total Carbon Emissions (tCO <sub>2</sub> e/RM'000) | 3.62     | 2.82     | 6.12     |

Note: The data presented above has been reassessed and adjusted as the group has adopted a more precise methodology for calculating and analysing its data.

## PROJECT CATALYTIC EFFECTS

The economic impact generated by GBG should consider the catalytic effect of its projects, which is responsible for infrastructure development, economic activity and the development of local value chains and job creation.

Such projects undertaken by the Group include civil infrastructures and building projects such as the Sungai Besi Ulu Kelang Expressway ("SUKE"), the Light Rail Transit 3 ("LRT3"), Pusat Pentadbiran Sultan Ahmad Shah ("PPSAS"), East Coast Rail Link ("ECRL"), EIsland Lake Haven and MRT Line 1. These projects reshape the landscape and contribute to nation-building, and support short, medium and long-term value creation.

Our business decisions are centered around meeting the needs and requirements of our clients and customers. As an example, we are the contractor for SUKE and LRT3, both of which are projects that are designed to benefit the users of these infrastructures.

To ensure mutual understanding and cooperation between the company and the communities we serve, we maintain continuous communication through various channels such as social media, media releases/announcements, email, and personal interactions. This approach facilitates a better understanding of each other's objectives and expectations, resulting in smooth operations.

## ENHANCING URBAN PUBLIC TRANSPORTATION

GBG's infrastructure portfolio includes the LRT3, an urban public transportation project designed to improve connectivity and accessibility throughout Greater Kuala Lumpur. Notably, it is Malaysia's first rail project to receive a 5-Star rating in the design phase.

The LRT3 is aligned with sustainable urban development objectives as it connects suburban residential areas to city centers and commercial hubs, encouraging economic growth while reducing private vehicle use, including single-occupancy vehicles that contribute to greenhouse gas emissions.

Moreover, the LRT3 promotes inclusive transportation by providing seamless and connected public transportation for people from all walks of life. It also plays a crucial role in the development of affordable housing by opening up land located near LRT stations for public residential projects.

Following are some quick facts summarising the benefits that the LRT3 project provides in enhancing urban public transportation:



Source: LRT3 Quick Facts

## VALUE CREATION THROUGH LANDMARK PROJECTS

GBG's Property Development arm is actively addressing the growing demand for affordable homes in Greater Kuala Lumpur, especially among the middle-income population. One of GBG's key residential projects is E'Island Lake Haven, designed in line with the National Affordable Housing Policy, with a focus on unit size, utilisation of IBS technology to reduce construction costs and shorten construction time, and various facilities that support holistic community living.

GBG Property is proud to be one of the few Malaysian developers appointed by the Housing and Local Government Ministry to build over 227,000 affordable homes in the next decade, and E'Island Lake Haven in Puchong, Selangor, will support this initiative.

Buyers of GBG's property projects can enjoy the advantages of capital appreciation and rental yields, making it a valuable asset that guarantees long-term returns and a high-quality lifestyle. In addition, the "HouzKEY (E'Island)" program offered by GBG through its exclusive sales team under Maybank provides potential buyers with additional advantages, including exemption from loan and SPA legal fees, as well as lower entry costs with zero down payment.

## QUALITY PRODUCTS AND SERVICES

For GBG, the quality of its properties and customer satisfaction are part of the compliance and reputation of the company, which is reflected through the Group's certification with ISO 9001:2018. To closely monitor the implementation of ISO 9001:2018 at Headquarters and its project sites, GBG has assigned a specific department, Quality Unit ("**QU**") department, based in Headquarters.

The Group's QU department is responsible for monitoring the overall implementation and maintenance of the Quality, Safety, and Health Management System including all stages of projects undertaken to meet the requirement of ISO 9001 and ISO 45001.

By complying and implementing ISO 9001, it helps the company to be more focus on clients' and stakeholders' needs by creating a building framework to ensure consistent quality in the provision of services, which leads to business values.

In supporting quality assurance, GBG established a Quality Management System ("**QMS**") that aligns with ISO 9001:2018 that comprises seven (7) quality principles:

|                     |                                |                                       |                         |
|---------------------|--------------------------------|---------------------------------------|-------------------------|
| <b>Client Focus</b> | <b>Leadership</b>              | <b>Engagement of People</b>           | <b>Process Approach</b> |
| <b>Improvement</b>  | <b>Relationship Management</b> | <b>Evidence-Based Decision Making</b> |                         |

Through Process Approach, a QMS procedure will be implemented for all the processes involved in ensuring the quality of the end product is achieved. In addition, the audit will be carried out both internally and externally to make sure the implementation is done accordingly. If there are any findings, the processes will be improvised based on Evidence-Based Decision Making.

One instance of this is during IBS production whereby the factory will comply with ISO-based manufacturing procedures and forms. Likewise, fabrication supplies will only come from SIRIM-registered quarries. As different clients may have their own preferences, this involves the quality principle of Client Focus and Engagement of People. Once their particular prerequisites are confirmed, the processes, such as design mixes, trial tests, and particle distribution, will be run. Trial tests are conducted for a complete result with strength every 7, 14, and 28 days.

As for concrete material supply, the procedure to be followed is based on Material Control for Concrete Supply Procedures (Doc. Ref. No.: PCD/CON/16). Every detail of the product will be controlled by the QAQC team under the Quality Unit, which will be in charge of ensuring the production follows outlined procedures, and the QAQC inspector will be assigned to inspect the produced goods before clearance for site use.

Given the importance of quality to financial performance, customer satisfaction and company perception, quality and customer satisfaction comes under the direct purview of the Board of Directors and Senior Management.

Customer feedback is managed under GBG's customer engagement process, with oversight of the Quality Unit, which also addresses complaints and feedback. Customers may reach out to GBG via the Client Survey Form in compliance with ISO requirements. The response would be promptly reviewed and cascaded accordingly to the relevant party for resolution.

Such customer satisfaction surveys are conducted bi-annually, with results of the last three financial years as listed below:

| Customer Services Data                                                                                 | FYE 2020   | FYE 2021   | FYE 2022   |
|--------------------------------------------------------------------------------------------------------|------------|------------|------------|
| <b>Incidents of non-compliance concerning the health and safety impacts of products and services</b>   | 0          | 0          | 0          |
| <b>Customer Satisfaction Scores (%)</b>                                                                | <b>78%</b> | <b>74%</b> | <b>76%</b> |
| PPSAS                                                                                                  | 81%        | 76%        | 74%        |
| LRT3 - GS04                                                                                            | 63%        | 58%        | 75%        |
| SUKE - CA3                                                                                             | 89%        | 89%        | 88%        |
| Teringin Sentral                                                                                       | NIL        | NIL        | 65%        |
| Solitaire Suite                                                                                        | NIL        | NIL        | 79%        |
| KASA                                                                                                   | NIL        | NIL        | NIL        |
| THE PEAK                                                                                               | NIL        | NIL        | NIL        |
| <b>Customer complaints received</b>                                                                    | <b>353</b> | <b>362</b> | <b>221</b> |
| PPSAS                                                                                                  | 7          | 3          | 9          |
| LRT3 - GS04                                                                                            | 55         | 62         | 39         |
| SUKE - CA3                                                                                             | 291        | 246        | 96         |
| E'Island Lake Haven                                                                                    | 0          | 46         | 28         |
| Teringin Sentral                                                                                       | 0          | 2          | 13         |
| Solitaire Suites                                                                                       | 0          | 0          | 24         |
| KASA                                                                                                   | 0          | 0          | 9          |
| THE PEAK                                                                                               | 0          | 3          | 3          |
| <b>Customer complaints resolved</b>                                                                    | <b>348</b> | <b>377</b> | <b>220</b> |
| PPSAS                                                                                                  | 2          | 4          | 8          |
| LRT3 - GS04                                                                                            | 55         | 76         | 39         |
| SUKE - CA3                                                                                             | 291        | 246        | 96         |
| E'Island Lake Haven                                                                                    | 0          | 46         | 28         |
| Teringin Sentral                                                                                       | 0          | 2          | 13         |
| Solitaire Suites                                                                                       | 0          | 0          | 24         |
| KASA                                                                                                   | 0          | 0          | 9          |
| THE PEAK                                                                                               | 0          | 3          | 3          |
| Number of substantiated complaints concerning breaches of customer privacy and losses of customer data | 0          | 0          | 0          |
| (As per Bursa's requirements.)                                                                         | 0          | 0          | 0          |
| Total number of identified leaks, thefts, or losses of customer data                                   | 0          | 0          | 0          |
| Number of complaints from regulatory bodies                                                            | 0          | 0          | 0          |

While maintaining effective QMS management in place, GBG is constantly looking out for continuous improvement to pursue a greater quality of product delivery and customer satisfaction.

## LIFECYCLE IMPACTS OF BUILDINGS AND INFRASTRUCTURE

GBG is committed to adopting a greener approach to its operations, and implementing these measures is one way the Group can achieve its sustainability goals.

To incorporate operational-phase energy and water efficiency considerations into project planning and design, GBG has assigned its Admin Department to manage and control the usage of water in its headquarters and project sites.

For instance, taking record of monthly water bills to track and identify any unusual usage patterns, allowing inspections to be carried out to ensure everything is working as expected. The findings from the recorded data are reported to the Managing Director, who can then take action based on the findings.

## PROACTIVE APPROACH IN MANAGING OPERATIONAL RISKS

GBG has established its approach to assessing risks associated with operational-phase energy and water efficiency considerations in accordance with ISO 14001:2015 guidelines. The Group has set KPIs in its environmental policy to comply with regulations and requirements, prevent environmental pollution, reduce waste, and minimise resource consumption.

In addition, GBG continuously seeks to improve its environmental performance by optimising the efficiency of its resources. By adhering to these policies, practices, and procedures, GBG is taking a proactive approach to assessing and mitigating risks associated with operational-phase energy and water efficiency, demonstrating its commitment to sustainability and environmental responsibility.

GBG follows the prescribed guidelines and regulations to ensure energy and water efficiency during the operational phase, which involves implementing the following:

| River Water Quality                                                                                                                                                  | Water Quality Monitoring                                                                                                                                                                                          | Ambient Air Quality Monitoring                                                                                                                                                                                                                    | Noise Level Monitoring                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Class II National Water Quality Standard for Malaysia ("<b>NWQSM</b>")</li> <li>Water Quality Index ("<b>WQI</b>")</li> </ul> | <ul style="list-style-type: none"> <li>Sediment Basins Discharge Quality - Standard Method for the Examination of Water &amp; Wastewater, American Public Health Association (APHA) 21st Edition, 2005</li> </ul> | <ul style="list-style-type: none"> <li>Total Suspended Particulates (TSP), Carbon Monoxide (CO), Sulfur Dioxide (SO<sub>2</sub>) and Nitrogen Dioxide (NO<sub>2</sub>) - Malaysian Ambient Air Quality Standard ("<b>MAAQS</b>"), 2013</li> </ul> | <ul style="list-style-type: none"> <li>Boundary Noise Level Measurement - EIA Approval Condition No. 23</li> </ul> |

**COMPLIANCE WITH PROCUREMENT POLICY****COMMITMENT TO LOCAL PROCUREMENT AND LOCAL SUPPLY CHAINS**

GBG believes supporting local procurement is important to create job opportunities in the local economy, promote local businesses, and hence stimulate economic growth where the Group operates. Local procurement also enables knowledge and skills transfer whilst reducing the environmental footprint, particularly if importing goods or services from abroad.

GBG's commitment to local procurement is made based on the many socio-economic benefits generated for local supply chains, local talent and local communities. Thus, the Group prioritise local procurements as it is part of the client's requirements to allow local businesses to participate.

In addition, having a local supply chain is much more efficient as they understand local requirements better and, at the same time, promote our business which facilitates us with better credit facilities.

GBG's Procurement and Contract Department has adopted procedures in line with ISO 9001:2015, and matters of procurement come under the purview of the Executive Management, specifically the Managing Director and Executive Director.

GBG's determination to drive this agenda forward has resulted in it achieving a 100% local procurement spend, ahead of its 90% targeted level.

The Group's local procurement spent is as below:

| Procurement Data                                                                                        | FYE 2020 | FYE 2021 | FYE 2022 |
|---------------------------------------------------------------------------------------------------------|----------|----------|----------|
| Total Foreign Procurement Budget (RM)                                                                   | 0        | 0        | 0        |
| Percentage of Local Procurement Budget, also known as the proportion of spending on local suppliers (%) | 100%     | 100%     | 100%     |
| Total Number of Suppliers                                                                               | 115      | 149      | 106      |
| Total Number of Local Suppliers                                                                         | 115      | 149      | 106      |
| Total Number of Foreign Suppliers                                                                       | 0        | 0        | 0        |
| Percentage of Local Suppliers (%)                                                                       | 100%     | 100%     | 100%     |
| Number of suppliers screened/audited for good ESG performance                                           | 73       | 112      | 99       |

**COMMITMENT TO FAIR COMPETITION**

GBG ensures fair competition by practising an open tender system for the procurement of vendors. Through this transparent method, no particular vendor will be prioritised, as all applicants will be short-listed based on their financial performance, competencies, and ESG commitments. The final decision will then be made based on the vendor who is able to provide the Group with the best value in terms of cost, quality, and level of service. If required, the Group shall also conduct physical inspections to verify that the vendor is capable of providing the required services and has all the appropriate accreditations to do so.

Once selected, third-party vendors are required to maintain an annual competency score to continue servicing GBG. Vendors who fail to maintain an acceptable score will be given certain leeway to rectify any issues but, ultimately, will be removed from GBG's supplier list if issues persist.



*E'Island Lake Haven Gym Room*



# ENVIRONMENTAL PILLAR

Managing and reducing environmental impacts is a key aspect of GBG's approach to sustainability. As a construction and property development company, GBG is aware of the significant impact its operations can have on the environment. However, it also acknowledges the potential to transition and adopt more sustainable development approaches, such as circular construction, green building design, and digitalisation.

To comply with environmental regulations and obligations, GBG is in the process of transitioning to ISO 14001:2015. Compliance with the ISO will ensure that the company always meets legal obligations and demonstrates its commitment to caring for the environment. This will also help to attract new business opportunities and gain clients' trust.

This section of our report presents GBG's management approach to environmental topics and strategies for addressing environmental impacts. Progressively, the focus on managing environmental footprint not only helps to meet regulatory requirements but also creates new business opportunities and strengthens our business model as we advance.

## CLIMATE CHANGE

Climate change is widely considered the primary and most crucial environmental concern facing the world today. It is increasingly recognised that climate change is leading to substantial effects on weather conditions and the natural surroundings, which consequently affects entire industries, business operations, plant, animal life, and ultimately, the standard of living.

GBG is aware of the potential impact of its business activities on climate change, both directly and indirectly. To address this issue, the company has aligned with the United Nations' Sustainable Development Goals ("**UN SDGs**"), specifically SDG 12 on Responsible Consumption and Production and SDG 13 on Climate Action. As part of its ongoing efforts, GBG is focused on reducing carbon emissions by enhancing energy and resource efficiency, as well as waste management.

In addition, GBG recognises the potential to raise awareness about environmental issues throughout its value chain and among customers to encourage collective action for greater impact. By prioritising sustainable practices, GBG may be eligible for green financing and receive government and regulatory support through various incentives.

An example of GBG's commitment to managing its environmental impact is its one-to-one tree replacement assurance, whereby the company plants a new tree for every tree removed from a project site. This is a simple yet meaningful step towards sustainability.

Given its importance, climate change has been placed under the oversight of the Board's Risk Management and Sustainability Committee. As the highest decision-making authority within the organisation, the Board of Directors is taking on a more prominent role in evaluating GBG's business model to reduce environmental impacts across its direct operations, supply chain, and throughout the entire lifecycle of its projects.

GBG acknowledges the potential benefits that eco-friendliness can bring to both its business and the environment. As awareness of environmentally friendly facilities grows, such features may become a value-add proposition for potential buyers, with solar rooftops and energy-efficient lighting being particularly desirable.

The Group has made its commitment to managing its energy consumption and reducing emissions by progressively adopting new, energy-efficient methods at all operational sites, with a focus on reducing the usage of diesel and fuel (Scope 1 energy sources). As efficient management of energy consumption contributes to reduced emissions, GBG continues to prioritise energy-saving designs and features in its projects, including green technology ("**Greentech**"), to enable clients to achieve greater savings over the lifecycle of their buildings and infrastructure projects.

Moving forward, GBG shall continue to explore mechanisms to address its carbon footprint and emissions, primarily through carbon trading mechanisms. GBG is focused on managing the impact of climate change and adapting to evolving operating scenarios and customer expectations. The company is exploring potential measures to be considered to achieve these goals.

GBG has commenced with initial strategic efforts to incorporate climate change as a business risk and, accordingly, to consider where and how the business model and business process require adaptation or outright change towards effectively addressing risks and reducing environmental footprint.

**CLIMATE CHANGE RISKS AND OPPORTUNITIES**

A summary of potential risks and opportunities associated with climate change is given below:

|                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Physical Risks</b>                | <ol style="list-style-type: none"> <li>1. Changes in weather patterns may result in a greater frequency of flash floods with increased severity. More locations may become flood-prone and, therefore, unsuitable for development. Landbanking and development strategies may be impacted.</li> <li>2. More infrastructure investments may be necessary to deepen waterways for more effective dispersal of rainwater.</li> <li>3. Building designs may require flood-resistant features, leading to increased design and construction costs.</li> <li>4. Excessive rain may lead to protracted delays on project works in construction sites, resulting in revenue loss. Wet and slippery conditions may pose a potential hazard.</li> <li>5. Drought may lead to certain locations being less suitable for development, and/ or additional considerations will be necessary for rainwater harvesting and water recycling.</li> <li>6. Water cuts at project sites may increase in frequency and severity.</li> </ol> |
| <b>Transitional Risks</b>            | <ol style="list-style-type: none"> <li>1. As GBG looks to evolve its business model towards meeting climate change impacts, significant CAPEX requirements may be required. Productivity can also be disrupted. For example, the use of solar in offices and sales galleries or on project sites may have initial disruptions as the Group transitions to RE.</li> <li>2. Delays in approvals by authorities for solar installations may also lead to business and operational disruptions.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Financial/ Reputational Risks</b> | <ol style="list-style-type: none"> <li>1. Any climate change-induced disaster could cause short-term financial impacts but long-term reputational loss.</li> <li>2. A flash flood may result in that particular area being shunned by buyers.</li> <li>3. Flash floods are also often linked to overdevelopment, casting a negative light on property players.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Opportunities</b>                 | <ol style="list-style-type: none"> <li>1. Increased stakeholder awareness supports green building designs and concept.</li> <li>2. Greater opportunity to introduce more eco-friendly features into the design and construction of homes.</li> <li>3. Regulatory support for greater use of grey water or recycled water for non-potable consumption.</li> <li>4. Greater incentives to transition to RE, i.e. solar.</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

**GHG EMISSIONS**

The primary sources of GBG's emissions are attributed to the consumption of electricity and fuel, in addition to the generation of industrial wastes. These wastes encompass solid waste, including biomass, excavated materials, and construction and domestic wastes, as well as scheduled waste, which involves spent lubricants, hydraulic oils, containers contaminated with chemicals, etc.

Complying with the requirements of the ISO 14001:2015 standard, the Group has implemented several measures that have resulted in a significant reduction in carbon emissions:

- Using more environmentally friendly diesel, such as biodiesel for gensets and machinery.
- Reducing the use of diesel-powered company vehicles.
- Adopting renewable energy alternatives to reduce reliance on electricity from the national grid.
- Implementing compact sub-stations to provide permanent power supply to site operations and site offices. This significantly reduced CO<sub>2</sub> emissions and noise pollution.

GBG calculates its Scope 1 and Scope 2 emissions using the GHG Protocol Corporate Accounting and Reporting Standard ("**GHG Protocol**"). The global warming potential ("**GWP**") emission factors for all greenhouse gases are consistent with the Intergovernmental Panel on Climate Change ("**IPCC**") Fifth Assessment Report, 2014 ("**AR5**") based on a 100-year timeframe.

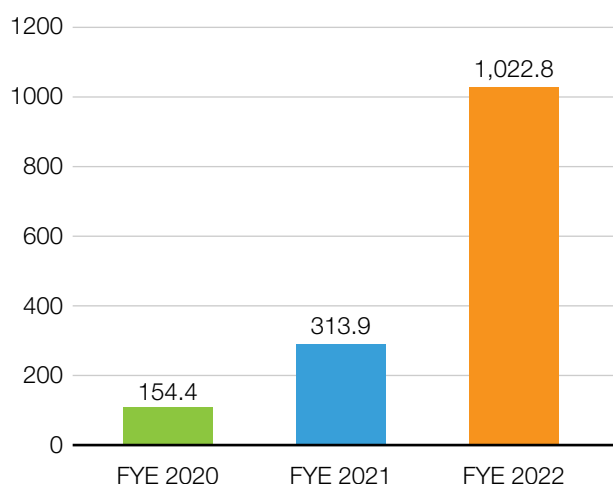
## ENVIRONMENTAL PILLAR (CONT'D)

The calculation methodologies are aligned with the 2006 IPCC Guidelines for National Greenhouse Gas Inventories, US Environmental Protection Agency (“**US EPA**”), and Malaysian Green Technology and Climate Change Corporation (“**MGTC**”), the lead agency of the government in green technology.

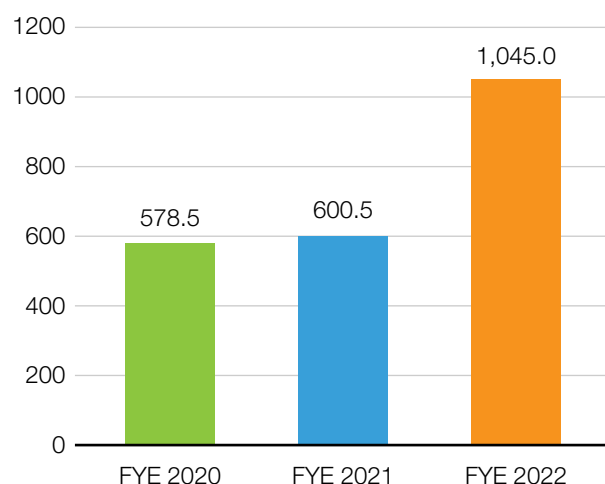
Scope 1 (direct emission) GHG emissions originate from controlled operators across all construction sites as well as transportation. These emissions primarily result from the consumption of diesel for stationary combustion at construction sites, as well as petrol to power the company's vehicle fleet. The GHG types associated with Scope 1 emissions include CO<sub>2</sub>, CH<sub>4</sub>, and N<sub>2</sub>O which arise from the combustion process of machinery, equipment, and vehicles. Scope 2 (indirect emissions) GHG emissions are purchased electricity from the electricity grids.

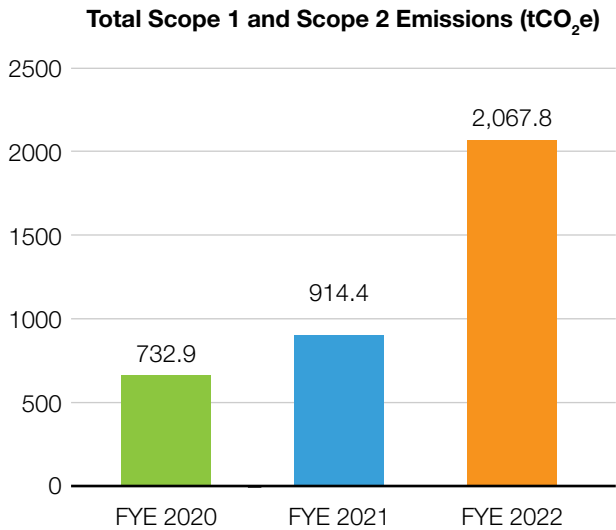
All GHG emissions are converted to CO<sub>2</sub>e based on the GWP emission factors listed by the Greenhouse Gas Protocol and the IPCC -AR5.

**Scope 1 Emissions (tCO<sub>2</sub>e)**

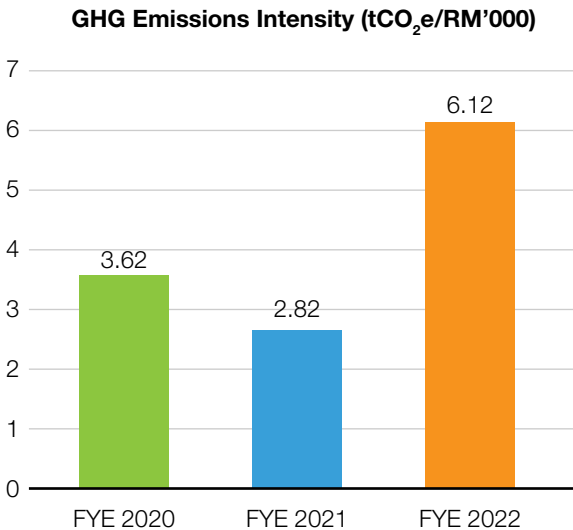


**Scope 2 Emissions (tCO<sub>2</sub>e)**

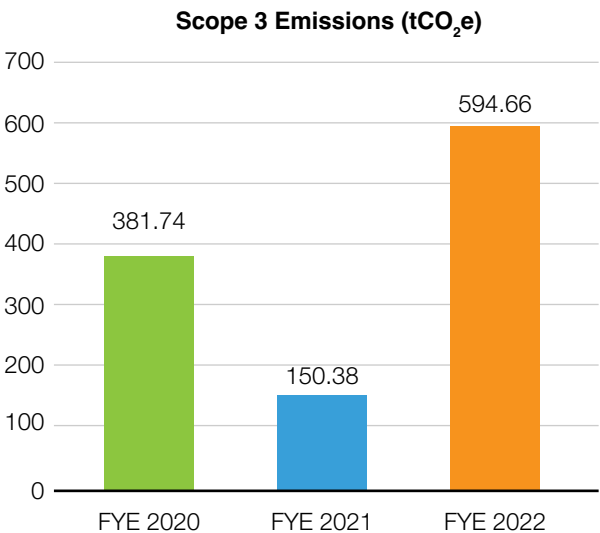




The GHG emissions intensity is disclosed here which measures the relationship between revenue and the GHG emissions of the Group. 6.12 tCO<sub>2</sub>e/RM'000 of emissions intensity is recorded for FYE2022.



Scope 3 emissions are those that originate outside of the organisation, either upstream or downstream in the supply chain. In GBG, business travel emissions sourced from petrol is recorded and it has amounted to 594.66 tCO<sub>2</sub>e in FYE2022. Scope 3 emissions are derived from individual petrol usage data submitted by employees. It has been presumed that claims made by the directorial and senior managerial staff who utilise company-registered vehicles are encompassed within the ambit of Scope 1 emissions. The calculation of GBG's scope 3 GHG emissions is based on the Greenhouse Gas Protocol: Technical Guidance for Calculating Scope 3 Emissions (version 1.0) under category 6 (Business Travel).



## AIR POLLUTION

Construction dust, also known as PM10, is regarded as one of the primary sources of pollution at project sites which has detrimental effects on people's health. Therefore, to reduce the impact on the environment, specific measures for dust control, as approved in the Environmental Impact Assessment ("EIA"), will be implemented at the site.

Environmental monitoring will be conducted at each project site to assess the ambient air quality that shall adhere to the Environmental Quality (Clean Air) Regulations 2014's legal requirements.

### MEASURES UNDERTAKEN AT GBG'S PROJECT SITES

In order to control the emission and their impact on the environment, air monitoring is conducted weekly to ensure compliance with the Pollution Prevention and Mitigation Measures ("PMP2"). Apart from this, Compliance Monitoring and Impact Monitoring for Air Quality are carried out monthly, measuring the Total Suspended Particulate ("TSP"), CO and NO<sub>2</sub>, to ensure compliance with the Malaysian Ambient Air Quality. An Environmental Monitoring Report ("EMR") on ambient air quality for TSP will be submitted to the Department of Environment Malaysia ("DOE"). For good measure, a Performance Monitoring Report ("PMR") will also be submitted to the Environmental Performance Monitoring Committee ("EPMC").

## GREEN TECHNOLOGY ADOPTION

With the global shift towards environmental sustainability, GBG is confident that green technology will become a major trend in the near future. In anticipation of this, GBG is intensifying its utilisation of Greentech with a dual focus on reducing its environmental impact and gaining a competitive edge in the industry. The following are examples of GBG's initiatives in this regard:

- Rainwater Harvesting system,
- Photovoltaic ("PV") solar systems
- Home Automation system, Security Access system via Bluetooth
- Retaining wall system filled with greenery.
- Recyclable aluminium formworks instead of conventional plywood and timber for concrete casting work.
- IBS systems
  - o Construction and completion of SMK Bandar Sri Bukit Jalil
  - o Design and build at SUKE, PPSAS and LRT3

In addition, the Group has implemented the use of ("PHEV") Plug-in Hybrid Electric Vehicles for key management personnel as part of this initiative. All company vehicles assigned to senior management employees are PHEVs, with a designated charging station located at the Headquarters.

## ENERGY CONSUMPTION AND MANAGEMENT

Energy consumption is a critical factor in the production of carbon emissions, which are the primary cause of climate change. When energy is generated or consumed, it often involves burning fossil fuels as well as including excess heat generated, operating costs and increased water consumption (for cooling of machinery).

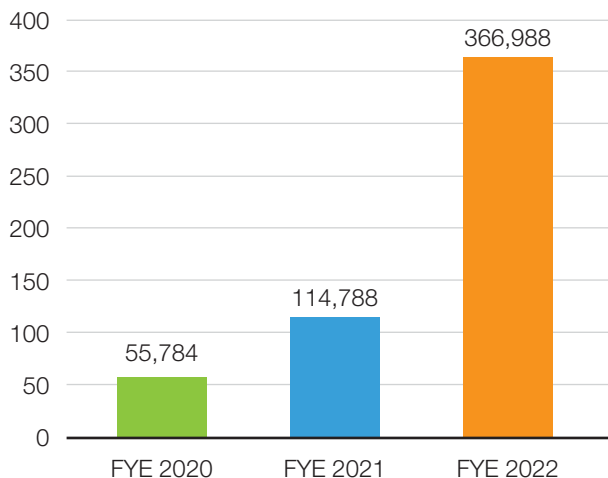
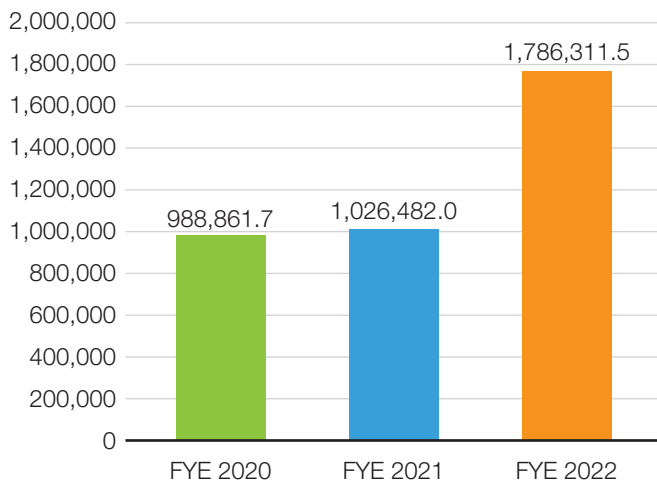
GBG's construction and property development are energy-intensive industries, using electricity sourced from the national grid together with diesel to power its construction machinery and equipment at the site. Petrol is also consumed by the Group's fleet of 12 Energy Efficient Vehicles ("EEV"), with 3 charging stations around the office building.

GBG's primary goal is to manage energy consumption across all of its business operations in two ways. First, it will reduce energy consumption at all operational sites and the headquarters, and then it will foster an "energy conservation culture" among its employees.

The company recognises that adopting the ISO 14001:2015 standard will not only ensure that the company meets its legal obligations but will also attract new business opportunities and client trust.

As a responsible construction company and property developer, the Group is pledging to reduce energy consumption by committing to efficient management of energy consumption through energy-saving designs and features in our projects, including Greentech, to enable clients to achieve better savings across the lifecycle of their buildings and infrastructure projects.

GBG is committed to managing its energy consumption, with a particular focus on reducing its use of fossil fuels. Despite relying on diesel to power a wide range of machinery and equipment at its worksites, the Group recognises that this consumption contributes to carbon emissions. In FYE 2022, a total of 366,988 litres of diesel were recorded across 9 worksites.

**Diesel Consumption (Litres)****Electricity Consumption (kWh)**

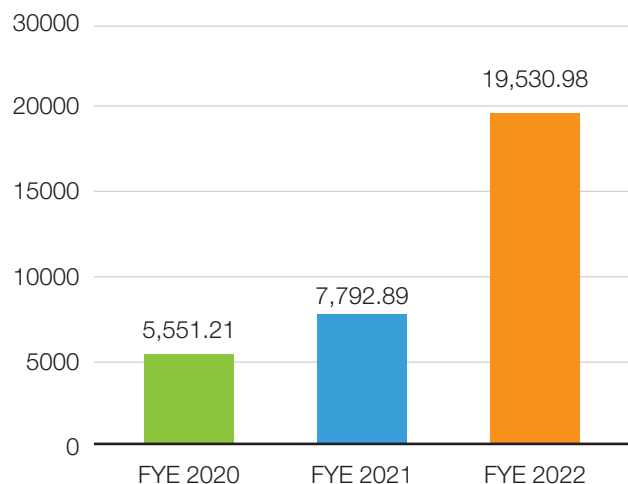
With regards to electricity consumption (Scope 2 energy), GBG is driven to progressively transition to renewable energy sources, in particular solar energy, where commercially feasible.

The table below shows the electricity consumed over three years at GBG's work sites:

| Project Sites          | FYE 2020<br>(kWh) | FYE 2021<br>(kWh)  | FYE 2022<br>(kWh)  |
|------------------------|-------------------|--------------------|--------------------|
| HEADQUARTERS           | 348,372.4         | 359,365.5          | 401,299.1          |
| LRT3-GS04              | 275,737.8         | 166,014.3          | 184,133.1          |
| SUKE CA3               | 45,290.3          | 110,519.4          | 116,280.1          |
| PPAS                   | 129,347.2         | 201,870.3          | 396,802.2          |
| THE PEAK               | 187,354.1         | 118,988.7          | 529,235.5          |
| E-ISLAND<br>LAKE HAVEN | 2,759.9           | 69,263.7           | 115,756.7          |
| TERINGIN SENTRAL       |                   | 460.00             | 13,010.7           |
| SOLITAIRE SUITES       |                   |                    | 24,499.4           |
| STORE                  |                   |                    | 5,294.8            |
| <b>TOTAL</b>           | <b>988,861.7</b>  | <b>1,026,482.0</b> | <b>1,786,311.5</b> |

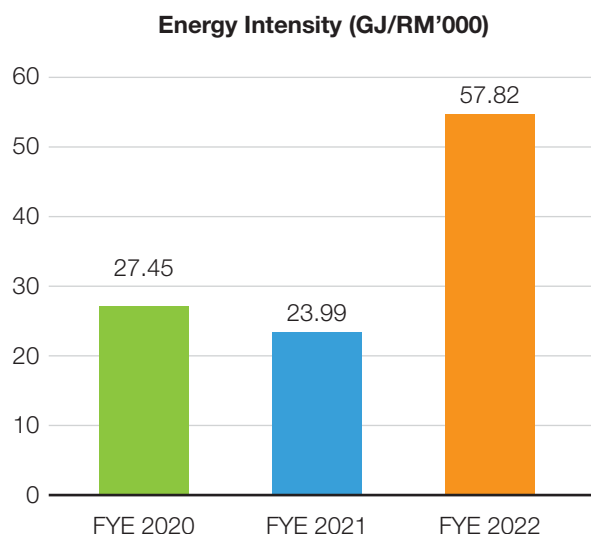
The Admin Department is responsible for monitoring monthly electricity usage and recording the data. If there is any extra or excessive usage for the month, the department will investigate the root cause to identify contributing factors and take mitigation actions to prevent the recurrence of the issue.

In addition to monitoring and mitigating electricity usage, the Admin Department is also responsible for supplying all office electrical appliances and facilities, such as photocopiers and air conditioning units. The department prioritises the use of energy-saving products to minimise electricity usage and reduce the company's carbon footprint.

**Total Energy Consumption (GJ)**

The total energy consumption (in GJ), which includes energy used from fuel, electricity, and other forms of energy, amounted to 19,531 GJ in FYE 2022. The increasing trend is mainly due to the launch of two new construction sites, namely Solitaire and Store, which have contributed to the overall energy usage.

The energy intensity is disclosed here which measures the relationship between revenue and the energy consumption of the Group. 57.82 GJ/RM'000 of energy intensity is recorded for FYE 2022.



## RENEWABLE ENERGY INITIATIVES

GBG has identified an opportunity to leverage alternative and renewable energy sources by exploring the installation of solar panels at both its project sites and headquarters offices.

Specifically, at GBG's E'Island Lake Haven project, the company is currently designing and installing solar photovoltaic panels to generate electricity. These panels will enable the project to reduce its reliance on traditional electricity sources and move towards a more sustainable energy model.

In addition to the E'Island Lake Haven project, GBG is also initiating plans to install photovoltaic panels at its headquarters offices. The installation of these panels will partially energise the company's headquarters and further reduce its dependence on non-renewable energy sources.

Overall, GBG is committed to exploring and adopting sustainable energy solutions, and the installation of solar panels is just one of the many steps the company is taking towards a greener future.

## WASTE MANAGEMENT

The Group's business operations produce waste in various forms. For every activity carried out at a site, there is an estimated waste generation of 5-10% of the total amount. The waste is carefully collected, recorded, and sent to a recycling centre to ensure proper disposal.

GBG also recognises the importance of reducing waste at its source and actively seeks ways to minimise waste generation through the adoption of sustainable business practices. These efforts include the implementation of waste reduction strategies, the use of environmentally friendly materials, and the promotion of recycling and reuse practices.

At project sites, adequate disposal bins are provided as temporary collection points for licensed and registered contractors approved by local authorities to manage the collection and disposal of waste. This ensures that waste is handled and disposed of responsibly and in compliance with relevant regulations.

For all construction sites, GBG is committed to complying with all relevant regulations and requirements to manage waste, pollution, and resources at its construction sites. As part of its commitment to preventing environmental pollution, reducing waste, and minimising resource consumption, the company aims to increase recycling efforts at all sites, reduce hazardous and non-hazardous waste sent to landfills, and repurpose waste for reuse where possible.

As an example, during rebar works, any waste generated will be carefully collected, recorded, and sent to a recycling centre after obtaining necessary approvals. Similarly, broken plastic barriers used for traffic management to ensure safety will be sent to a recycling centre to prevent them from ending up in landfills or polluting the environment.

In addition to these efforts, GBG is exploring the adoption of more resource-efficient building technologies, such as pre-cast and Industrial Building Systems ("IBS"), which enable more efficient construction and reduce resource consumption and waste. The company is also leveraging intelligent building design systems such as Building Information Modelling ("BIM") and adopting innovative designs that require fewer building materials.

GBG is committed to following guidelines set out in ISO 14001:2015 and aims to obtain certification in this standard. The company has set KPIs, which include reducing waste and minimising resource consumption, as well as always complying with the requirement of authorities. GBG is continuously striving to improve its waste management practices and promote sustainable construction practices.

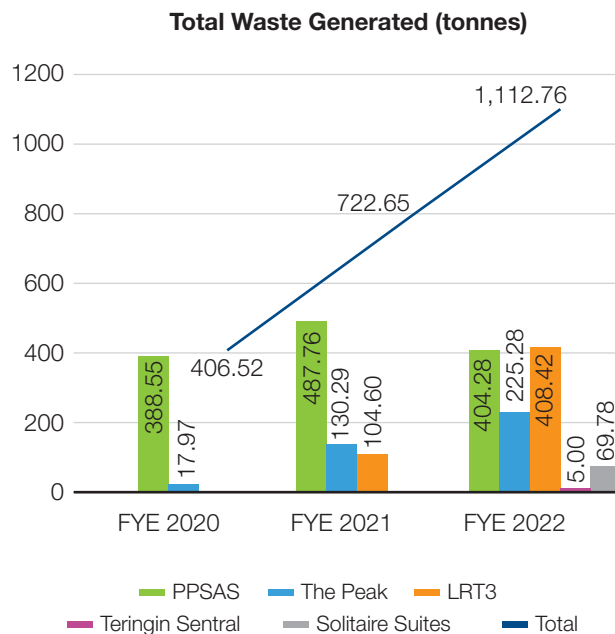
In linking to international assurance standards, GBG conforms with tenets contained in the Basel Convention, an international treaty to manage the transboundary movement of hazardous wastes, particularly from the developed to less developed countries.

To strengthen waste management practices, each project site will adhere to an Environmental Management Plan (“EMP”) that outlines the specific procedures for managing different types of waste. These procedures are in accordance with various regulations and guidelines, including the Environmental Quality Act 1974, Environmental Quality (Scheduled Wastes) Regulations 2005, Guidelines for Packaging, Labelling and Storage of Scheduled Wastes in Malaysia (DOE), and EIA Approval Conditions.

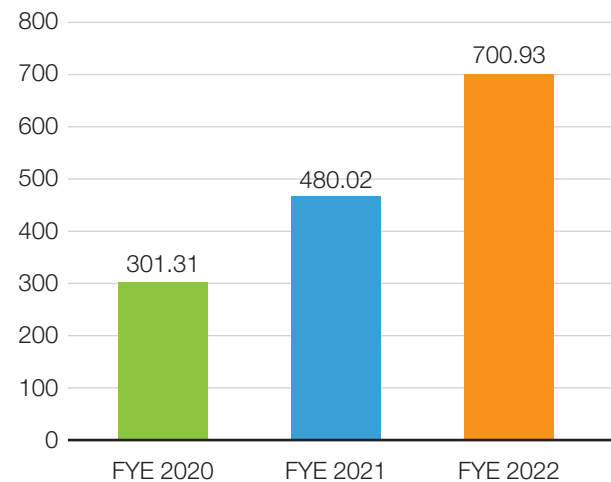
GBG is currently integrating two key principles of waste management: protection of the environment and human health and adherence to best practices in waste management. To ensure that waste is managed effectively and efficiently, GBG has engaged a third-party consultant to provide expert guidance on materials management for site-specific needs.

In FYE 2022, the collective output of waste generated by numerous active projects, namely PPSAS, The Peak, LRT3, Teringin and Solitaire, has amounted to 1,112.8 tonnes. This waste output comprises both recyclable and non-recyclable materials, which exhibit an upward trend over the years. The increase in waste output can be attributed to a higher number of project sites recording their waste generation to effectively monitor and mitigate the trend.

The non-recyclable waste, predominantly composed of non-hazardous materials, will be sent for disposal with appropriate protocols for handling.



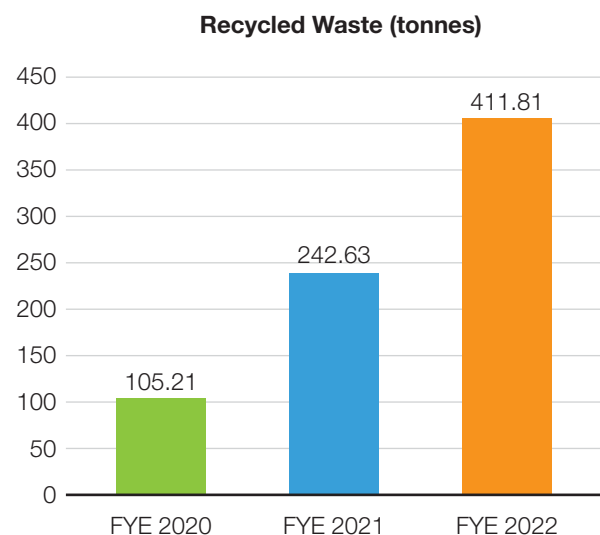
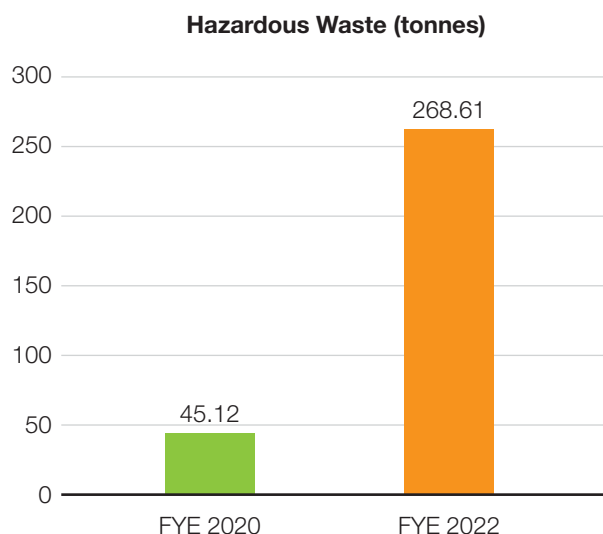
**Non-recycled Waste Generation (tonnes)**



GBG has implemented a highly effective Scheduled Waste Management (“SWM”) approach to manage its waste. This approach encompasses a start-to-end, systematic process of storing, disposing, and recycling waste wherever possible. This approach encourages efficient resource use by preventing and reducing waste production, as well as establishing proper protocols for the handling of chemical and hazardous waste.

As part of the Group's endeavour to monitor its hazardous waste resulting from construction activities, 268.6 tonnes of scheduled waste were recorded in FYE 2022. GBG will continue to track and monitor its scheduled waste to enhance its overall waste management practices.

Below is the scheduled waste data from LTR3 construction sites in tonnes:



GBG has proactively set aside a budget to engage consultants in the management and reduction of their waste generation. Additionally, they have allocated funds to manage on-site work, monitor waste generation and report to third-party evaluators for compliance purposes.

The Group has also enlisted the aid of a third-party consultant to manage materials according to site requirements, which will eliminate additional materials and raw material handling on-site, reducing wastage. An example of their commitment to waste reduction is demonstrated by the LRT3 project, which has engaged a consultant to advise on cutting arrangements, producing a bar bending schedule to optimise material usage.

GBG further supports the approach and technology from suppliers to recycle used clay, which has resulted in the creation of a new material called clay sheet, used as facade finishes.

Through unwavering persistence, the Group has succeeded in recycling a total of 411.8 tonnes of waste in FYE 2022.

## BIODIVERSITY

Biodiversity is crucial to ensuring food security, maintaining the health of ecosystems, supporting local tourism, and enabling scientific research and other commercial applications. It is imperative that businesses take an active role in preserving biodiversity. While GBG does not operate within or adjacent to sites deemed rich in biodiversity, the Group is committed to undertaking EIA, as stipulated by the authorities.

GBG is also committed to ensuring that impacts caused by work on its sites do not affect water, soil and air quality which can directly or indirectly affect biodiversity. If and where necessary, the Group shall undertake necessary due diligence, including working with external experts to assess the level of biodiversity on any operational sites to ensure that the current condition is to be maintained throughout the project or to be improved.

In order to uphold biodiversity conservation, each site will be responsible for managing its impact on biodiversity through the implementation of an EMP. The Environmental Designated Team will oversee the implementation of the EMP at each site, while keeping project personnel informed and ensuring compliance with all DOE regulations.

A budget has been allocated to facilitate the implementation of the EMP and to ensure that the biodiversity of each site is protected. This budget will cover the preparation of an EMP report upon entering the site or commencing the project and also cover environmental protection works monitoring, which includes monitoring air quality, noise levels, silt trap discharge, river quality, and any other monitoring that may be necessary depending on the site/project requirements.

Additionally, the maintenance of environmental impact and aspects during construction will follow Best Management Practices (“**BMP**”) compliance throughout the project.

**BIODIVERSITY RISK ASSESSMENT**

Biodiversity assessments and audits play a critical role in identifying potential risks associated with new projects and existing sites. These assessments and audits enable project personnel to identify and evaluate the potential impacts of their activities on biodiversity and take measures to mitigate any potential negative effects.

Through the biodiversity risk assessment process, GBG identified following activities that could potentially impact the biodiversity areas:



**Site Clearing**

- \* Site clearing poses a risk to ecosystems and biodiversity. GBG can develop mitigation plans to reduce negative impacts and comply with regulations. For example, replacing cut trees in a nearby unaffected area can offset the impact of site clearing on the ecosystem



**Fuel Spilled**

- \* Fuel spills from site machinery can cause negative impacts on aquatic ecosystems by contaminating water sources and disrupting the natural balance of the ecosystem. To prevent this, GBG can implement spill prevention and response plans, provide staff training on proper fuel handling techniques, and use spill containment equipment to minimise the risk of environmental contamination.

The Group's EMP outlines the necessary measures to maintain and minimise the impact of construction activities on the environment at different phases of the project. By following the EMP procedures in place and taking mitigation actions, GBG can help maintain the biodiversity of the ecosystem and avoid any potential negative impacts on the environment.

Given that GBG's business operations are primarily located in biodiverse habitats like lakes, palm trees, and streams, the Group places a high priority on preserving and improving the existing biodiversity in these areas. To achieve this, GBG has implemented measures such as expanding ponds and designing proper wetlands for future habitats. These actions not only preserve the current biodiversity but also create new habitats for the future, ensuring the long-term sustainability of the ecosystem.

In addition, GBG also engaged with DOE in efforts to reduce the loss of biodiversity. By collaborating with the government regulatory body, the Group can ensure that its operations align with environmental regulations and standards. This engagement can also provide valuable insights into new regulations or policies that may affect its operations and allow for timely adjustments to be made.

**TREE PLANTING TO PRESERVE AND RESTORE BIODIVERSITY**

GBG has followed up on its commitment to the environment by planting a wide range of local flora and fauna at its projects.

In FYE 2022, GBG continue its effort to plant various species of trees at its project sites, with the incorporation of new fertiliser technology to help the growth of plants.

|                         | FYE 2020 | FYE 2021 | FYE 2022 |
|-------------------------|----------|----------|----------|
| Number of trees planted | 61       | 38       | 13       |

**WATER CONSUMPTION**

Water is a vital resource for GBG's business operations, particularly during the construction process, consumes a significant amount of water. During the construction process, sites are prone to dust and air pollution, and to minimise the dispersion of dust through wind, the site will be regularly wetted down. Furthermore, a continuous water supply is necessary for some construction activities.

GBG's water is sourced from the municipal water supply, as approved by the relevant authorities in the specific area. None of the sites or projects are in water-stressed areas. GBG recognises the importance of responsible water usage and conservation practices. Therefore, the Group is committed to implementing measures to minimise water consumption and optimise efficiency during the construction process which may consider the usage of reclaimed water or non-potable use.

At all sites, GBG is dedicated to upholding its 3R philosophy of reducing, reusing, and recycling water for non-potable purposes. The company will withdraw only the necessary amount of water, with only a minimal quantity being stored in case of emergencies, such as a disruption in the water supply. Where possible, GBG aims to minimise its reliance on municipal water sources by utilising rainwater harvesting mechanisms. This approach was used at the site to collect rainwater and reused it for watering plants. GBG plans to implement rainwater harvesting at all its work sites to further reduce its dependence on municipal water.

The amount of water consumed at a construction site is dependent on the level of activity and productivity. It's important to compare water consumption against progress at the site, rather than solely comparing year-to-year figures.

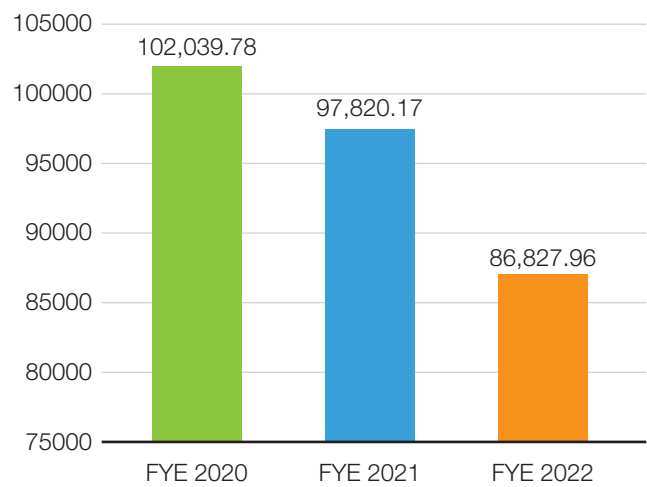
Additionally, the type of contract for each project site will affect water consumption. For example, if there are facilities for direct sub-labour, water consumption will be higher. On the other hand, if all bills are under a sub-contractor for total sub-contract projects, water consumption will be lower. Therefore, it's important to consider the specific circumstances of each project when evaluating water consumption.

Table showing GBG's water consumption billing over the last three years:

| Project Sites          | FYE 2020<br>(m <sup>3</sup> ) | FYE 2021<br>(m <sup>3</sup> ) | FYE 2021<br>(m <sup>3</sup> ) |
|------------------------|-------------------------------|-------------------------------|-------------------------------|
| HEADQUARTERS           | 3,235.8                       | 4,546.6                       | 3,766.4                       |
| LRT3-GS04              | 5,861.6                       | 6,526.5                       | 12,241.3                      |
| SUKE CA3               | 8,594.0                       | 23,604.6                      | 15,742.9                      |
| PPSAS                  | 64,775.2                      | 46,197.9                      | 12,463.6                      |
| THE PEAK               | 19,316.0                      | 9,817.0                       | 28,137.2                      |
| E'ISLAND<br>LAKE HAVEN | 257.3                         | 7,036.7                       | 9,448.0                       |
| TERINGIN SENTRAL       | -                             | 90.9                          | 1,900.0                       |
| SOLITAIRE SUITES       | -                             | -                             | 2,359.6                       |
| STORE                  | -                             | -                             | 768.9                         |
| <b>TOTAL</b>           | <b>102,039.8</b>              | <b>97,820.2</b>               | <b>86,828.0</b>               |

ENVIRONMENTAL PILLAR  
(CONT'D)

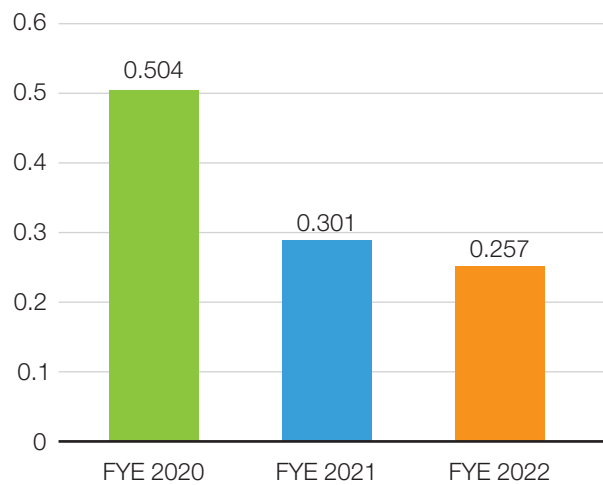
Water Consumption (m³)



Admin department has been tasked with monitoring water usage at headquarters and construction sites by recording monthly water bills. By maintaining a record of water usage, unusual usage patterns can be detected and conduct further inspections at the affected places to ensure that everything is working efficiently.

The water efficiency ratio as measure over revenue was amounted to 0.257 m³/RM in FYE 2022.

Water Intensity (m³/RM)



WASTEWATER FROM CONSTRUCTION ACTIVITIES

GBG are fully committed to complying with the regulations set by the Department of Environment and other regulatory authorities. This includes ensuring that all effluent and silt discharged from construction sites meets the required parameters.

For each project site, to ensure compliance with Pollution Prevention and Mitigation Measures (“PMP2”), the Group implemented a system with a silt trap or sediment basin, as well as a temporary earth drain. These are monitored monthly, and if rainfall levels exceed 12.5mm, monitoring is done within 24 hours. This monitoring checks for structural integrity, functionality, practicality, and frequency maintenance, in line with the Urban Stormwater Management Manual for Malaysia (“MSMA”) 2nd Edition specifications.

In addition, GBG implemented BMP for pollution prevention and water quality improvement. The sites monitor erosion and sedimentation as part of compliance with the EIA approval conditions.

Water monitoring is carried out on silt trap discharge to the public drain to assess the impact of construction works on water quality. It is test for various parameters, including pH value, temperature, dissolved oxygen, biochemical oxygen demand, BOD<sub>5</sub>, chemical oxygen demand (COD), total suspended solids (TSS), ammoniacal nitrogen (NH<sub>3</sub>N), oil and grease, and heavy metals, such as mercury, cadmium, chromium, arsenic, lead, copper, manganese, nickel, zinc, and iron.

If there is a nearby river, the project personnel will check the river water quality monthly and ensure that the parameters for the water comply with the requirements set by the authority. Our commitment to environmental responsibility is reflected in our ongoing efforts to monitor and maintain water quality at all project sites.

## ENVIRONMENTAL MONITORING AND POLLUTION CONTROLS

GBG is in the process of adopting ISO 14001:2015, which is an internationally recognised standard for environmental management. This move towards compliance reflects the Group's commitment to environmental stewardship in the context of development.

Implementing ISO 14001 also enhance the Group's resource efficiency and waste reduction efforts, leading to cost savings and greater accountability for environmental impact. Adhering to ISO compliance requirements also ensures that the company meets all legal obligations, thereby bolstering its reputation and attracting new business opportunities while building clients' trust.

Listed below are some initiatives undertaken to manage possible environmental pollution:

| AREA                                 | ACTION PLAN                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|--------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Water Pollution</b>               | <ol style="list-style-type: none"> <li>1. Implementing the EMP and Erosion and Sedimentation Control Plan ("ESCP")</li> <li>2. Surface wastewater control; control of the perimeter drainage shall be provided at the project site before any earthworks are carried out. In addition, any surface runoff emission from the project site of groundwork is not allowed to be discharged directly into any watercourse unless it has undergone sedimentation or flushed into the sediment pond first</li> <li>3. Any domestic sewage from the site offices or workers' accommodation quarters shall comply with Standard {A/ B}, Second Schedule, Environmental Quality (Sewage) Regulations 2009 before being released to any watercourse</li> <li>4. Protect water habitat and minimise biodiversity loss</li> <li>5. Prevention of subsequent pollution into water catchment areas</li> </ol> |
| <b>Noise Pollution</b>               | <ol style="list-style-type: none"> <li>1. Actions taken in controlling noise risks and exposure should include consideration of the choice of appropriate work equipment that emits the least possible noise. Equipment used at our work site comes with various models which are designed to control excessive noise exposure</li> <li>2. Ensuring site working hours comply with local council requirements to minimise disturbance to surrounding residents</li> <li>3. Minimise health hazards (for example, occasional headache, stress and anxiety, etc.) due to long-term exposure to noise pollution</li> </ol>                                                                                                                                                                                                                                                                        |
| <b>Ground and Soil Pollution</b>     | <ol style="list-style-type: none"> <li>1. Machinery is frequently checked for oil leaks to prevent soil and water pollution</li> <li>2. Leaks from machinery will be timely repaired or replaced if needed</li> <li>3. Drip plates are placed below machinery to minimise spills and ground contamination</li> <li>4. A proper bund wall with concrete cement is provided for the diesel skid tank</li> </ol>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>Erosion Sedimentation Control</b> | <ol style="list-style-type: none"> <li>1. Erecting a temporary earth drain to prevent water and silt from seeping into the building basement</li> <li>2. Periodic cleaning of the drainage system</li> <li>3. Use of silt trap during construction</li> <li>4. Covering slopes with plastic sheets during construction</li> <li>5. Adopt green concept on permanent retention walls</li> <li>6. Avoid contamination of surrounding water courses</li> <li>7. Prevent slope erosion to avoid mishaps and rectification works</li> </ol>                                                                                                                                                                                                                                                                                                                                                         |

GBG has adopted an EMP for all of its project sites, which includes monitoring and control measures for air, water, and noise pollution. The monitoring schedule is established annually with the recommended frequency of checks as required by relevant authorities.

To ensure compliance with environmental regulations for each project, GBG has enlisted the support of a specialised third-party environmental consultant to collect data and develop mitigation plans. GBG collaborates closely with the consultant to continuously improve the environmental conditions of its project sites and safeguard the surrounding ecosystem.

| PROJECT          | POLLUTION CATEGORY     | MONITORING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------|------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>LRT3-GS04</b> | <b>Air</b>             | <p>GBG has achieved excellent performance with monitored air quality at all four worksites registering levels far below the permissible DOE levels. The ambient air quality monitoring includes:</p> <ol style="list-style-type: none"> <li>1. Total Suspended Particles (ASTM D4096, 1993)</li> <li>2. Nitrogen Dioxide Content in Ambient Air (ASTM D1607, 1991)</li> <li>3. Carbon Monoxide Content in Ambient Air (ASTM D4599-14)</li> <li>4. Ambient Air Compliance Limit - Malaysian Ambient Air Quality Guidelines (MAAQG)</li> </ol>                                                         |
|                  | <b>Water</b>           | <p>In some instances, water quality had exceeded the permissible DOE level for <math>\text{NH}_3\text{N}</math>, DO and TSS. Remedial action was taken to improve water quality in terms of the aforementioned parameters.</p> <p>Water quality for pH levels, heavy metals and minerals, turbidity, total suspended solids, and chemical and biological oxygen demand was within the permissible levels. The water quality monitoring is in reference to Water Quality (ASTM 5358, 1993).</p>                                                                                                       |
|                  | <b>Noise</b>           | Noise levels have generally been within the permissible levels, though levels at night have at times exceeded the DOE limits. The Group has taken stock of this and is strengthening compliance with Noise Levels Measurement (ISO 1996).                                                                                                                                                                                                                                                                                                                                                            |
|                  | <b>Vibration Limit</b> | <p>The compliance limits are established based on a variety of factors, including the type of structure, the distance from the vibration source, and the frequency and amplitude of the vibration. The guidelines also provide recommendations for mitigating the effects of ground vibrations, such as using specialised construction techniques or installing vibration isolation systems.</p> <p>GBG has undertaken Ground Vibration Levels Monitoring based on Vibration Compliance Limits stipulated by DOE on the Planning Guidelines for Vibration Limits and Control in the Environment.</p> |

| PROJECT | POLLUTION CATEGORY | MONITORING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|---------|--------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| PPSAS   | <b>Air</b>         | At the PPSAS project, air quality, as measured against the DOE's Malaysian Ambient Air Quality Standards 2013 (Std 2020), was within compliance levels for TSP, NO <sub>2</sub> , and CO based on MAAQS, 2013. Assessments were conducted on a quarterly basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|         | <b>Water</b>       | <p>Water quality at PPSAS has generally been within permissible levels. However, on several occasions during quarterly monitoring, it was found that water quality exceeded permissible levels for BOD, turbidity and ammoniacal nitrogen.</p> <p>GBG has performed water quality monitoring on its project sites as follows:</p> <p><u>River Water Quality</u></p> <ol style="list-style-type: none"> <li>1. NWQSM</li> <li>2. WQI</li> </ol> <p><u>Water Quality Monitoring</u></p> <ol style="list-style-type: none"> <li>1. Sediment Basins Discharge Quality - Standard Method for the Examination of Water &amp; Wastewater, American Public Health Association (APHA) 21st Edition, 2005</li> </ol>            |
|         | <b>Noise</b>       | <p>The average day-time noise level at site N1, measured at 51.1 dB(A), had slightly exceeded DOE's permissible levels of 50dB(A). N2 was within the permissible levels.</p> <p>For night-time measurement, both worksites exceeded the DOE stipulated limits of 40 dB(A). No construction activities were hence carried out during night-time.</p> <p>Based on the observations made during the monitoring exercise, the main sources of the noise were the movement of construction vehicles near N1, while at N2, it was due to the movement of residents' vehicles and heavy vehicles (lorries).</p> <p>Additional compliance with the Boundary Noise Level Measurement as per EIA Approval Condition No. 23.</p> |



# SOCIAL PILLAR

**For GBG, we believe that employees are the core of the Group's success. Without a strong workforce, business values cannot be created or delivered to stakeholders and shareholders. As such, fostering a good social relationship while maintaining good corporate governance is important to ensure that human capital can be achieved.**

Additionally, we are inclusive towards the involvement of employees towards the greater ESG can be achieved, specifically promoting Corporate Social Responsibilities (“**CSR**”) programmes, whereby employees are deployed to various group initiatives to contribute to society and communities, such as volunteering to help out flood victims, donation drives to orphanages and the less fortunate communities.

GBG also ensures the well-being of employees is well taken care of; the Group hospitalisations has been increased by almost 64% since FYE 2021.

## TALENT MANAGEMENT

GBG views talent with an industry-ready skilled, well-equipped with the competencies and knowledge as important for optimum productivity and sustained value creation. The Group's approach to talent management is centred on hiring, retaining and developing talents to ensure all employees can perform at their fullest professional capabilities.

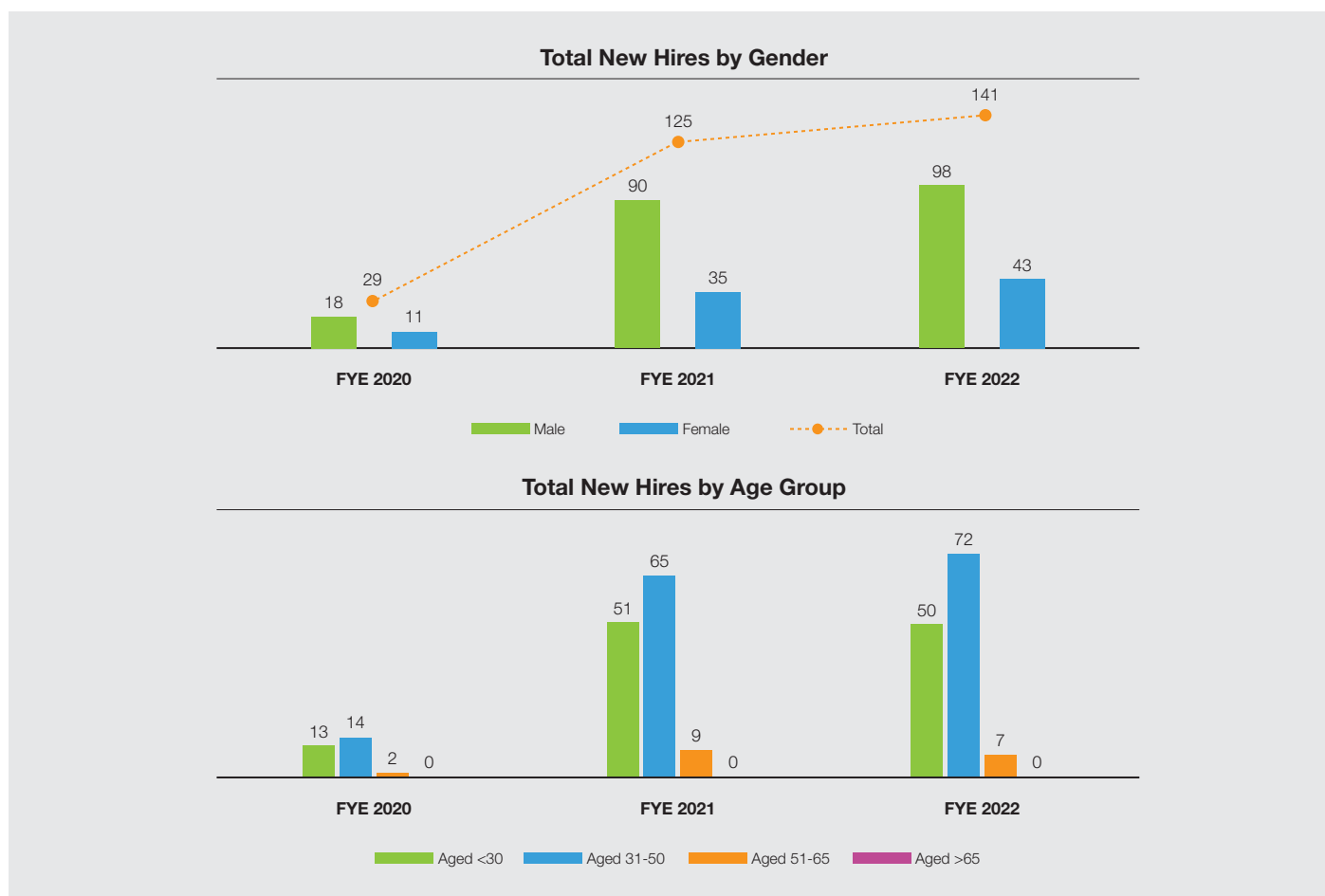
For GBG, hiring local talent remain the top priority, given the numerous advantages to the organisation. This includes their understanding of the local market as well as their knowledge of the local culture and business practices. Thus far, all employees within the group are Malaysians.

In filling the vacancy for Senior Management roles, GBG practices succession planning mechanisms by accessing the current employees' skills and competencies to see whether they are fit to take on higher roles. Otherwise, resources are deployed via introduction or agencies to source for Senior Management recruitment.

## NEW HIRES

For GBG, we practice no discrimination in our hiring process and always strive to achieve a balanced gender mix within the organisation to ensure that the representation of women in the organisation remains balanced.

In FYE 2022, there are no new hires from underprivileged groups or disabilities.



TURNOVER DATA

In FYE 2022, the turnover rate declined from the preceding years and recorded a 34% full-time voluntary turnover rate.



\*Note: The turnover rate is based on the full-time staff voluntary turnover rate.





### FORMAL INDUCTION PROGRAMME

Through a formal induction process, employers can ensure that new employees understand the company culture, have a clear understanding of their job duties and are able to start contributing to the organisation as quickly as possible.

GBG's Human Resources ("**HR**") will conduct induction on the first day of the employee report to work.

### FORMAL EXIT PROCEDURE

Having exit interviews provides the opportunity for employers to hear directly from departing employees about their experience, which can help to streamline future decisions and policies.

GBG practices a formal exit procedure by conducting exit interviews for the employees. Upon issuing the Acceptance of Resignation letter to the employee, it will then be attached with Exit Interview Form and handover checklist for further process.

The employee will meet with the assigned HR personnel for an exit interview before or on the last day of work. Employees may also choose to submit the exit interview form only to HR Department without going through an exit interview based on their preference.

### UPHOLDING HUMAN RIGHTS

GBG views human rights as the utmost priority in ensuring a safe and conducive workplace for all employees. The Group's commitment to upholding human rights is also reflected through the well-rounded governance structure, where human rights matters come under the purview of the Risk Management and Sustainability Committee.

As supported by the Group's HR Department, any human rights matters will be firstly investigated by the HR team and cascaded for further action as guided by the Group's grievance mechanism. The Group's HR and Head of Department ("**HOD**") have also constantly briefed on the human rights policy through email platform.

To ensure the human rights policy are well communicated across the Group, GBG also committed to frameworks on labour standards through participation in workshops of a joint training programme organised by the CIDB, Master Builders, and MEF.

GBG holds a formal grievance mechanism in place to allow human rights issues to be reported explicitly/confidentiality/ anonymity, which is guaranteed and available to internal and external stakeholders.

### COMPLIANCE TO REGULATIONS

By upholding human rights within the Group's business operations, GBG ensures compliance with the Malaysian Employment Act 1995 and other relevant labour laws of the country.

On top of compliance with local regulations, the Group also subscribes to the International Labour Organisation ("**ILO**"), the Universal Declaration of Human Rights and also the UN Global Compact 10 Principles as follows:

1. Support and respect the protection of internationally proclaimed human rights
2. Make sure that they are not complicit in human rights abuses
3. Uphold the freedom of association and the effective recognition of the right to collective bargaining
4. Elimination of all forms of forced and compulsory labour
5. Effective abolition of child labour
6. Elimination of discrimination in respect of employment and occupation
7. Support a precautionary approach to environmental challenges
8. Undertake initiatives to promote greater environmental responsibility
9. Encourage the development and diffusion of environmentally friendly technologies
10. Work against corruption in all its forms, including extortion and bribery

In FYE 2022, GBG maintains its track record for zero incidents of infringements of the rights of any persons, adult or child, nor any incidence of forced or compulsory labour.

**EMPLOYEE REMUNERATION AND BENEFITS**

GBG's competitive remuneration to its employees contributes towards attracting and retaining its talent Group-wide. The remuneration provided comprises both financial and non-financial compensation, which includes salaries and benefits benchmarked against current market standards.

The Group subscribes to the belief of equal work for equal pay, without discrimination of gender, ethnicity, marital status or other socio-demographic factors.

Remuneration is determined based on the employee's overall job performance, measured by way of key performance indicators ("KPI"), their contribution for the financial year, and other relevant criteria. Performance bonuses and annual increments are also provided as a means to incentivise employees to drive high performance. Annually, compensation packages are determined based on the employee's performance as assessed during their appraisal review.

Review of compensation is essentially based on employee job performance appraisals, to which 100% of employees receive appraisals on an annual basis. All employees earn wages exceeding or complying with the Malaysian government's minimum wage policy, depending on skills and experience.

A summary of GBG's benefits is presented in the following:

| Employee Benefits                                                                                                       | FYE 2020<br>(RM) | FYE 2021<br>(RM) | FYE 2022<br>(RM) |
|-------------------------------------------------------------------------------------------------------------------------|------------------|------------------|------------------|
| Total payments made to employees in terms of salaries, bonuses and benefits                                             | 22,129,631       | 23,424,895       | 28,721,777       |
| Total statutory payments made for employees' retirement benefits ("EPF") and medical insurance ("SOCESO") for employees | 3,021,194        | 2,845,459        | 3,285,871        |

| Leave                                                                                                                                                                                                         | Medical                                                                                                                                                                                                                                                                                                        | Other benefits                                                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> <li>Annual</li> <li>Sick</li> <li>Hospitalisation</li> <li>Compassionate</li> <li>Study and examination</li> <li>Maternity</li> <li>Paternity</li> <li>Marriage</li> </ul> | <ul style="list-style-type: none"> <li>Group hospitalisation and surgical insurance</li> <li>Group personal accident insurance</li> <li>Outpatient medical treatment for staff, children and spouse</li> <li>Health screening</li> <li>Dental benefit</li> <li>Prolonged Medical (critical illness)</li> </ul> | <ul style="list-style-type: none"> <li>Petrol allowance</li> <li>Mobile phone allowance</li> <li>Attendance allowance</li> <li>Staff property purchase discount</li> <li>Long service award recognition</li> <li>Overriding incentives for sales and marketing staff</li> </ul> |

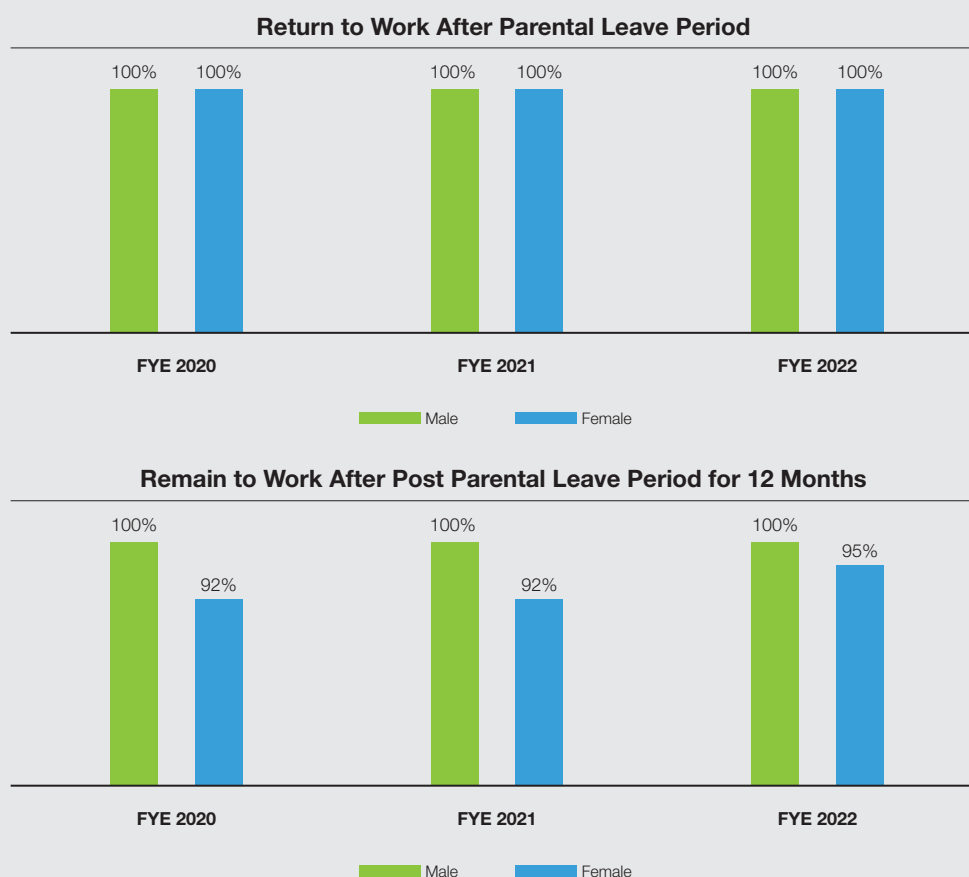


## YEARLY PARENTAL LEAVE

GBG is cognisant of the importance of parental leave for both parents and children. It allows parents to bond with their children, care for their physical and mental health, and create a positive emotional environment for the whole family. The Group provides parental leave for both men and women staff. Male staff are accorded 2 working days, and women are given 60 days of paid maternity leave.

| Parental Leave Data                                 | FYE 2020 | FYE 2021 | FYE 2022 |
|-----------------------------------------------------|----------|----------|----------|
| Employees Entitled to Maternity and Paternity Leave | All      | All      | All      |
| Employees Who Took Paternity Leave                  | 13       | 13       | 14       |
| Employees Who Took Maternity Leave                  | 12       | 14       | 7        |

## RETURN TO WORK



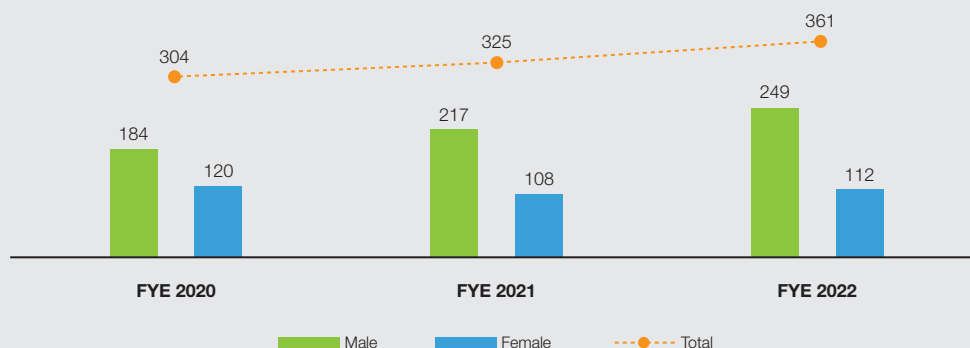
## DIVERSITY AND INCLUSIVITY

Diversity and inclusivity are essential for any organisation to succeed in today's competitive landscape. A diverse and inclusive workplace creates an environment where people from all backgrounds and experiences feel respected and valued.

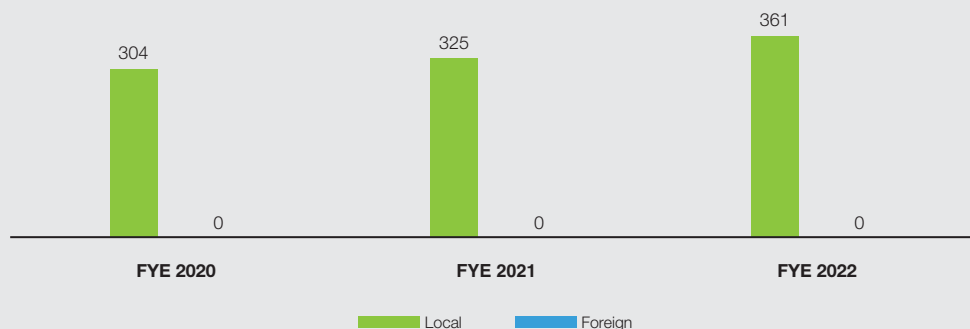
For GBG, we welcome talent from all backgrounds and cultures, which allows the exchange of different perspectives and ideas. Thus, we do not discriminate against our employees regardless of race, religion, gender, age, nationality, or disabilities.

| General Workforce Data                                              | FYE 2020 | FYE 2021 | FYE 2022 |
|---------------------------------------------------------------------|----------|----------|----------|
| Number of permanent employees                                       | 222      | 196      | 183      |
| Number of temporary staff/contractors                               | 82       | 129      | 178      |
| Percentage of permanent employees (%)                               | 73%      | 60%      | 51%      |
| Percentage of employees that are contractors or temporary staff (%) | 27%      | 40%      | 49%      |
| Percentage of global staff with a disability (%)                    | 0.33%    | 0.31%    | 0%       |

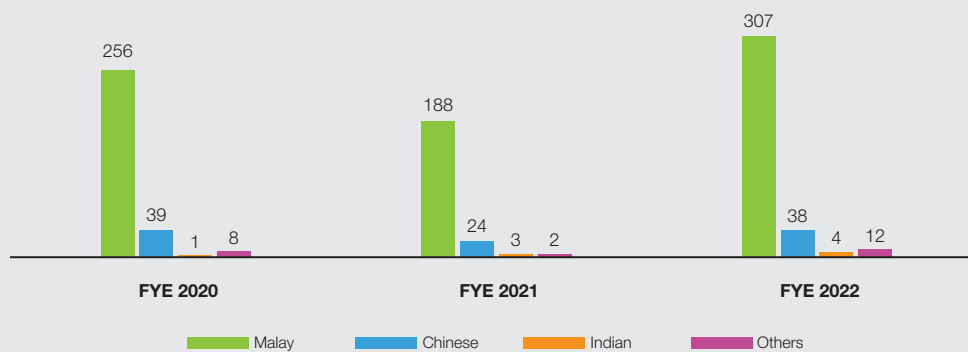
Total Employees by Gender



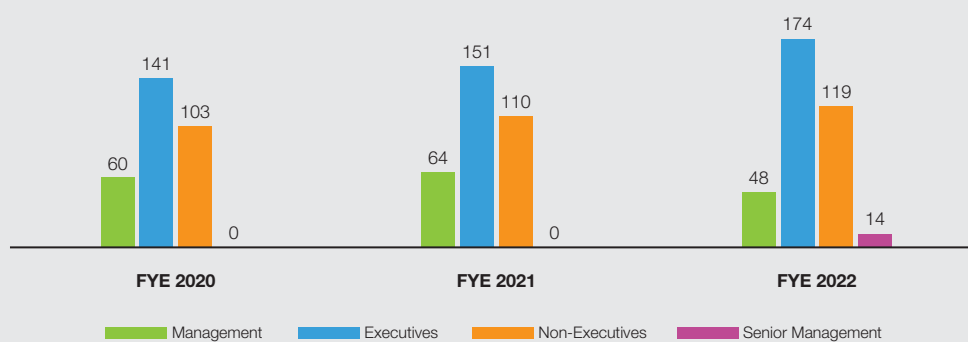
Total Employees by Nationality



### Total Employees by Race



### Total Employees by Employment Category



BOARD OF DIRECTOR PROFILE

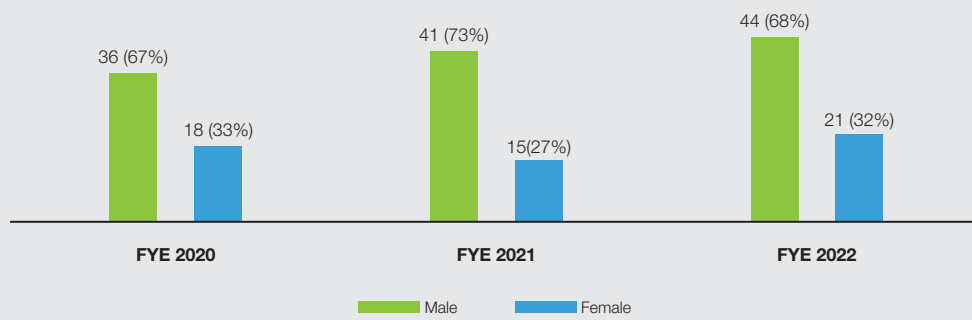
By upholding the corporate governance best practices, GBG’s Board comprises more than 25% of female representation consecutively in the three years timeframe. Going forward, the Group is looking to achieve at least 30% women sitting on the Board as required by the latest MCGG 2021.

In FYE 2022, there is no disabled representation on the Board.

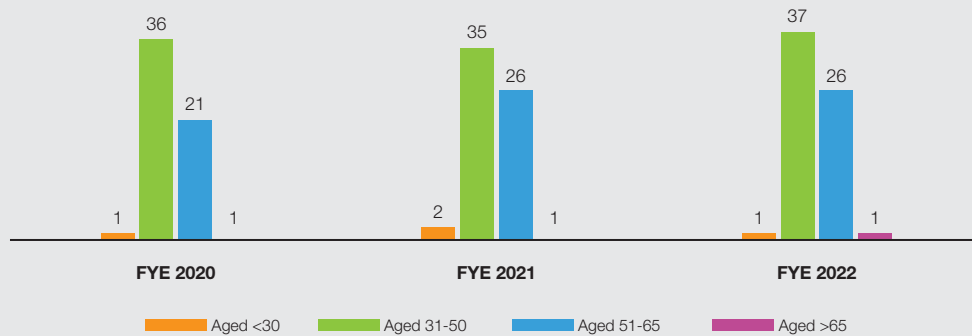


## MANAGERIAL STAFF PROFILE

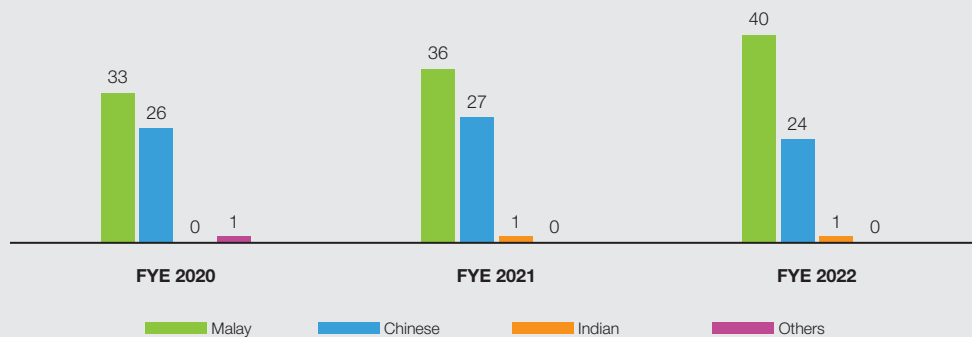
Managerial Staff by Gender



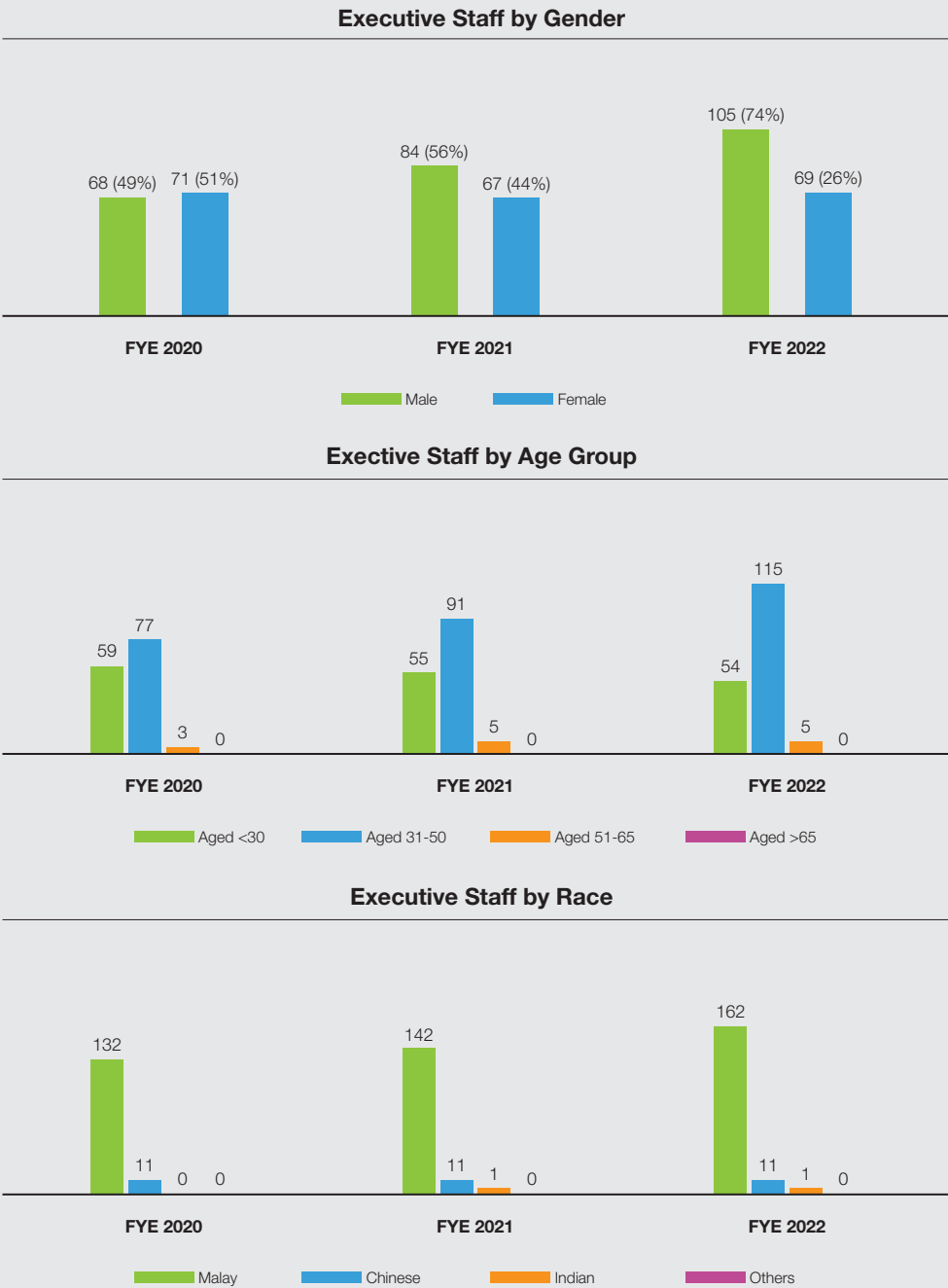
Managerial Staff by Age Group



Managerial Staff by Race

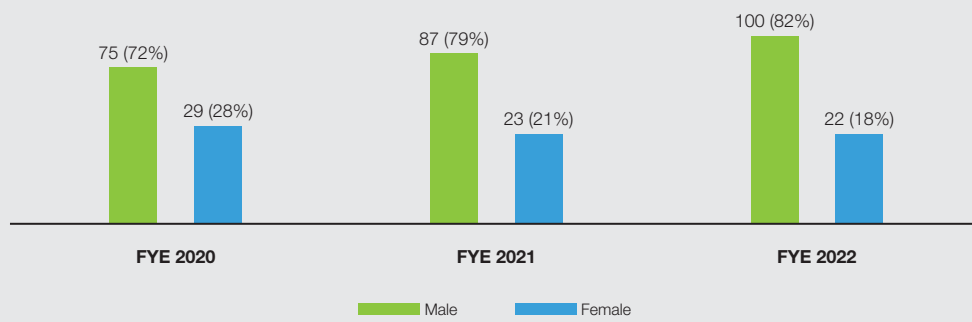


EXECUTIVE STAFF PROFILE

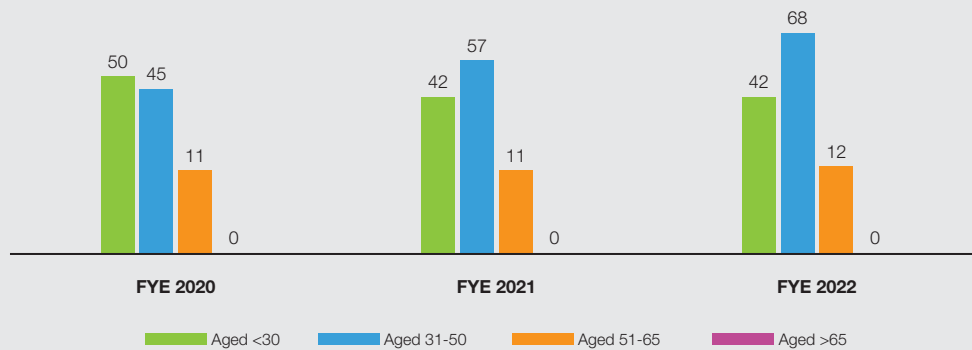


## OPERATIONAL STAFF PROFILE

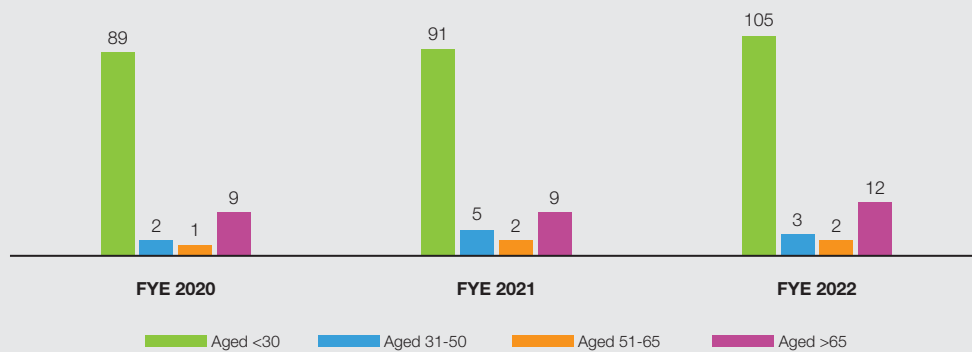
Operational Staff by Gender



Operational Staff by Age Group



Operational Staff by Race



## TALENT DEVELOPMENT AND TRAINING

For GBG, training and development is essential in helping the Group to retain top talent and improve productivity through knowledge upskilling, such as learning new technologies. This also stimulates employee job satisfaction, positively contributing to cost reduction by having a healthy and sustainable talent pool.

Recognising the importance of talent management across the Group, the talent management topic is under the purview of the Directors and the HOD and their remuneration is linked with KPIs and targets.

In supporting the Group's talent management process, GBG's HR Department and HOD are championing talent management by aligning with Training and Development procedures as stated in our Quality, Health and Safety ("QHS") manual. GBG also ensures personal development training for all employees, where the training plan and budget are discussed annually.

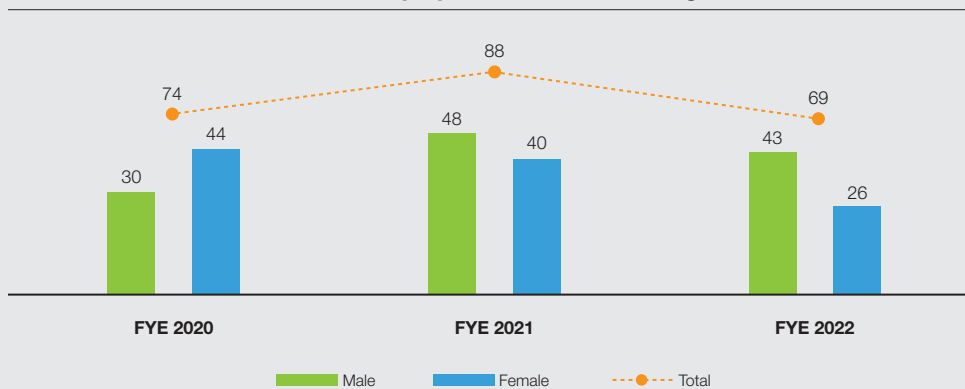
Moreover, several resources have been set aside to ensure sufficient sustenance in talent management, including financial allocation, human resources, time management, and manhours. The Group's commitment is reflected through the adoption of the QHS system, where the Group's HR primary objective is meeting the training requirements, such as allocating funds for staff training through contributions to the Human Resource Development Fund ("HRDF").

GBG adopts a training approach based on a 'training needs' analysis, suitably highlighted in an employee's performance appraisal that is regularly conducted on an annual basis. Any competency gaps may be addressed by offering training opportunities. A post-training assessment is conducted via a Training Evaluation Form to assess the effectiveness of training deliverables.

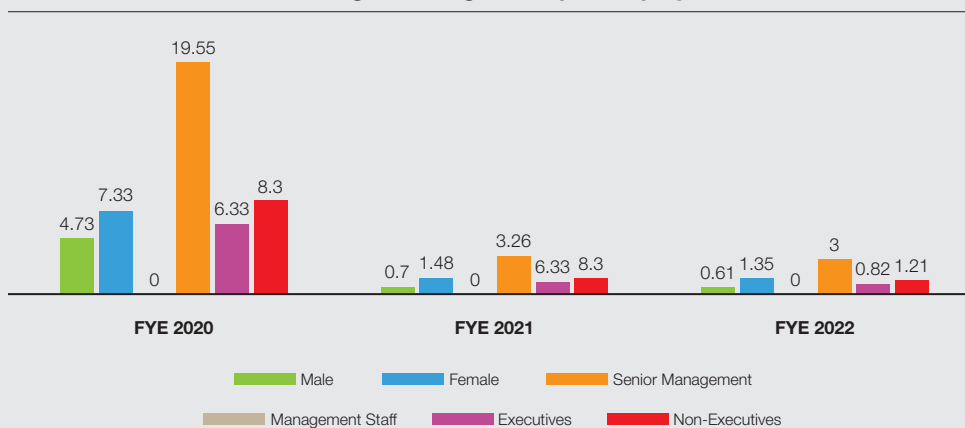
Since the COVID-19 pandemic hit, most training modules have shifted from physical sessions to online platforms using web-based facilities. Online training offers flexibility to employees from different regions to attend the training and promotes increased training hours.

| Training Data                                               | FYE 2020                      | FYE 2021                   | FYE 2022                   |
|-------------------------------------------------------------|-------------------------------|----------------------------|----------------------------|
| <b>Total training hours as a company</b>                    | 880                           | 160                        | 144                        |
| <b>Total training spend as a company (RM)</b>               | NIL                           | NIL                        | 29,142                     |
| <b>Total training hours Per Division/Business Unit</b>      | 24 (AQRS)<br>152 (GSSB)       | 8 (AQRS)<br>152 (GSSB)     | 36 (AQRS)<br>108 (GSSB)    |
| <b>Total training spend per Division/Business Unit (RM)</b> | 1117.8 (AQRS)<br>15320 (GSSB) | 320 (AQRS)<br>27310 (GSSB) | 500 (AQRS)<br>28642 (GSSB) |
| <b>Average Training Hours Per Employee</b>                  | 2.9                           | 0.49                       | 2.5                        |
| <b>Average Training Days Per Employee</b>                   | 2                             | 2                          | 2                          |
| <b>Average Training Spend Per Employee</b>                  | 50                            | 85                         | 81                         |

### Total Employees Attended Training



### Average Training Hours per Employee



### Total Training Hours per Employee



SOCIAL PILLAR  
(CONT'D)

COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

GBG respects the right of employees to join, support or participate in any legal association, cultural society, professional body or political entity as provided for in the laws of the country. The Company does not discourage or hinder employees from such involvement so long such participation is not against the law.

Employees have full access to an official grievance mechanism to express dissatisfaction with regard to any company-related matter. While employees are encouraged to attempt to resolve issues informally, management unequivocally supports employees' rights to bring up issues via an official channel for redress or further action.

Though GBG's employees do not work in an unionised environment, the Management respects employees' rights to bargain collectively. There are no restrictions on their freedom to associate with other workers or to bring up matters to the Management as a collective. Workers may choose to voice grievances and concerns or to provide suggestions to Management at any time through a wide range of official or unofficial channels.

Where possible, the Group provides a minimum notice period for significant changes to work conditions that may affect employees.

OCCUPATIONAL SAFETY AND HEALTH ("OSH")

GBG views OSH as important to the Group, where good compliance with OSH ensures the workplace is safe for all employees, promoting working productivity and contributing to the Group's business value chain.

As such, GBG is implementing ISO 45001 for OSH at all sites. This OSH certification has been a crucial requirement for project implementation locally, and having ISO 45001 provides a better prospect to the clients and employees. Given that OSH is one of the components in material ESG topics, the implementations of safety and health shall cover all aspects of the Group's business operations.

Moreover, poor ESG factors can also directly impact the Group's bottom line. Since investors and business leaders are increasingly attentive to these non-financial factors in their analysis to identify a company's material risks and growth opportunities, ensuring OSH compliance also helps preserve its reputation.

GBG's OSH Department reports directly to the top management, its Managing Director and Executive Director. This department is led by a Safety Manager from headquarters to oversee safety and health-related issues from all sites.

Led by the Senior Management team, safety issues will be highlighted to all board members during a risk management meeting. Meanwhile, for the operational site level, an internal safety meeting will be conducted for the discussion of any safety issues occurred at the site.

GBG firmly believes that all employees, as well as third-party workers, contractors and other stakeholders, have a right to work in a conducive environment which includes their well-being and security. Hence, GBG remains committed to maintaining the highest occupational safety and health standards at all its worksites.

On top of OSH policy enforcement, GBG also ensures that OSH matters are well supported by sufficient resources, which include:

| FINANCIAL                                                                                                                                                                                                                                                                                                                                                             |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Budget is allocated for implementation of OSH to ensure that safety and health of each site will be taken care of. The budget shall consider:<br><div><div>1. Preparation of Safety and health report throughout project</div><div>2. Implementation of all safety requirements</div><div>3. Training on safety health and environment</div><div>4. Audit</div></div> |
| HUMAN                                                                                                                                                                                                                                                                                                                                                                 |
| GBG allocated a team of safety for each site to ensure that safety and health policy to be implemented throughout the project. Training will be given to site personnel to get familiar with the safety and health requirements relevant to the nature of works.                                                                                                      |
| TECHNOLOGY                                                                                                                                                                                                                                                                                                                                                            |
| GBG supports the company/construction approach/ ideas that using a new technology for example new temporary support design etc.                                                                                                                                                                                                                                       |

COMPREHENSIVE OSH POLICY

The Group is guided by its OSH policy in reinforcing the importance of OSH throughout all levels of the organisation as well as framing the management approach towards ensuring compliance with high OSH standards and regulatory requirements.

As of 31 December 2022, 100% of the Group's operational sites are ISO45001:2018 certified, with all OSH data being independently verified by a third-party audit consultant.

Below is the snapshot of the OSH policy implemented across the Group:

**GBG's OSH Policy is a strong commitment undertaken by all employees to:**

- Achieve an average score of 70% on monthly safety and health inspection per year per project
- Ensure 100% attendance of staff for a CIDB Green Card Induction per year per project
- Achieve zero (0) fatalities and zero (0) permanent disabilities per year per project
- Reinforce its commitment to prevent, control, guard and eliminate hazards and reduce occupational, safety and health risks, and
- Assure of its commitment to consultation and participation of employees as well as awareness building among employees and external parties.

The Group's OSH policy commitments have also been cascaded to GBG's suppliers, vendors, contractors and business partners, which are required to abide by these tenets at all times.

#### BOARD OVERSIGHT ON OSH

Acknowledging the OSH matter to the Group, the OSH material topic is under the purview of the Board of Directors Risk Management and Sustainability Committee.

OSH oversight is managed by the provision of regular reports to the respective Board of Directors for their review, containing health and safety-related quantitative data such as the number of lost time incidents ("LTI"), fatalities, injuries, near misses, non-compliance issues and other track safety and health KPIs.

The provision of qualitative information, such as specific incident reports outlining pertinent details of major safety and health incidents, such as the root causes of incidents, can be used to plan for any remedial/ preventive action taken to reduce or eliminate the probability of future occurrences.

#### STRONG REPRESENTATION ON OSH COMMITTEE

In effectively managing OSH matters across the Group's business operations, all GBG worksites have a comprehensive OSH Committee with sufficient worker representation. Beyond complying with the mandatory requirement, GBG also collectively strive to achieve and maintain an incident-free work site, as stipulated in the OSH policy.

With such an approach, GBG has achieved 100% worker representation on formal joint management-worker health and safety committees.

The following table outlines the composition of GBG's OSH Committees:

| Project Sites | Chairman | Vice Chairman | Secretary | Vice Secretary | Employer Representatives | Employee Representatives |
|---------------|----------|---------------|-----------|----------------|--------------------------|--------------------------|
| SUKE CA3      | 1        | 1             | 1         | 0              | 9                        | 10                       |
| PPSAS         | 1        | 0             | 1         | 0              | 8                        | 18                       |
| LRT3 GS04     | 1        | 1             | 1         | 2              | 15                       | 30                       |
| THE PEAK      | 1        | 0             | 1         | 0              | 6                        | 6                        |
| HEADQUARTERS  | 1        | 1             | 1         | 0              | 6                        | 8                        |

## OSH COMMITTEE STRUCTURE

GBG has a legal responsibility to consult with the worker/subcontractor representative on safety and health matters on a regular basis. The establishment of an OSH committee at the project worksite is important in creating and maintaining a safe and healthy working environment and reducing the number of accidents and work-related illnesses.

Beyond complying with OSH best practices, GBG's EHS Committees are responsible for ensuring safe and secure work environments and the continued realisation of OHS KPIs and targets.

The roles and responsibilities of each committee member are as follows:

| Committee                           | Roles and Responsibilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|-------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>HSE Committee Chairman</b>       | <ul style="list-style-type: none"> <li>• Maintain, record and disseminate minutes of each meeting to Committee Members</li> <li>• Report status of recommendations</li> <li>• Actively promote safety and health by communicating with employees</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>HSE Committee Secretary</b>      | <ul style="list-style-type: none"> <li>• Prepare, conduct and facilitate the meeting</li> <li>• Manage, provide appropriate and timely follow-up action on all items discussed and work toward resolving problems, if it arises</li> <li>• Serve as communication liaison between management and the committee</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>HSE Committee Representative</b> | <ul style="list-style-type: none"> <li>• Report unsafe conditions and practices</li> <li>• Attend all safety and health meetings</li> <li>• Assist in the development of safety and health rules and a safe system of work</li> <li>• Report and investigate all accidents, near misses, and dangerous incidences which occur at the workplace</li> <li>• Contribute ideas and suggestions to improve safety and health</li> <li>• Review the safety and health policies at the workplace and make a recommendation to the top management on any revision of policies</li> <li>• Review the effectiveness of safety and health programmes</li> <li>• Conduct or/ and assist in workplace inspections</li> <li>• Influence others to work safely</li> </ul> |

## OSH MANAGEMENT

To remain proactive in mitigating risks in the workplace, GBG has identified the following works as having a higher risk of an OSH incident. This is done by implementing a Permit-to-Work approach, where all such higher-risk works can only be undertaken after having been assessed and approved by the Safety and Health Officer ("SHO").

The assessment factors include whether sufficient safety equipment is available for the works to be performed safely, weather conditions, the worker(s) physical condition and job experience. It could also be related to the nature of the job, working at height, in a confined space or lifting works, to name a few. Such factors may have a higher incidence or higher risk of injury.

On top of physical hazards, the risks also may come from jobs that may expose workers to the COVID-19 virus. Hence, jobs that require employees to come into close contact with people or to work in locations where there are many people may be at higher risk.

When there is any non-compliance with safety measures being reported, a thorough investigation will be carried out, and necessary actions will be taken. Internally, the Group's Safety and Health Department established incident reporting mechanisms to follow in the event of an accident:



In case of fatality or any major accidents/incidents, the incident shall be immediately reported to the Directors, Vice President and Managers. The Senior Management will also conduct site visits and initiate investigations into major OSH incidents, in which the results are measured and verified by an internal audit committee, followed by external ISO auditors.

### OSH TRAINING AND AWARENESS

OSH training is required to ensure a high level of competence and vigilance. GBG organises safety awareness sessions comprising fire prevention and first aid briefing/ refresher courses.

In addition, all site staff must possess at least a CIDB green card, which they are required to renew every two (2) years.

In FYE 2022, several training sessions have been conducted as listed below:

| Programmes                                                | Training Date         | Number of Participants |
|-----------------------------------------------------------|-----------------------|------------------------|
| Basic Occupational First Aid, CPR & AED Training ("BOFA") | 9 - 10 November 2022  | 27                     |
| Lifting Supervisor Training                               | 23 - 24 November 2022 | 8                      |
| Seminar Perlaksanaan Pemantapan EIA (DOE)                 | 3 November 2022       | 3                      |



The Group also adopts Safe Work Practice, where the following sessions are performed on an ongoing basis:

| Activities                                                                  | Frequency                                                                                                                            |
|-----------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|
| Safety and Health Induction                                                 | Weekly                                                                                                                               |
| Toolbox Meeting                                                             | Daily and Weekly                                                                                                                     |
| Safe Work Method Statement ("WMS")                                          | Once for new activity and review on a quarterly basis                                                                                |
| Safe Work Instruction ("SWI")                                               | Once for high and medium risk                                                                                                        |
| Hazard Identification, Risk Assessment and Risk Control ("HIRARC") Analysis | Once for new activity and review on a quarterly basis                                                                                |
| Safe Operating Procedure ("SOP")                                            | Subject to a bi-annual review, and any changes or modifications related to the activity/work will be reviewed as and when necessary. |

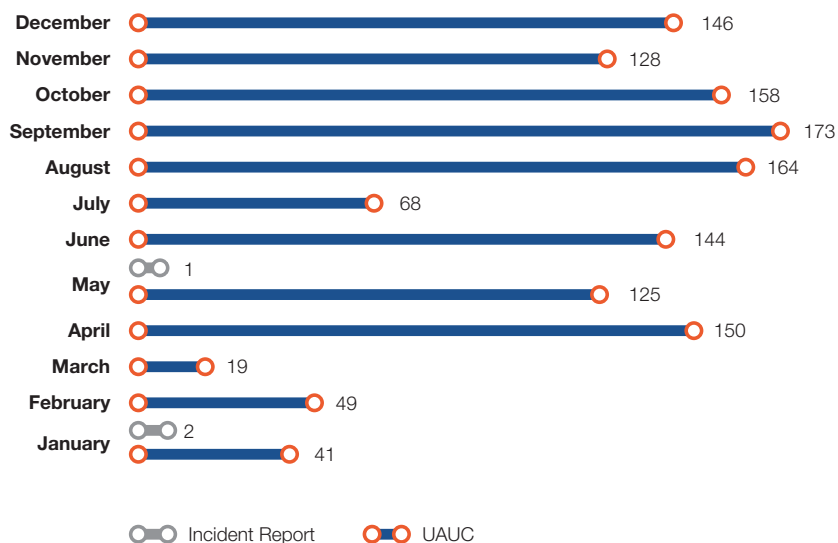
## OSH PERFORMANCE

GBG measures safety and health performance by monitoring the achievement based on the Group's safety and health objectives.

The summary of OSH performance in FYE 2022 is as presented below:

| OSH Performance                            | FYE 2020  | FYE 2021  | FYE 2022  |
|--------------------------------------------|-----------|-----------|-----------|
| Total manhours worked                      | 4,503,896 | 4,962,099 | 3,847,678 |
| Fatalities                                 | 0         | 3         | 0         |
| Number of recordable work-related injuries | 0         | 1         | 0         |
| Total number of lost days / LTI            | 0         | 69        | 0         |
| Total Incidents                            | 9         | 16        | 3         |
| Unsafe Act Unsafe Condition ("UAUC")       | 61        | 75        | 1,363     |

The breakdown of UAUC and reported incidents recorded throughout FYE 2022 as below:



## HAZARDS ASSESSMENT

GBG continues to ensure safe and secure project worksites for all employees and third-party workers. This is carried out through regular worksite inspection by visually assessing the work condition/environment and work practices by workers to identify any new potential hazards that could be harmful to workers.

The observation will then be recorded and updated in Safety Operating Procedure and HIRARC. Such workplace inspection and internal audits are conducted monthly at worksites, endorsed by the SHO, assessing performance against set targets as well as the previous year's level of achievement.

## COVID-19 PREVENTIVE MEASURES

COVID-19 has become an endemic disease in many parts of the world, meaning it is now present in the population for an indefinite period of time. As the nation gradually entered the endemic phase of COVID-19, most of the economic sectors resumed back to full-capacity operations, including GBG.

To stay vigilant in COVID-19 containment within the Group's business operations, GBG developed a Safe Work Procedure ("**SOP**") that aligns with the guidelines given by the Ministry of Health ("**MOH**") and Department of Occupational Safety and Health ("**OSH**") in providing guidance and protect all workers that involved in the workplace.

## ENRICHING LOCAL COMMUNITIES

GBG recognise that the community programme is a great way to give back, build relationships and make an impact in where the Group operates in.

Effective communication is a key component for any successful community event. Thus, GBG practices continuous communication through social media, media releases, email as well as personal interactions to facilitate community engagement for better outreach.

Various community events have been organised where the Group has invested in both financial and non-financial values by taking part in such programmes. In FYE 2022, GBG invested a total of RM216,000 to variety charitable causes. These funds were used to support a variety of causes that align with the Group's values and mission and were distributed to non-profit organizations that are dedicated to making a difference in the communities where GBG operates.

GBG conducted various CSR programmes and staff engagement activities to promote social and environmental responsibility among their employees. These activities include volunteering events, and blood drive campaigns. Such activities not only benefit the community but also contribute to the personal and professional development of the employees.



### Pusat Jagaan Mahmudah Malaysia



17/2/2023

Five (5) GBG staff members from different departments participated in the CSR activity, which was hosted by Pusat Jagaan Mahmudah Malaysia. They were greeted by three representatives from the center. During the visit, the GBG team provided the elderly residents with essential items such as adult diapers, biscuits, Milo, and toiletries. Additionally, the team made a donation in the form of a cheque to further support the center's mission.

### Pusat Jagaan Kanak-Kanak Down Syndrome & Hyper Active



17/2/2023



A team of five (5) GBG staff members from different departments participated in a CSR activity at Pusat Jagaan Kanak-Kanak Down Syndrome & Hyper Active. The team was greeted by four (4) representatives from the care center upon arrival. During the visit, the GBG team provided the center with essential items such as Milo, flour, biscuits, and toiletries to support the children's needs. Additionally, the team made a donation to the center in the form of a cheque to further support their ongoing efforts.



### Pusat Jagaan Kasih Harapan



9/2/2023

A team of five (5) GBG staff members from different departments visited Pusat Jagaan Kasih Harapan where they were greeted by two representatives of the care centre. During the visit, the GBG team provided the care centre with basic necessities such as Milo, flour, biscuits, and toiletries. Additionally, they made a monetary contribution in the form of a cheque to support the care centre.

### Pusat Jagaan Kasih Harapan



8/2/2023

Five (5) staff members from GBG's various departments participated in a CSR activity at Pusat Jagaan Kasih Harapan. Upon arrival, the team was greeted by two (2) representatives from the care center. During the visit, the GBG team provided the center with essential items such as Milo, flour, biscuits, and toiletries to meet their needs. In addition, the team made a generous donation to the care center in the form of a cheque to further support their efforts.



### Rumah Anak Yatim Teratak Che Dah



3/2/2023

A team of five (5) GBG staff members from different departments participated in a CSR activity at Rumah Anak Yatim Teratak Che Dah. The team was welcomed by two (2) representatives from the care center upon arrival. During the visit, the GBG team provided the center with essential items such as Milo, flour, biscuits, and toiletries to support the children's needs. Additionally, the team made a donation to the care center in the form of a cheque to further support their mission.



### Blood Donation



8/12/2022

Gabungan AQRS Berhad (GAB) and Syarikat Muhibbah Perniagaan & Pembinaan Sdn Bhd (SMPP) collaborated on a Corporate Social Responsibility (CSR) event known as the Blood Donation Campaign. The event was held to raise awareness among employees about the benefits of donating blood, and to establish a good relationship between the two companies. The collaboration between GAB and SMPP is aimed at fostering synergy in supporting each other in their business relationships. The main objective of the campaign was to help improve and increase the quantity of blood supply in the national blood bank. A total of 23 committee members and 56 GBG staff, as well as 2 SMPP staff participated in the campaign.

### Contribution for staff Harris Bin Wang Sibit



3/6/2022

GBG has made a sincere contribution to one of our staff, Harris Bin Awang Sibit, to support his son's tumor treatment. The contribution was handed over by Puan Zureena at his home as a gesture of support and care from the company towards our staff and their families during difficult times.

Pusat Jagaan & Rawatan Orang Tua  
Al Ikhlas

 16/2/2022

Five (5) GBG staff members from different departments participated in a CSR activity and were welcomed by three representatives from Pusat Jagaan & Rawatan Orang Tua Al Ikhlas. The team provided basic necessities such as Milo, flour, biscuits, and toiletries to the care center. Additionally, they made a donation to the care center in the form of a cheque.

Pusat Jagaan Kanak-Kanak  
Down Syndrome & Hyper Active

 16/2/2022

Five (5) GBG staffs from different departments participated in the event and were greeted by four representatives from Pusat Jagaan Kanak-Kanak Down Syndrome & Hyper Active. The staff provided some basic necessities to the care center, such as Milo, flour, biscuits, and toiletries. Additionally, GBG staff made a donation to the center in the form of a cheque.

Pusat Jagaan Cahaya Kasih Bestari

 9/2/2022

Five (5) GBG staffs from different departments participated in a charity event held at Pusat Jagaan Cahaya Kasih Bestari, where they were greeted by two representatives from the care center. They provided basic necessities such as Milo, flour, biscuits, and toiletries to the care center, and also made a monetary donation in the form of a cheque.

# UN SUSTAINABLE DEVELOPMENT GOALS (SDG) INDEX

|                                                             |                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Talent Management</b>                                    | In pursuing fair employment, GBG is committed to upholding diversity and inclusivity in the workplace, providing a decent living wage and prioritise the employee's well-being as well as provision of quality learning programme for all employees.                                        |                                                                                                                                                                             |
| <b>Anti-Corruption Policy and Anti-Corruption Framework</b> | GBG implemented the ACPF during the year which is effective from 1 June 2020, to comply with the requirement of the Section 17A of the Malaysian Anti-Corruption Commission Act.                                                                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Corporate Social Responsibility and GBG's policy</b>     | GBG undertakes various CSR programmes during the year to give back to society. GBG has maintained 30% women at work over the last three (3) years.                                                                                                                                          |                                                                                                                                                                                                                                                                                                                                                   |
| <b>Construction waste/ Energy saving</b>                    | Waste management at construction sites has helped to reduce the impact on climate action.                                                                                                                                                                                                   |       |
| <b>Local supply chain</b>                                   | Gabungan AQRS Berhad continues to move forward in economic growth and continues to move the supply chain forward with subcontractor payments and churning out work progress of its projects.                                                                                                |                                                                                                                                                                                                                                                                                                                                               |
| <b>Local Procurement</b>                                    | GBG is committed to supporting local procurement in view of the socio-economic benefits generated, i.e. generating employment and business opportunities, enabling knowledge growth and skills transfer whilst reducing the environmental footprint and enabling facilities for the people. |                                                                                                                                                                                                                                                          |
| <b>OSH</b>                                                  | GBG promotes employees' well-being and health by working in partnership with relevant authorities to provide a safe and conducive working environment.                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                               |

# BURSA SUSTAINABILITY DISCLOSURE INDEX

| SUSTAINABILITY MATTERS         | CODE    | INDICATORS                                                                                                                                  | PAGE REFERENCE / EXPLANATION |
|--------------------------------|---------|---------------------------------------------------------------------------------------------------------------------------------------------|------------------------------|
| COMMON INDICATORS              |         |                                                                                                                                             |                              |
| Anti-corruption                | C1 (a)  | Percentage of employees who have received training on anticorruption by employee category                                                   | 67                           |
|                                | C1 (b)  | Percentage of operations assessed for corruption-related risks                                                                              | 67                           |
|                                | C1 (c)  | Confirmed incidents of corruption and action taken                                                                                          | 66                           |
| Community/<br>Society          | C2 (a)  | Total amount invested in the community where the target beneficiaries are external to the listed issuer                                     | 117                          |
|                                | C2 (b)  | Total number of beneficiaries of the investment in communities                                                                              | 118-120                      |
| Diversity                      | C3 (a)  | Percentage of employees by gender and age group, for each employee category                                                                 | 107-109                      |
|                                | C3 (b)  | Percentage of directors by gender and age group                                                                                             | 106                          |
| Energy management              | C4 (a)  | Total energy consumption                                                                                                                    | 88                           |
| Health and safety              | C5 (a)  | Number of work-related fatalities                                                                                                           | 116                          |
|                                | C5 (b)  | Lost time incident rate                                                                                                                     | 116                          |
|                                | C5 (c)  | Number of employees trained on health and safety standards                                                                                  | 115                          |
| Labour practices and standards | C6 (a)  | Total hours of training by employee category                                                                                                | 110                          |
|                                | C6 (b)  | Percentage of employees that are contractors or temporary staff                                                                             | 104                          |
|                                | C6 (c)  | Total number of employee turnover by employee category                                                                                      | 100                          |
|                                | C6 (d)  | Number of substantiated complaints concerning human rights violations                                                                       | 101                          |
| Supply chain management        | C7 (a)  | Proportion of spending on local suppliers                                                                                                   | 80                           |
| Data privacy and security      | C8 (a)  | Number of substantiated complaints concerning breaches of customer privacy and losses of customer data                                      | 68                           |
| Water                          | C9 (a)  | Total volume of water used                                                                                                                  | 93                           |
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# CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“Board”) of Gabungan AQRS Berhad (“Company”) recognises the importance of good corporate governance practices within the Company and its subsidiary companies (“Group”) as a fundamental part of discharging its responsibilities to safeguard shareholders’ investments and to protect the interests of all stakeholders.

The Board continuously assesses the Group’s corporate governance practices and procedures for the purpose of adopting and applying the relevant Principles and Practices, including Guidance, as set out in the Malaysian Code on Corporate Governance 2021 (“MCCG”) and the Main Market Listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) with guidance from Practice Note 9 of the MMLR, so as to enhance the value to our shareholders and other stakeholders as well as to generate long-term sustainability and growth.

The Board is pleased to present the Corporate Governance Overview Statement, which provides an overview of how the Company has applied the three (3) key principles of the MCCG during the financial year ended 31 December 2022 (“FYE 2022”) as well as key areas and future priorities in relation to corporate governance:

- Principle A : Board Leadership and Effectiveness;
- Principle B : Effective Audit and Risk Management; and
- Principle C : Integrity in Corporate Reporting and Meaningful Relationship with Stakeholders.

The Corporate Governance Overview Statement is prepared in compliance with the MMLR of Bursa Securities and it is to be read together with the Company’s Corporate Governance Report for FYE 2022 (“CG Report 2022”) which is available on the website of Bursa Securities together with Company’s Annual Report 2022 and is also posted on the Company’s website at <https://www.gbg.com.my>.

The CG Report 2022 provides details on how the Company has applied each Practice as set out in the MCCG throughout FYE 2022 save for the exceptions which are fully described in the CG Report 2022.

## PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

### I. BOARD’S RESPONSIBILITIES

The Board is entrusted for the oversight of overall management of the business affairs of the Group. The Board is responsible for determining all major policies, reviewing the system of internal control, ensuring that effective strategies and management are in place, for assessing the performance of the Group and its Management team. The respective roles and responsibilities of the Board and Management are clearly set out and understood to ensure accountability and ownership by both parties.

In line with its overall responsibility for the proper conduct of the Group’s business, the Board is also responsible for establishing the Group’s business goals and strategic directions, setting operating goals and performance targets for Management and monitoring the achievement of those operating goals and performance targets. The Board also oversees the process of evaluating the adequacy and effectiveness of the system of internal controls and risk management processes.

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. BOARD'S RESPONSIBILITIES (CONT'D)

##### Key Focus Areas during FYE 2022

During FYE 2022, in addition to routine matters, the following are the key focus areas enhancing corporate governance practices:-

- The Company had leveraged the technology to facilitate Annual General Meeting of the Company by having it fully virtual with the shareholders of the Company.
- Embedded Sustainability matters officially be governed under Risk Management Committee and had renamed to Risk Management & Sustainability Committee.
- The Audit Committee and the Board had completed in setting up an in-house internal audit function.
- The Audit Committee and the Board had reviewed and completed the change of external auditors who had served for more than twelve (12) years as a matter of good corporate governance.

##### Future Priorities

Moving forward into financial year ending 31 December 2023, the priorities of the Board have been and will be in the following areas:-

- Continuing the digital transformation journey.
- Succession planning for Board and Senior Management critical roles in the Group.

#### Separation of Positions of the Chairman and Group Chief Executive Officer ("Group CEO")

The roles of the Chairman and Group CEO are separate and clearly defined and are held individually by two (2) persons. The Group practises the division of responsibility between the Chairman and Group CEO and there is a balance of power and authority such that no one individual has unfettered powers over decision-making.

The Chairman who is an Independent Non-Executive Director, is responsible for the leadership and governance of the Board, ensuring its effectiveness. He leads the Board effectively and encourages active participation and contribution from all members. He also engages directly with the Group CEO to monitor performance and oversees the implementation of strategies.

The Group CEO is responsible for the day-to-day management of the Group's operations and businesses as well as implementation of the Board's policies and decisions.

#### Qualified and Competent Company Secretaries

The Company Secretaries of the Company are competent and suitably qualified to act as Company Secretaries under Section 235 of the Companies Act 2016. Every Director has readied and unrestricted access to the advice and the services of the Company Secretaries to ensure the effective functioning of the Board. The Company Secretaries ensure that Board policies and procedures are both followed and reviewed regularly and they have the responsibility to ensure that each Director is made aware of and provided with guidance as to their duties, responsibilities and powers. The Company Secretaries also notify the Board of any corporate announcements released to Bursa Securities and the impending restriction on dealing with the securities of the Company prior to the announcement of the quarterly results.

The Company Secretaries play an important advisory role to the Board in relation to the Company's constitution and advise the Board on any updates relating to new statutory and relevant regulatory requirements pertaining to the duties and responsibilities of Directors as and when necessary.

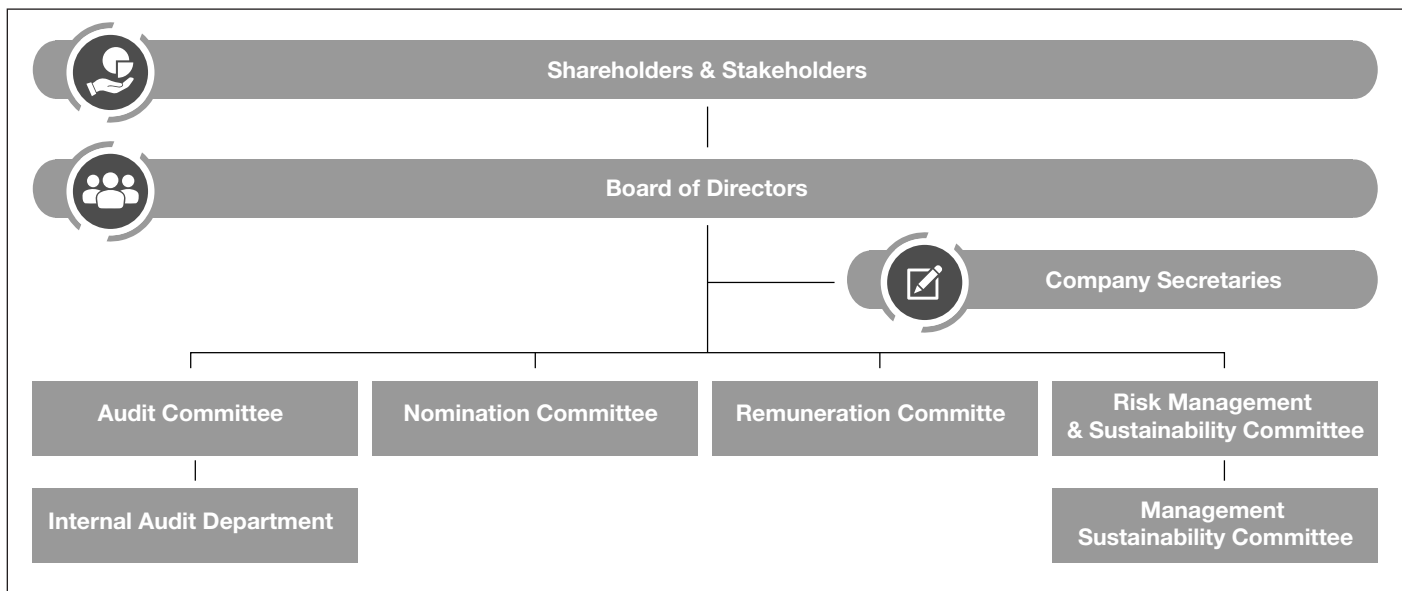
#### Board Committees

The Board is also mindful of the importance of the establishment of clear roles and responsibilities in discharging its fiduciary and leadership functions including those reserved for the Board's approval and those which the Board may delegate to the Board Committees and the Management and committed to ethical values and standards.

On this note, the Board has defined its Board Charter which is available on the Company's website at <https://www.gbg.com.my> serve as in setting out the roles, duties and responsibilities of the Board, the principles and practices of corporate governance to be followed as well as the key matters reserved for the Board's approval. The Board Charter is reviewed as and when required to be aligned with the practices recommended in the MCCG, provisions in the MMLR, the relevant laws, regulations as well as current practices.

**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****I. BOARD'S RESPONSIBILITIES (CONT'D)****Board Committees (cont'd)**

In order to ensure effective discharge of its functions and responsibilities, the Board has delegated certain responsibilities and functions to the Board Committees and the Chairmen of the Board Committees as follows:-



Although specific powers are delegated to the Board Committees, the Board keeps itself abreast of the key issue and decisions made by each Board Committee through the reports by the Chairmen of the Board Committees and the tabling of the minutes of the Board Committee meetings at Board meetings. The ultimate responsibility for decision-making, however, lies with the Board.

All Directors are also entitled, whether via the Board or in their individual capacity, to take independent professional advice at the Company's expense where necessary in the furtherance of their duties. A Director may also consult the Chairman or other Board members prior to seeking any independent professional advice.

**Code of Conduct and Ethics, Whistle-Blowing Policy and Anti-Corruption Policy and Anti-Corruption Framework**

- Code of Conduct & Ethics**

The Group's Code of Conduct & Ethics outlines the foundation and expectations in relation to ethical standards and personal conduct. The Code of Conduct and Ethics covers the areas of workplace culture and environment, company records and assets, conflict of interest, anti-bribery and corruption, gifts, hospitality and entertainment and so forth.

- Whistle-Blowing Policy**

The Company has in place a Whistle-Blowing policy which provides an avenue and mechanism for all employees and stakeholders of the Group to report concerns about any suspected wrongdoing, inappropriate behaviour or misconduct relating to fraud corrupt practices, and/or abuse, for investigation and Management's action.

The Whistle-Blowing Policy also provides contact details of the AC Chairman, and Risk Management & Sustainability Chairman of the Company to whom the whistle-blowing report can be addressed.

- Anti-Corruption Policy & Anti-Corruption Framework ("ACP&ACF")**

The Board has adopted its ACP&ACF in order to achieve and maintain the highest standard of integrity and work ethics in the conduct of its business and operations. The purpose of the ACP&ACF is to provide information and guidance to the Directors, employees, and business associates on standards of behaviour and to uphold their responsibilities to which must be adhered to, recognised, as well as dealing with bribery and corruption.

**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****I. BOARD'S RESPONSIBILITIES (CONT'D)****Code of Conduct and Ethics, Whistle-Blowing Policy and Anti-Corruption Policy and Anti-Corruption Framework (cont'd)**

The Code of Conduct & Ethics, Whistle-Blowing Policy and Anti-Corruption Policy can be viewed on the Company's website at <http://www.gbg.com.my>.

**Sustainability Strategies**

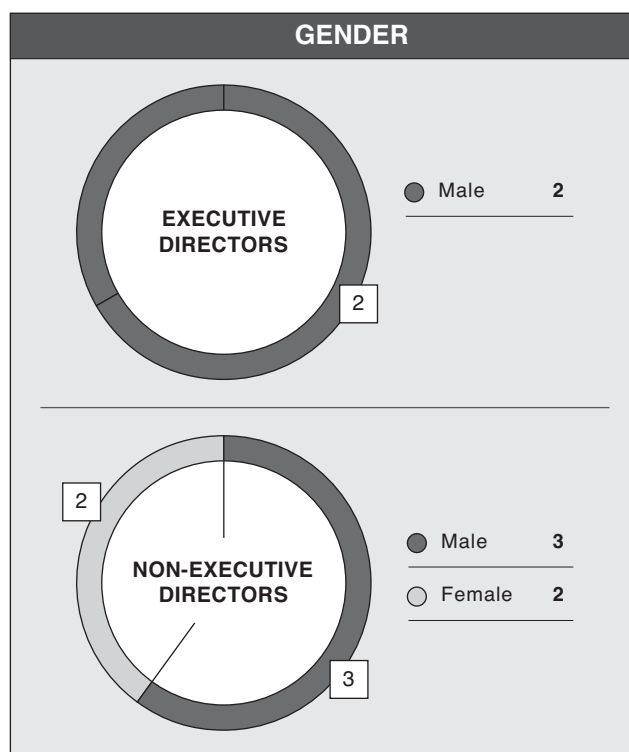
The Board views the commitment to promote sustainability strategies in the environment, social and governance aspects as part of its broader responsibility to all its various stakeholders and the communities in which it operates.

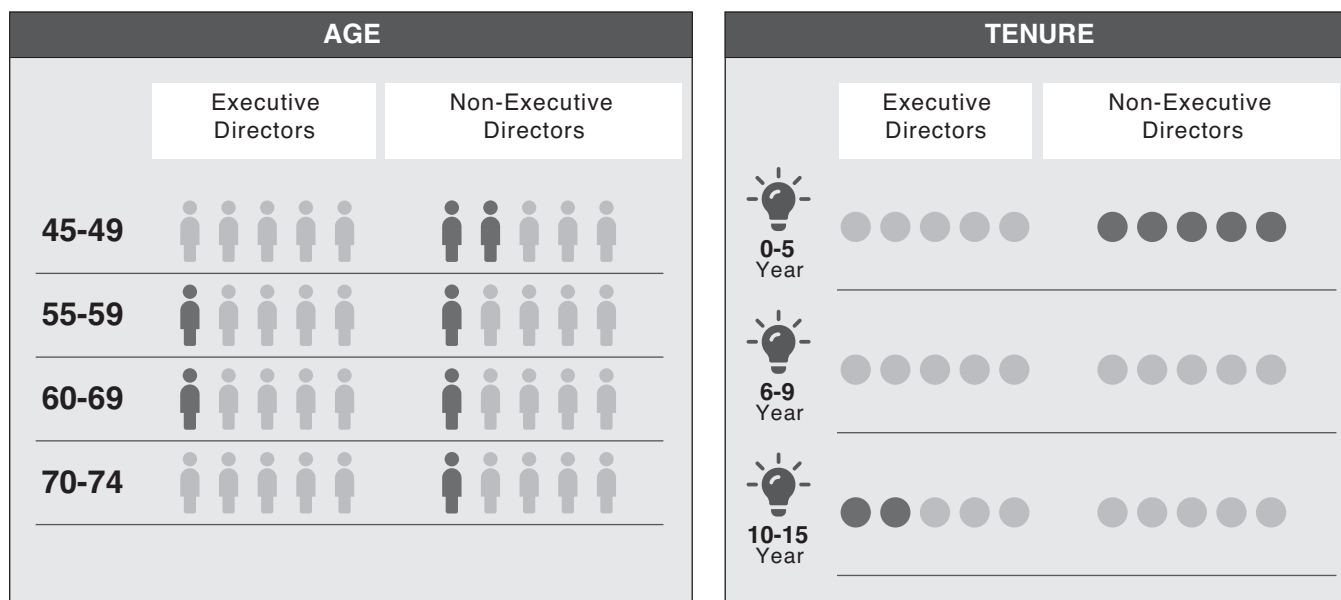
The Group strives to achieve a sustainable long-term balance between meeting its business goals, preserving the environment to sustain the ecosystem, and improving the welfare of its employees and the communities in which it operates. The Group's efforts in this regard have been set out in the Sustainability Report in this Annual Report.

**II. BOARD COMPOSITION****Board Size, Composition and Diversity**

The Board of the Company currently has seven (7) members, comprising two (2) Executive Directors, four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Board composition is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities which states that at least two (2) Directors or 1/3 of the Board, whichever is higher, are independent directors. This is also in line with Practice 5.2 of the MCCG which requires at least half of the Board comprises independent Directors. The profile of the Directors is as set out in the Directors' Profile in this Annual Report.

The composition of the Board which comprises seven (7) members as of to-date of this Statement can be dissected as below:



**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****I. BOARD COMPOSITION****Board Size, Composition and Diversity**

In order to drive the Board's leadership and effectiveness, the Board ensures that it has the right board composition in enhancing the Board decision making process. The Executive Directors have direct responsibilities on the day-to-day business operations and frequently attend management meetings wherein operational details and other issues were discussed and considered. Whereas the presence of the independent directors provides guidance, independent views, advice and judgement in ensuring that the strategies proposed are discussed and examined. Together, the Directors bring diverse characteristics which allow a mix of qualifications, skills and experience which are necessary for the successful direction of the Group.

The Board also believes that the Directors have a diverse and relevant range of skills, backgrounds, knowledge and experience to ensure effective governance of the business. Hence, the members of the Board contribute through their industry knowledge, international experience perspective and specific subject matter expertise. The table below sets out the composition of skills and experience of the Board:-

| EXPERIENCE AND SKILLS               | %   |
|-------------------------------------|-----|
| Legal & Regulatory                  | 100 |
| Accounting & Financial              | 100 |
| Corporate Governance                | 100 |
| Construction & Property Development | 100 |
| Strategic Planning                  | 100 |
| Breadth of Business Experience      | 100 |
| Stakeholders Engagement             | 100 |

## CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

### PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

#### I. BOARD COMPOSITION (CONT'D)

##### Board Size, Composition and Diversity (cont'd)

##### Gender Diversity

The Board acknowledges the recommendation of the MCGG on gender diversity but believes that the overriding factors in the selection of Director must be based on skill, experience, competency and wealth of knowledge, before taking into consideration the diversity of the Board.

The Group had established a Gender Diversity Policy to formalise its diversity approach as above and has been recently revised to formalise the gender diversity to always have at least one (1) woman director. Currently, the Board comprises two (2) female directors out of seven (7) directors which resulted in a decrease from 37.5% to 28.57% of women directors. The Board recognises that the evolution of Board diversity to have at least 30% women is a long-term process and will take the gender diversity into consideration when vacancies arise.

Further details on the Gender Diversity Policy is available on the Company's website at <http://www.gbg.com.my>.

##### Independence

The concept of independence adopted by the Board is in tandem with the independence definition of Independent Director in the MMLR.

The Board assesses the independence of the Independent Non-Executive Directors on an annual basis by taking into account the individual Director's ability to exercise independent judgment at all times and based on the criteria as set out in the MMLR of Bursa Securities.

In addition, during the assessment conducted, the Board studied the results of the evaluation and is generally satisfied with its current size, composition as well as the mix of skill sets and the independence of its Independent Non-Executive Directors. None of the Independent Directors has engaged in the day-to-day management of the Company, participated in any business dealings or was involved in any other relationship with the Company (other than in situations permitted by the applicable regulations).

##### Tenure of Independent Directors

Practice 5.3 of the MCGG states that the tenure of an Independent Director should not exceed a cumulative of nine (9) years. Upon completion of the nine (9) years' term, an Independent Non-Executive Director may continue to serve on the Board subject to the Director's re-designation as a Non-Independent Non-Executive Director or the Board to seek annual shareholders' approval with justification through a two-tier voting process if the Board intends to retain an Independent Non-Executive Director who is beyond nine (9) years' term.

As of to-date of this Statement, none of the Independent Directors has served more than nine (9) years on the Board.

##### Time Commitment

The Board is satisfied with the level of time committed by the Board in discharging their respective duties and roles as Directors of the Company. All the Directors of the Company have complied with the MMLR of Bursa Securities on the maximum number of directorships held in public listed companies.

A total of 6 Board meetings were held during the financial year ended 31 December 2022. The attendance of Directors who were in office during the financial year under review are set out below:-

| Name of Director                                                              | No. of Meetings<br>Attended/ No. of<br>Meetings Held<br>During FYE 2022 |
|-------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| Y.M. Tunku Alizan bin Raja<br>Muhammad Alias                                  | 6/6                                                                     |
| Dato' Sri Azizan bin Jaafar                                                   | 5/6                                                                     |
| Dato' Ow Chee Cheoon                                                          | 6/6                                                                     |
| Dato' Kamisah binti Johan                                                     | 4/6                                                                     |
| Dato' Muraly Daran A/L<br>M Narayana Menon<br>(Appointed on 28 February 2022) | 4/4                                                                     |
| Datuk Ir. Mohd Dom bin Ahmad<br>(Appointed on 28 February 2022)               | 3/4                                                                     |
| Masleena binti Zaid<br>(Appointed on 28 February 2022)                        | 4/4                                                                     |
| Ow Yin Yee<br>(Resigned on 1 July 2022)                                       | 4/4                                                                     |
| Muk Sai Tat<br>(Resigned on 28 February 2022)                                 | 2/2                                                                     |
| Datuk Kamarudin bin Md. Ali<br>(Resigned on 28 February 2022)                 | 2/2                                                                     |
| Latifah binti Abdul Latif<br>(Resigned on 10 January 2022)                    | -                                                                       |

**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****I. BOARD COMPOSITION (CONT'D)****Time Commitment (cont'd)**

All the Directors complied with the minimum 50% attendance in respect of Board meetings held during the FYE 2022 as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities. Additionally, in between Board meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

To facilitate the Directors' time planning, an annual meeting calendar setting out the proposed dates for meetings of the Board and Board Committees as well as the AGM is prepared and circulated to the Directors before the beginning of every financial year. Additional meetings are convened when urgent and important decisions need to be made between scheduled meetings. This is to ensure that the Directors allocate sufficient time to discharge their duties effectively.

**NOMINATION COMMITTEE**

The Nomination Committee comprises entirely Independent Non-Executive Directors ("**INED**"). The Nomination Committee meets at least once a year or as and when deemed fit and necessary. The members of the Nomination Committee in office during FYE 2022 up to present are as follows:-

| <b>Name of Committee Members</b>                                           | <b>Designation</b> | <b>No. of Meetings Attended/<br/>No. of Meetings Held<br/>During FYE 2022</b> |
|----------------------------------------------------------------------------|--------------------|-------------------------------------------------------------------------------|
| Masleena binti Zaid<br>(Appointed on 28 February 2022)                     | Chairman           | -                                                                             |
| Muk Sai Tat<br>(Resigned on 28 February 2022)                              | Chairman           | 2/2                                                                           |
| Dato' Muraly Daran A/L M Narayana Menon<br>(Appointed on 28 February 2022) | Member             | -                                                                             |
| Datuk Ir. Mohd Dom bin Ahmad<br>(Appointed on 28 February 2022)            | Member             | -                                                                             |
| Datuk Kamarudin bin Md Ali<br>(Resigned on 28 February 2022)               | Member             | 2/2                                                                           |
| Latifah binti Abdul Latiff<br>(Resigned on 10 January 2022)                | Member             | -                                                                             |

The key responsibilities of the Nomination Committee are to assess the performance of Directors, as well as to evaluate and recommend suitable candidates for the Board and Senior Management, if necessary.

The Terms of Reference ("**ToR**") of the Nomination Committee is published on the corporate website of the Company for shareholders' reference at <http://www.gbg.com.my>.

**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS  
(CONT'D)****I. BOARD COMPOSITION (CONT'D)****Appointments to the Board**

The Nomination Committee is responsible for assessing and making recommendations on any new appointments to the Board. Selection of new candidates to be considered for new appointment as director is facilitated through recommendations from the Board members, the Management and/or through independent sources.

In evaluating the suitability of candidates, the Nomination Committee considers, inter-alia their character, background, knowledge, integrity, competency, experience, commitment (including time commitment) and potential contribution to the Group, and additionally, in the case of candidates proposed for appointment as INEDs, the candidates' independence must be established.

The final decision as to who shall be appointed as Director remains the responsibility of the full Board, after considering the recommendation of the Nomination Committee.

This is consistent with the Group's practice of being an equal opportunity employer where all appointments and employments are based strictly on merit and are not driven by any racial or gender bias. The Company Secretaries have the responsibility of ensuring that relevant procedures relating to the appointment of new Directors are properly executed.

**Annual Assessment**

The performance evaluations of the Board, Board Committee and individual Directors are conducted by way of self/peer-assessment. The Directors are given a set of questionnaires covering assessments of the Board, Board Committees, individual Director and independence assessments for Independent Directors to collect their feedback, views, commentary and suggestions for improvements.

The results of these self-assessment questionnaires are then compiled by the Company Secretary and tabled to the Nomination Committee for review and recommendation to the Board for notation. A summarised version of the results is provided to the Board of Directors for their information. The criteria that are used in the assessment of the Board include the adequacy of the Board structure, the efficiency and integrity of the Board's operations and the effectiveness of the Board in the discharge of its duties and responsibilities.

**Summary of Work**

During the financial year ended 31 December 2022, the Nomination Committee held two (2) meetings and carried out the following work in discharging its duties:-

- Reviewed the size and composition of the Board and Board Committee.
- Reviewed annual assessment of the effectiveness and performance of the Board.
- Reviewed and assessed the effectiveness of each individual Director by undertaking an evaluation process involving self/peer-assessment by individual Directors.
- Reviewed and assessed the performance of Audit Committee and its members as a whole by undertaking an evaluation process involving self and peer assessment by the member of Audit Committee.
- Reviewed and assessed the independence of the Independent Directors based on the independence criteria set out in the MMLR of Bursa Securities.
- Reviewed and assessed the performance and contributions of the Directors retiring at the forthcoming Annual General Meeting ("AGM") and recommended to the Board the resolutions in relation to their re-election to be tabled at the forthcoming AGM. The assessment took into consideration the appropriate fit and proper criteria, skills, knowledge, competence and experience necessary to meet the needs of the Group.
- Reviewed and revised the Term of Reference of the Nomination Committee and Gender Diversity Policy.
- Reviewed and recommended Directors' Fit and Proper Policy.

**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****I. BOARD COMPOSITION (CONT'D)****Board's Development and Training**

The Company has arranged for training programs to update the Board in relation to new developments pertaining to the laws and regulations which may affect the Board and/or the Company.

The details of seminars and training programmes attended by the Directors during the financial year ended 31 December 2022 are set out below:-

| Director                                  | Date of Training / Programme | Training/Seminars/Conferences                                                                                                      |
|-------------------------------------------|------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Y.M. Tunku Alizan bin Raja Muhammad Alias | 28.09.2022                   | Board of Directors and Senior Management Briefing on ESG Including Bursa Malaysia's Latest Standards                               |
| Dato' Sri Azizan bin Jaafar               | 28.09.2022                   | Board of Directors and Senior Management Briefing on ESG Including Bursa Malaysia's Latest Standards                               |
| Dato' Ow Chee Cheoon                      | 28.09.2022                   | Board of Directors and Senior Management Briefing on ESG Including Bursa Malaysia's Latest Standards                               |
| Dato' Kamisah binti Johan                 | 28.09.2022                   | Board of Directors and Senior Management Briefing on ESG Including Bursa Malaysia's Latest Standards                               |
| Datuk Ir. Mohd Dom bin Ahmad              | 28.09.2022                   | Board of Directors and Senior Management Briefing on ESG Including Bursa Malaysia's Latest Standards                               |
|                                           | 25.10.2022–28.10.2022        | BEM Convention 2022                                                                                                                |
|                                           | 17.11.2022                   | Disaster Prevention with Autodesk REVIT and CFD                                                                                    |
| Dato' Muraly Daran A/L M Narayana Menon   | 06.04.2022                   | Board financial and Risk Oversight by Boardroom Corporate Services                                                                 |
|                                           | 07.04.2022                   | AOB conversation with Audit Committee by Securities Commission                                                                     |
|                                           | 28.09.2022                   | Board of Directors and Senior Management Briefing on ESG Including Bursa Malaysia's Latest Standards                               |
| Masleena binti Zaid                       | 21.04.2022                   | MIA Webinar Series<br>ESG Series for Accountants and Financial Professionals -Business for Human Rights and Environment            |
|                                           | 29.04.2022                   | MIA Webinar Series<br>Asset Accounting under MPERS Covering Property, Plant & Equipment, Investment Property and Biological Assets |
|                                           | 28.09.2022                   | Board of Directors and Senior Management Briefing on ESG Including Bursa Malaysia's Latest Standards                               |
|                                           | 26.11.2022                   | Sustainability Reporting - Changes in the Listing Requirements                                                                     |

The Directors will continue to undergo relevant training programmes and seminars from time to time and as and when necessary to update themselves with the relevant knowledge and skills to discharge their duties effectively.

**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)****III. REMUNERATION**

The Company has a Remuneration Committee consisting exclusively of Independent Non-Executive Directors. The members of the Remuneration Committee in office during FYE 2022 up to present are as follows:-

| <b>Name of Committee Members</b>                                            | <b>Designation</b> | <b>No. of Meetings Attended/<br/>No. of Meetings Held During FYE 2022</b> |
|-----------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------|
| Datuk Ir. Mohd Dom bin Ahmad<br>(Appointed on 28 February 2022)             | Chairman           | -                                                                         |
| Datuk Kamarudin bin Md Ali<br>(Resigned on 28 February 2022)                | Chairman           | 1/1                                                                       |
| Dato' Muraly Daran A/L M. Narayana Menon<br>(Appointed on 28 February 2022) | Member             | -                                                                         |
| Masleena binti Zaid<br>(Appointed on 28 February 2022)                      | Member             | -                                                                         |
| Muk Sai Tat<br>(Resigned on 28 February 2022)                               | Member             | 1/1                                                                       |
| Latifah binti Abdul Latiff<br>(Resigned on 10 January 2022)                 | Member             | -                                                                         |

**Directors & Senior Management's Remuneration**

The Remuneration Policy of the Board provides that all Executive Directors and Senior Management are remunerated based on the Group and individual's performances, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise they bring to the Board.

The Remuneration Policy of Directors and Senior Management is available for reference at the Company's website at <http://www.gbg.com.my>.

In recommending the proposed Directors' fees, the Remuneration Committee takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Group's complexity, and also the market rate in the industry.

The Board then collectively determines the remuneration for the Independent Non-Executive Directors based on the RC's recommendation. All Directors shall abstain from discussion and decisions on their own remuneration.

The Company also provides Directors' and Officers' Liability Insurance which may provide an indemnity to the fullest extent permitted by the Companies Act 2016 and against any liability incurred by them in the discharge of their duties while holding office as Directors and Officers.

The remuneration of Directors on a named basis for FYE 2022 are disclosed in the CG Report 2022 which is available on the Company's website at <http://www.gbg.com.my>.

The Board is of the opinion that the disclosure on the remuneration of the Senior Management on a named basis would not be in the best interest of the Group due to confidentiality and personal security concern.

The Board has decided not to apply Practice 8.2 of the MCCG which requires the disclosure of the remuneration of the top 5 Senior Management personnel on a named basis in bands of RM50,000. The Board will ensure that the remuneration of the Key Senior Management commensurate with their duties and responsibilities, the performance of the Company and on par with the market payouts.

**PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT****I. AUDIT COMMITTEE**

The Audit Committee ("**AC**") consists exclusively of Independent Non-Executive Directors.

The summary of the work carried out to discharge its duties for FYE 2022 are set out in the AC Report in this Annual Report.

The ToR of the AC and External Auditor Independence Policy are available for viewing on the Company's corporate website at <http://www.gbg.com.my>.

**Relationship with External Auditors**

The AC meets with the External Auditors to discuss their audit plan, audit findings and the Company's financial statements. At least twice a year and whenever necessary, the AC shall meet with the External Auditors without the presence of Executive Board members or management personnel to allow the AC and the External Auditors to exchange independent views on matters which need to be brought to the AC's attention.

The Board and the AC emphasise greatly the objectivity and independence of External Auditors in providing relevant, professional and transparent reports to its shareholders. In assessing the independence of External Auditors, the AC obtains confirmation from the External Auditors, indicating that they are, and have been, independent throughout the conduct of the audit engagement with the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants throughout the audit engagement in respect of the financial year under review.

The External Auditors attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their report.

The AC considered the non-audit services provided by the External Auditors during the FYE 2022 and concluded that the provision of these services did not compromise the External Auditors' independence and objectivity. The amount of fees paid for these services was not significant when compared to the total fees paid to the External Auditors.

**II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK**

In recognising the importance of managing the strategic risk of sustainability of the Group and the effective management of sustainability practices within the Group, the Board had on 19 January 2022 resolved to include sustainability into the Terms of Reference of the Risk Management Committee, and aptly renamed the Risk Management Committee as the Risk Management & Sustainability Committee.

The Risk Management & Sustainability Committee ("**RMSC**") is responsible for establishing and maintaining a sound risk management and internal control system approved by the Board to ensure that the shareholders' investments, other stakeholders' interests and assets of the Group are safeguarded. RMSC evaluates the adequacy and effectiveness of the internal control system by reviewing the actions taken on lapses, recommendations of internal auditors and Management responses.

The RMSC is also responsible for implementing risk management policies and strategies approved by the Board. It monitors and manages the principal risk exposure by ensuring that the Management has taken the necessary steps to mitigate such risks and recommends action where necessary. The RMSC is charged with monitoring the effectiveness of risk management systems and is required to report to the Board on any significant risk exposure.

**PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)****II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)**

The members of the RMSC in office during FYE 2022 up to present are as follows:-

| <b>Name of Committee Members</b>                                           | <b>Designation</b> | <b>No. of Meetings Attended/<br/>No. of Meetings Held During FYE 2022</b> |
|----------------------------------------------------------------------------|--------------------|---------------------------------------------------------------------------|
| Datuk Ir. Mohd Dom bin Ahmad<br>(Appointed on 28 February 2022)            | Chairman           | 2/2                                                                       |
| Muk Sai Tat<br>(Resigned on 28 February 2022)                              | Chairman           | -                                                                         |
| Y.M. Tunku Alizan bin Raja Muhammad Alias                                  | Member             | 1/2                                                                       |
| Dato' Sri Azizan bin Jaafar                                                | Member             | 2/2                                                                       |
| Dato' Ow Chee Cheoon                                                       | Member             | 2/2                                                                       |
| Dato' Kamisah binti Johan<br>(Appointed on 28 February 2022)               | Member             | 0/2                                                                       |
| Dato' Muraly Daran A/L M Narayana Menon<br>(Appointed on 28 February 2022) | Member             | 2/2                                                                       |
| Masleena binti Zaid<br>(Appointed on 28 February 2022)                     | Member             | 2/2                                                                       |
| Datuk Kamarudin bin Md Ali<br>(Resigned on 28 February 2022)               | Member             | -                                                                         |
| Latifah binti Abdul Latiff<br>(Resigned on 10 January 2022)                | Member             | -                                                                         |

The Statement on Risk Management and Internal Control as set out in this Annual Report provides an overview of the management of risks and the state of internal control within the Group.

**Internal Audit Function**

The Directors acknowledge their responsibilities to formulate a system of internal control and risk management. The Board seeks regular assurance on the continuity and effectiveness of the internal control and risks management system through independent review by the Internal Auditors.

The function of the internal auditors and the work carried out to discharge its duties for FYE 2022 are set out in the AC Report of this Annual Report.

**PRINCIPLE C : INTEGRITY IN CORPORATE REPORTING  
AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****I. COMMUNICATION WITH STAKEHOLDERS**

The Board is committed to ensure that shareholders and other stakeholders are well-informed of major developments within the Group. Clear, relevant, comprehensive business, operational, financial and sustainability information is disseminated to them on a timely basis and is readily accessible by all stakeholders.

The Group places a strong emphasis on the importance of timely and equitable dissemination of information to shareholders and other stakeholders. Whilst the Group endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

The communication channels used in the Company's engagement with its stakeholders include:

- a) Annual Reports;
- b) Announcements via Bursa Link;
- c) The Company's website;
- d) Investors, analyst and media briefings; and
- e) General Meetings.

The Company will continue to leverage on technology to broaden its channel of dissemination of information, to enhance the quality of engagement with shareholders.

**II. CONDUCT OF GENERAL MEETINGS**

The AGM serves as an important forum for the Board to communicate and interact with shareholders. Notice of the last AGM of the Company was circulated to shareholders at least twenty-eight (28) days before the date of the AGM to allow shareholders to have sufficient time to read the Annual Report and the resolutions proposed that were discussed and decided at the AGM. In addition, the notice was published in the national newspaper within the mandatory period as well as through announcement via Bursa Securities and the Group's website.

Explanation for each proposed resolution is set out in the Notice of AGM to assist shareholders in decision making and exercising their voting rights. In line with Paragraph 8.29(1) of the MMLR, all resolutions set out in the Notice of AGM will be put to vote by poll.

All Directors and the External Auditors are expected to attend all shareholders' meetings to take questions raised by shareholders.

The Company has been leveraging on technology for conduct of meeting with shareholders and deploying electronic poll voting and will continue the same in future general meetings. At the 12th AGM held on 16 June 2022, the meeting was conducted virtually and live-streamed from the broadcast venue where remote participation and voting facilities were being deployed.

The Company will assess the necessity and viability for such facility taking into consideration the number of shareholders, the reliability of the technology and cost-benefit to the Company.

**COMPLIANCE STATEMENT**

This Corporate Governance Overview Statement together with the Corporate Governance Report 2022 were approved by the Board on 19 April 2023.

# AUDIT COMMITTEE REPORT

## COMPOSITION AND MEETINGS OF THE AUDIT COMMITTEE

The composition of AC is in compliance with Paragraphs 15.09 and 15.10 of the MMLR of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance whereby all three (3) AC members are Independent Non-Executive Directors.

None of the members of the AC were also a former key audit partners of the Group and notwithstanding that in order to uphold the upmost independence, the Board has no intention to appoint any former key audit partner as a member of the AC.

The AC held seven (7) meetings during financial year ended 31 December 2022 ("**FYE 2022**"). The composition and attendance of the AC members who were in office during FYE 2022 are as follows:-

| Name of Committee Members                                                   | Designation | No. of Meetings Attended /<br>No. of Meetings Held During FYE 2022 |
|-----------------------------------------------------------------------------|-------------|--------------------------------------------------------------------|
| Dato' Muraly Daran A/L M. Narayana Menon<br>(Appointed on 28 February 2022) | Chairman    | 5/5                                                                |
| Latifah binti Abdul Latiff<br>(Resigned on 10 January 2022)                 | Chairman    | -                                                                  |
| Datuk Ir. Mohd Dom bin Ahmad<br>(Appointed on 28 February 2022)             | Member      | 4/5                                                                |
| Masleena binti Zaid<br>(Appointed on 28 February 2022)                      | Member      | 5/5                                                                |
| Datuk Kamarudin bin Md. Ali<br>(Resigned on 28 February 2022)               | Member      | 2/2                                                                |
| Muk Sai Tat<br>(Resigned on 28 February 2022)                               | Member      | 2/2                                                                |

The Group Financial Controller attended all AC meetings upon invitation, to facilitate direct communications and to provide clarification on matters arising from the financial reports and/or other specific issues that required the AC's attention. Other Board members and designated members of Senior Management may also attend these meetings on the invitation of the AC.

The AC has discretion to invite the Internal Auditors and/or External Auditors or other relevant personnel to attend the AC meetings and was given reasonable resources to discharge its duties and effectively.

The Chairman of the AC briefed the Board on matters of significant concern discussed during AC meeting held prior to the Board meeting. The applicable recommendations of the AC were presented by the AC's Chairman at subsequent Board meeting for the Board's approval. Minutes of each meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation.

## TERMS OF REFERENCE

The AC is to assist the Board of Directors in discharging its statutory duties and responsibilities relating to accounting and reporting practices of the holding company and each of its subsidiaries. The Terms of Reference of the AC is available for viewing on the Company's website at <https://www.gbg.com.my>

**SUMMARY OF WORK OF THE AC**

The work undertaken by the AC in the discharge of its functions and duties during the financial year ended 31 December 2022 are summarised as follows:-

**A. FINANCIAL REPORTING**

- (i) FYE 31 December 2021
  - (a) On 24 February 2022, the AC reviewed and recommended the unaudited fourth quarterly financial results for the period ended 31 December 2021 at its meeting, prior to deliberation and approval by the Board.
  - (b) The AC at its meeting held on 26 April 2022, reviewed the Audit Financial Statements of the Group for FYE 31 December 2021, and recommended the same for the Board's approval.
- (ii) FYE 31 December 2022  
The AC reviewed the unaudited first, second and third quarterly financial results for the respective periods ended 31 March 2022, 30 June 2022, 30 September 2022 at the meetings held on 25 May 2022, 23 August 2022 and 30 November 2022 respectively.

**B. EXTERNAL AUDIT**

- (i) On 24 February 2022, the AC discussed the Audit Completion for the financial year ended 31 December 2021 with the External Auditors, Messrs BDO PLT ("**BDO**") at its meeting, the results of their work and their report on the audited financial statements of the Company and the Group, including any significant issues or findings arising from the audit.
- (ii) During the review of the Audited Financial Statements of the Group and the Company for FYE 31 December 2021 at its meeting on 26 April 2022, the AC reviewed the comparison between the announcement and audited results and also on the analysis of uncorrected audit misstatements which did not have material impact to the financial statements for FYE 31 December 2021.
- (iii) The AC had reviewed independence, suitability, objectivity and effectiveness of BDO as the External Auditors for the purpose of recommending to the Board for their re-appointment by shareholders at the Company's Twelfth Annual General Meeting of the Company. The AC received written assurance from the External Auditors to confirm their independence throughout the duration of their audit engagement in accordance with professional and regulatory requirements set out in the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics and Conduct.
- (iv) The Company had received a notice in writing from BDO on their resignation as External Auditors of the Company. The appointment of new External Auditors was then recommended by the AC at its meeting held on 27 July 2022. The Board subsequently approved the appointment of Messrs Mazars PLT ("**Mazars**") as the Company's External Auditors to fill the vacancy of the office of External Auditors.
- (v) Subsequent to Mazars' appointment, the AC had on 30 November 2022, discussed the Audit Strategy Memorandum for the FYE 2022 tabled by Mazars, which detailed, inter-alia, the audit focus areas, potential key audit matters, the engagement team and reporting timelines.
- (vi) The AC had met with the External Auditors without the presence of the Management staff and the Executive Board members twice (2), in order to provide the External Auditors with an avenue to candidly express any concerns they may have, including those relating to their ability to perform their work without restraint or interference.
- (vii) The AC also evaluated the performance of Mazars, their independence and objectivity, their ability to serve the Group in terms of technical competencies and manpower resource sufficiency, as well as the audit fees of the External Auditors. The AC recommended to the Board to propose to shareholders the re-appointment of Mazars at the forthcoming Thirteenth Annual General Meeting of the Company.

**B. EXTERNAL AUDIT (CONT'D)**

In reviewing the quarterly financial results and annual audited financial statements, the AC ensured the disclosures accorded with applicable accounting standards such as Malaysian Financial Reporting Standards, International Financial Reporting Standards and requirements of the Companies Act 2016, as the case may be.

**C. INTERNAL AUDIT**

- (i) Reviewed the internal audit's scope of work, functions, competency and resources and that it has the necessary authority to carry out its work.
- (ii) Reviewed the internal audit plan to ensure the scope and coverage of the internal audit on the operations of the Group is adequate and comprehensive and that all the risk areas are audited annually.
- (iii) Reviewed the internal audit reports prepared by the internal auditors and appraised the adequacy and effectiveness of Management's response in resolving the audit issues reported.
- (iv) Reviewed the follow-up internal audit reports prepared by the internal auditors and monitored the outcome of follow-up audits to ascertain the extent to which agreed action plans have been implemented by Management.

During the financial year under review, the Group Internal Audit conducted the audit activities as per the approved audit plan and presented their internal audit reports on 24 February 2022, 26 April 2022, 25 May 2022, 23 August 2022 and 30 November 2022, respectively to the AC.

**D. ANNUAL REPORT REQUIREMENTS**

- (i) Reviewed and approved the AC Report for inclusion in the 2021 Annual Report,
- (ii) The Statement on Risk Management and Internal Control was reviewed and recommended to the Board for approval, for inclusion in the 2021 Annual Report.

**E. RELATED PARTY TRANSACTIONS**

The AC reviewed the quarterly results and make enquiry if there are any recurrent related party transactions ("RRPTs") and to ensure the RRPTs, if any, are on ordinary commercial terms and are not favourable to the related party than is generally available to the public, and that the transactions are not detrimental to the minority party. This is also to ensure in compliance with both in-house procedures and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

**TRAINING OF AC MEMBERS**

The AC members are aware on the importance of developing and increasing their knowledge continuously to enable them to effectively discharge their duties in line with Practice 9.5 of Malaysian Code on Corporate Governance 2021. During the financial year under review, the AC members attended training courses which were related to the discharge of the Terms of Reference. The list of trainings attended by the AC members is disclosed in the Corporate Governance Overview Statement included in this Annual Report.

**SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION**

The principal role of the Internal Auditors is to undertake independent and regular reviews on the Group's internal control system so as to provide reasonable assurance on the adequacy, integrity and effectiveness of the Group's system of internal controls, risk management and governance.

The AC and the Board had meetings on 11 January 2022 and 19 January 2022 respectively, established an in-house internal audit function for the Group. Previously, the Group's internal audit function was outsourced to an independent professional services firm, IA Essential Sdn. Bhd..

The Group Internal Audit ("GIA") comprises one (1) staff and is led by Encik Asfia Heikal bin Ali ("**Encik Asfia**"), the Manager who reports functionally to the AC and administratively to the Group Chief Executive Officer.

Encik Asfia graduated from University Technology Mara (UiTM) with a Bachelor in Quantity Surveying (Hons.) in 2009 and is an associate member of IIAM. Encik Asfia has 11 years of experience in the field of internal audit.

The GIA performs their work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. In order to ensure that the audit focus is on relevant and appropriate risk areas, the internal audit plan was developed in consultation with management taking into consideration the Group's risk profile.

The proposed internal audit plan will then be presented to the AC for deliberation and approval before internal audit reviews are carried out. Any significant changes to the internal audit plan will be referred to the AC for approval prior to the commencement of the internal audit.

The total cost incurred in relation to the conduct of the internal audit function of the Group for the FYE 2022 amounted to RM185,956 againsts RM109,130 in FYE2021.

**SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION  
(CONT'D)**

The GIA adopts a risk-based auditing approach, guided by the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors, prioritising audit assignments based on the Group's business activity, risk management and past audit findings.

The GIA evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation's governance, operations and information systems, in terms of:

- a. Reliability and integrity of financial and operational information;
- b. Effectiveness and efficiency of operations;
- c. Safeguarding of assets; and
- d. Compliance with relevant laws, regulations and contractual obligations.

During the financial year under review, the GIA had completed and reported the following areas covered by the internal audit function in managing risks associated with the operating process as listed below:-

- Internal Audit Report on Contract Administration, Claims and Collection;
- Internal Audit Report on Project Management, Health & Safety Environment;
- Group Internal Audit Plan for Financial Year 2022 and 2023;
- Internal Audit Manual, and Status Update Report;
- Status Update – Ongoing Audit for LRT GS04;
- E'Island Lake Haven Project Audit;
- LRT GS04 Project Audit (Gabungan Strategik Sdn Bhd) - Report No. GIA/RA LRT/001; and
- Follow-up Audit Reports.

The findings of the GIA were highlighted to the relevant management representatives for corrective actions. The Management is responsible for ensuring that corrective actions are taken within the agreed timeframe.

This AC Report has been reviewed by the AC and approved by the Board on 19 April 2023.

# STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

**The Board of Directors (“Board”) is pleased to present this statement on Risk Management and Internal Control (“Statement”) for the financial year ended 31 December 2022. The preparation of this statement is required under paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) and guided by the “Statement on Risk Management & Internal Control-Guidelines for Directors of Listed Issuers” which was endorsed by Bursa Malaysia Securities Berhad (“Bursa Securities”).**

## BOARD’S RESPONSIBILITIES

In accordance with the Malaysian Code of Corporate Governance, the Board is responsible for establishing, formulating policies, reviewing and assessing the Group’s risk management and internal control systems, and seeking assurance that these systems are adequate and functioning effectively.

In overseeing the effectiveness of the systems of risk management and internal control, the Board continues to apply and use the following processes and information during the financial year to derive its comfort:

- Audit Committee reviews on the integrity of the interim financial results, annual report and audited financial statements in consultation with Management;
- Risk Management & Sustainability Committee (“**RMSC**”)’s oversight on the risk management framework, changes in risk factors and magnitudes and status of management implementation of risk mitigation plan;
- The Audit Committee assessment of the adequacy and effectiveness of the systems of internal control based on the internal audit findings presented by the Internal Auditors. These reviews are done quarterly where the Internal Auditors present their internal audit report to the Audit Committee and share the audit issues and action taken by management to address control deficiencies
- Group CEO briefings on business, financial and operational performances and updates during the board meetings;
- The External Auditors will report to the Audit Committee on their annual audit findings. As part of this review, Audit Committee will also seek feedback from the External Auditors on risk and control issues noted by them in the course of their statutory audit; and
- Provision of Management’s assurance that the Group’s risk management and internal control systems are adequate and effective in all material respects.

## RISK MANAGEMENT

The Board enhanced the RMC for overseeing the risk management framework and included Sustainability as part of effective management of sustainability practices. This further ensures the implementation of appropriate systems to manage material risk exposure in the Group. The Risk Management Committee was renamed as the Risk Management & Sustainability Committee (RMSC). The Committee comprises seven members majority of whom are Independent Non-Executive Directors.

## STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

The risk management processes on risk identification, impact assessment, risk profiling, and monitoring and mitigation plans adopted by the Group is based on the general principles of an international risk management framework.

The risk management processes are embraced in both major operating and business segments of the Group in construction and property development. Currently, the respective divisional Managing Directors report to the RMSC. During the financial year, RMSC has conducted 2 meetings with both the Construction and Property Divisions to deliberate the causes, existing controls, impact and action plans for managing and mitigating the risks.

Continuation from last year, the project progress, health and safety and cash flows are the key risk focus of the Group during the financial year. In the transition to the endemic phase, the Group remains vigilant in ensuring preventive measures and actions are continued by leveraging electronic communication, cloud computing and virtual meeting technology.

The Management has strengthened and streamlined the Group's cash flow by improving the marketing and sales of the inventory, controlling and reducing overhead costs and enhancing the operational and cost efficiency, expediting the progress billing and receipts for all current projects, and exercising prudence cash flow management.

### INTERNAL CONTROLS

Internal controls are important to support the function of the risk management system. The Group internal control systems are operating under and form part of the on-going management systems of ISO 9001:2015 on Quality Management System and ISO 45001:2018 on Occupational Health and Safety Management System. The on-going key control frameworks and procedures that have been put in place in the Group are as follows:

- i. Management organisation structure defining the management responsibilities and hierarchical structure for directing, planning, executing, controlling and monitoring the business operations;
- ii. Limit of authority and approval facilitating delegation of authority and oversight control;
- iii. Monitoring of construction work progress against the work

schedule program as well as the performance, productivity and quality of work of the contractors and sub-contractors;

- iv. Tracking of construction costs against the project budgets;
- v. Benchmarking actual cash flows with the forecast;
- vi. Periodic Safety and Health Committee meetings to enforce safety awareness at site;
- vii. Selection procedures for sub-contractors, suppliers and consultants based on price, resources availability, track record and finance capability criteria;
- viii. Performance evaluation of suppliers' and sub-contractors' performance for future reference and selection;
- ix. Review of divisional operating performance by the respective heads of the key management team;
- x. Legal review to ensure contractual risks are addressed and managed before entering into material contracts or agreements;
- xi. The establishment and implementation of Anti-Corruption Policy & Anti-Corruption Framework, Code of Conduct & Ethics, and Whistle-Blowing Policy.

### MANAGEMENT RESPONSIBILITIES AND ASSURANCE

In accordance with the Bursa Securities Guidelines, Management is responsible for identifying risks; implementing and maintaining sound systems of risk management and internal control; and monitoring and reporting to the Board of significant control deficiencies and changes in risks that could significantly affect the Group achievement of its objectives and performance.

The Board has received assurance from the Group CEO and that, to the best of their knowledge that the Group's risk management and internal control systems are operating adequately and effectively, in all material aspects.

**BOARD ASSURANCE AND LIMITATION**

The Board is satisfied that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group and the existing level of systems of internal control and risk management are adequate and effective to enable the Group to achieve its business objectives. There were no significant weaknesses in the systems of risk management and internal control that have caused material impact on the operations of the Group for the financial year under review.

Nonetheless, the Board wishes to reiterate that risk management and internal control are designed to manage rather than eliminate risks of failure to achieve business objectives. Therefore, these systems can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

**REVIEW OF STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL BY EXTERNAL AUDITORS**

As required by Paragraph 15.23 of the MMLR, the External Auditors have reviewed this Statement in accordance with the Audit and Assurance Practice Guide 3 (“AAPG3”) issued by the Malaysia Institute of Accountants.

The External Auditors have reviewed this Statement and have reported to the Board that nothing has come to their attention that causes them to believe that this Statement is inconsistent with their understanding of the process adopted by the Board and Management in reviewing the adequacy and effectiveness of the systems of risk management and internal control systems of the Group.

This Statement does not include the state of internal control in associate and joint venture companies which has not been dealt with as part of the group and is made in accordance with the resolution of the Board of Directors.

# DIRECTORS' RESPONSIBILITY STATEMENT

FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are responsible for ensuring that the annual financial statements of the Group and of the Company are drawn up in accordance with the applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the provision of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and Company so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2022, and of the financial performance and cash flows for the financial year then ended.

In preparing the financial statements, the Directors have ensured that:-

- appropriate accounting policies and practices have been adopted and applied consistently;
- the statements are supported by reasonable and prudent judgements and estimates;
- all applicable accounting standards have been followed, subject to any material departure and explained in the financial statements; and
- a going-concern basis has been adopted unless it is inappropriate to presume that the Group will continue its business.

The Directors are also responsible for:-

- Ensuring that the Group and the Company keep proper accounting and other records to enable the explanation of transactions and preparation of financial statements; and
- Taking the necessary steps as are reasonably open to them to ensure appropriate systems are in place to safeguard the assets of the Group and of the Company, and to detect and prevent fraud and other irregularities

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the financial year ended 31 December 2022.



# FINANCIAL REPORTS

|            |                                              |            |                                   |
|------------|----------------------------------------------|------------|-----------------------------------|
| <b>152</b> | Directors' Report                            | <b>169</b> | Statements of Cash Flows          |
| <b>157</b> | Independent Auditors' Report                 | <b>174</b> | Notes to the Financial Statements |
| <b>163</b> | Consolidated Statement of Financial Position | <b>249</b> | Statement by Directors            |
| <b>165</b> | Statement of Financial Position              | <b>249</b> | Statutory Declaration             |
| <b>166</b> | Statement of Comprehensive Income            |            |                                   |
| <b>167</b> | Consolidated Statement of Changes in Equity  |            |                                   |
| <b>168</b> | Statement of Changes in Equity               |            |                                   |

The directors have pleasure in submitting their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

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

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

## RESULTS

|                                             | Group<br>RM | Company<br>RM |
|---------------------------------------------|-------------|---------------|
| Profit/(Loss) for the year attributable to: |             |               |
| Owners of the Company                       | 20,229,191  | (379,411)     |
| Non-controlling interests                   | (89,730)    | -             |
| Profit/(Loss) for the financial year        | 20,139,461  | (379,411)     |

## DIVIDENDS

No dividend has been paid, proposed or declared by the Company since the end of the previous financial year. The directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2022.

## ISSUE OF SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the financial year.

## SHARE OPTIONS

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

## WARRANT B 2018/2023

On 27 September 2018, a total of 119,394,669 free Warrants were issued pursuant to the Deed Poll dated 5 September 2018 ("Deed Poll B") to all the shareholders of the Company on the basis of one (1) warrants for every four (4) existing ordinary shares held on 25 September 2018. These warrants were listed on Bursa Malaysia Securities Berhad on 4 October 2018. The Company had fixed the exercise price for the free Warrants at RM1.12 each and further relevant details are disclosed in Note 19 to the financial statements.

## TREASURY SHARES

At the Company's Annual General Meeting ("AGM") held on 16 June 2022, the Company obtained shareholders' approval on the renewal authority for the Company to purchase up to 10% of the share capital of the Company. During the year, the Company did not purchase any of its own shares and none of the treasury shares held was cancelled, sold or used for other purposes permitted under the Companies Act 2016.

As at 31 December 2022, the Company held as treasury shares a total of 1,165,744 of its 543,937,119 issued ordinary shares. Such treasury shares are held at a carrying amount of RM1,427,468 and further relevant details are disclosed in Note 20 to the financial statements.

## RESERVES AND PROVISIONS

All material transfers, if any, to or from reserves and provisions during the financial year are disclosed in the financial statements.

## SUBSIDIARIES

Details of the subsidiaries are set out in Note 8 to the financial statements.

There is no qualified auditor's report on the financial statements of any subsidiary for the financial year in which this report is made.

As at the end of the financial year, none of the subsidiaries hold any shares in the holding company or in other related corporations.

## DIRECTORS

The directors in office during the period commencing from the beginning of the financial year to the date of this report are:

Y.M. Tunku Alizan bin Raja Muhammad Alias

Dato' Sri Azizan bin Jaafar \*

Dato' Ow Chee Cheoon \*

Dato' Kamisah binti Johan

Dato' Muraly Daran A/L M Narayana Menon

(appointed on 28 February 2022)

Datuk Ir. Mohd Dom bin Ahmad

(appointed on 28 February 2022)

Masleena bin Zaid

(appointed on 28 February 2022)

Ow Yin Yee

(resigned on 1 July 2022)

Latifah binti Abdul Latiff

(resigned on 10 January 2022)

Datuk Kamarudin bin Md. Ali

(resigned on 28 February 2022)

Muk Sai Tat

(resigned on 28 February 2022)

\* Directors of the Company and certain subsidiaries

## DIRECTORS OF SUBSIDIARIES

Other than stated above, the directors in office of the subsidiaries during the period commencing from the beginning of the financial year to the date of this report are:

Abd Razak bin Abdul Manan

Ir. Bakri bin Ishak

Ir. Tai Jiunn Hong

Si So Tian Ann

Norahmad bin Yussuff

Azhar Khan bin Badil Zaman

Choo Choon Seng

(resigned on 25 October 2022)

Tan Ban Eu

(resigned on 25 October 2022)

**DIRECTORS' INTERESTS IN SHARES AND DEBENTURES**

The following directors, who held office at the end of the financial year, had interests in shares or debentures as follows:

|                                                                | ----- Number of ordinary shares ----- |         |                  |
|----------------------------------------------------------------|---------------------------------------|---------|------------------|
|                                                                | At<br>1.1.2022                        | Bought  | At<br>31.12.2022 |
| Shares in the Company:                                         |                                       |         |                  |
| Y.M. Tunku Alizan bin Raja Muhammad Alias<br>- direct interest | 1,200,492                             | -       | 1,200,492        |
| Dato' Sri Azizan bin Jaafar<br>- direct interest               | 2,935,146                             | -       | 2,935,146        |
| - indirect interest                                            | 53,602,938                            | -       | 53,602,938       |
| Dato' Ow Chee Cheoon<br>- direct interest                      | 33,966,774                            | -       | 33,966,774       |
| Dato' Kamisah binti Johan<br>- direct interest                 | 51,730,552                            | 754,100 | 52,484,652       |

|                                                                | ----- Number of warrants ----- |        |                  |
|----------------------------------------------------------------|--------------------------------|--------|------------------|
|                                                                | At<br>1.1.2022                 | Bought | At<br>31.12.2022 |
| Warrant B 2018/2023                                            |                                |        |                  |
| Y.M. Tunku Alizan bin Raja Muhammad Alias<br>- direct interest | 173,650                        | -      | 173,650          |
| Dato' Sri Azizan bin Jaafar<br>- direct interest               | 460,575                        | -      | 460,575          |
| - indirect interest                                            | 6,820,500                      | -      | 6,820,500        |
| Dato' Ow Chee Cheoon<br>- direct interest                      | 8,325,190                      | -      | 8,325,190        |

Other than as disclosed above, none of the directors in office at the end of the financial year held any interest in the shares or debentures in the Company or its subsidiaries during the financial year.

**DIRECTORS' BENEFITS**

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

Since the end of the previous financial year, no director of the Company has received or become entitled to receive any benefit, other than a benefit included in the aggregate amount of remuneration received or due and receivable by the directors shown in the accounts or the fixed salary of a full-time employee of the Company, 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.

## DIRECTORS' REPORT (CONT'D)

Remuneration of the directors or past directors of the Company during the financial year:

|                                                               | <b>Group<br/>RM</b> | <b>Company<br/>RM</b> |
|---------------------------------------------------------------|---------------------|-----------------------|
| Directors' fee                                                | 468,171             | 468,171               |
| Other emoluments                                              |                     |                       |
| - Salaries and allowances                                     | 4,857,959           | 27,260                |
| - Retirement benefits - defined contribution plan             | 421,984             | -                     |
| - Estimated monetary value of benefits otherwise than in cash | 244,483             | -                     |
|                                                               | <b>5,992,597</b>    | <b>495,431</b>        |

The directors and officers of the Company and its subsidiaries were insured against certain liability under a Directors' and Officers' liability insurance policy maintained on a group basis for up to a maximum of RM10,000,000 in aggregate. The amount of insurance premium paid or payable by the Company for the financial year ended 31 December 2022 was RM21,861.

### OTHER INFORMATION

Before the financial statements were made out, the directors took reasonable steps:

- (a) to ascertain that appropriate 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 all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) 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 financial statements of the Group and of the Company have been written down to an amount which they might be expected so to realise.

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

- (a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

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

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

In the opinion of the directors:

- (a) the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature 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.

## AUDITORS

To the extent permitted by laws, the Company has agreed to indemnify its auditors, as part of the terms of its audit engagement, against claims arising from the audit. No payment has been made to indemnify the auditors for the current financial year.

The total amount of fees paid to or receivable by the auditors as remuneration for their services as auditors of the Group and of the Company for the current financial year are RM314,000 and RM82,000 respectively.

The auditors, Mazars PLT, Chartered Accountants, have expressed their willingness to accept re-appointment.

## APPROVAL OF THE DIRECTORS' REPORT

This report is approved by the board of directors, and signed on behalf of the board of directors in accordance with a directors' resolution.

**Dato' Sri Azizan bin Jaafar**  
Director

**Dato' Ow Chee Cheoon**  
Director

Kuala Lumpur

25 April 2023

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Gabungan AQRS Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 163 to 248.

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 2022, and of their financial performance and their cash flows for the financial year ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") 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 ("ISA"). 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.

#### (a) Revenue recognition for construction contracts and property development

Refer to Significant Accounting Judgements and Estimates and Revenue arising from construction contracts and property development in Note 4 and Note 23 to the financial statements respectively.

##### **The risk:**

For the financial year ended 31 December 2022, revenue arising from construction contracts and property development amounted to RM206.5 million and RM130.1 million respectively, representing approximately 61% and 39% respectively of the Group's total revenue. The Company's revenue from construction contracts amounted to RM16.7 million for the same period, representing approximately 99% of the Company's total revenue.

Revenue from construction contracts and property development are recognised over time, which requires management to exercise significant judgement in measuring the progress towards satisfaction of the performance obligations as stated in the contracts with customers.

**Key Audit Matters (cont'd)****(a) Revenue recognition for construction contracts and property development (cont'd)**

The estimation of the percentage of completion requires significant judgement in estimating the total construction and development costs to complete for each of the projects.

There is a risk that the estimated construction contracts and property development revenue, cost or margins may be significantly different from the actual outcome, resulting in material variance in amount of revenue and/or profit recognised in the financial statements.

In view of the significance of revenue from construction contracts and property development recognised by the Group and by the Company, the level of judgement exercised by management and the estimation uncertainty, we identified revenue recognition for construction contracts and property development as a key audit matter.

***Our response:***

- (i) We obtained understanding of the revenue recognition process and tested the operating effectiveness of the internal controls relating to approvals of construction and development costs, budgets, and recognition of revenue and costs in the financial statements;
- (ii) We assessed the reasonableness of management's key assumptions used in the estimates for total construction and development costs for the projects, where applicable, examine documentary evidences such as signed letter of awards, approved variation orders, and perform retrospective review of the key estimates;
- (iii) We tested on sampling basis, actual cost incurred to relevant documents such as contractors' claim certificates or suppliers' invoices. Where costs have not been billed or certified, we assessed the adequacy of accruals of such costs by reviewing the basis of accruals and relevant supporting documents such as subsequent contractor's claim certificates or suppliers' invoices, letter of awards, etc;
- (iv) We conducted physical visit on selected project sites and inquired with in-house quantity surveyors and project managers to corroborate the status of the works and the stage of completion;
- (v) We computed our expected percentage of completion for construction contracts and property development and compared with management's computed percentage of completion after considering implications of identified errors or changes in estimates;
- (vi) We evaluated whether the Group and the Company is liable for liquidated ascertained damages from construction contracts and property development by reviewing the contractual delivery dates of the signed agreements against the estimated delivery dates and latest progress reports;
- (vii) We validated on sampling basis, the construction contracts revenue against the agreed customer contracts; and
- (viii) We verified the gross development value of property development against the signed sales and purchase agreements and estimated selling prices of unsold development on sampling basis.

**Key Audit Matters (cont'd)****(b) Impairment assessment of customer contract under intangible assets**

Refer to Significant Accounting Judgements and Estimates and Intangible assets in Note 4 and Note 12 to the financial statements respectively.

***The risk:***

Included in intangible assets of the Group as at 31 December 2022 is customer contract with a carrying amount of RM27.3 million, which arose from the acquisition of a subsidiary in prior year.

The customer contract was related to a construction project awarded to the acquired subsidiary and there had been postpone and changes to the construction project over the years. In view of the delays and uncertainty of current economic environment, the carrying amount of the customer contract requires an assessment of its recoverable amount. Accordingly, management performed an impairment assessment on the customer contract, by estimating the recoverable amount applying the value-in-use method. Determining the recoverable amount requires management to estimate the future cash flows to be generated; and to determine a suitable discount rate in order to calculate the present value of those cash flows. The bases and assumptions used in the calculation of recoverable amount involve a significant degree of management judgement. Due to the significant management judgement and uncertainty involved and the significance of the carrying amount of the customer contract to the financial statements of the Group, this is considered as a key audit matter.

***Our response:***

- (i) We obtained an understanding of the process in estimating the recoverable amount of a customer contract; and
- (ii) We tested and challenged the key assumptions and variables used by management in the recoverable amount computation. We assessed the basis and reasonableness of the cash flow projections. With the support of our internal specialist, we assessed the appropriateness of discount rate used by management in the computation of the discounted cash flows, taking into consideration of internal and external data.

**(c) Investment in subsidiaries**

Refer to Significant Accounting Judgements and Estimates and Investments in subsidiaries in Note 4 and Note 8 to the financial statements respectively.

***The risk:***

As at 31 December 2022, the Company's investments in certain subsidiaries totalling RM209.9 million have indication of impairment due to the continuous losses and the net assets of the subsidiaries are lower than their carrying amount of investments.

Accordingly, management performed an impairment assessment on their investments in subsidiaries. Determining the recoverable amount requires management to estimate the future cash flows to be generated and to determine a suitable discount rate in order to calculate the present value of those cash flows. The bases and assumptions used in the calculation of discounted cash flows involve a significant degree of management judgement. Due to the significant management judgement involved and the significance of the carrying amount of the investment to the financial statements of the Company, therefore identified this as a key audit matter.

**Key Audit Matters (cont'd)****(c) Investment in subsidiaries*****Our response:***

- (i) We obtained an understanding of the business and performance of the subsidiaries;
- (ii) We reviewed impairment assessment performed by management including whether any indicator of impairment identified; and
- (iii) We tested and challenged the key assumptions and variables used by management in the recoverable amount computation. We assessed the basis and reasonableness of the cash flow projections, including a retrospective review of past cash flows projection. With the support of our internal specialist, we assessed the appropriateness of discount rate used by management in the computation of the discounted cash flows, taking into consideration of internal and external data.

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

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

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

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

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with MFRS, IFRS 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 not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISA 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 ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- 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.

***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**

1. The financial statements of the Group and of the Company for the financial year ended 31 December 2021 were audited by another firm of auditors whom have expressed unqualified opinion on those statements on 26 April 2022.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

**MAZARS PLT**

201706000496 (LLP0010622-LCA)  
AF 001954  
Chartered Accountants

**SE KUO SHEN**

02949/03/2024 J  
Chartered Accountant

Kuala Lumpur

25 April 2023

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

|                                              | Note | 31.12.2022<br>RM | Group<br>31.12.2021<br>RM<br>(Restated) | 1.1.2021<br>RM<br>(Restated) |
|----------------------------------------------|------|------------------|-----------------------------------------|------------------------------|
| <b>NON-CURRENT ASSETS</b>                    |      |                  |                                         |                              |
| Property, plant and equipment                | 5    | 25,505,705       | 27,759,616                              | 25,481,430                   |
| Investment property                          | 7    | 31,002,066       | 31,815,413                              | 32,624,783                   |
| Investment in an associate                   | 9    | 4,152,554        | 3,660,383                               | 3,583,715                    |
| Investment in a joint venture                | 10   | 882,143          | 1,040,383                               | 1,706,311                    |
| Deferred tax assets                          | 11   | 3,206,287        | 3,220,010                               | 9,934,994                    |
| Intangible assets                            | 12   | 27,355,028       | 27,355,028                              | 27,355,028                   |
|                                              |      | 92,103,783       | 94,850,833                              | 100,686,261                  |
| <b>CURRENT ASSETS</b>                        |      |                  |                                         |                              |
| Inventories                                  | 13   | 318,949,929      | 317,235,296                             | 314,104,724                  |
| Trade and other receivables                  | 14   | 142,120,510      | 190,296,153                             | 211,694,794                  |
| Contract assets                              | 15   | 660,228,824      | 579,508,207                             | 509,615,879                  |
| Other investment                             | 16   | 1,389,489        | 306,015                                 | 1,074,117                    |
| Current tax assets                           |      | 521,715          | 1,300,161                               | 2,534,200                    |
| Short term funds                             | 17   | 168,252          | 253,073                                 | 316,036                      |
| Cash and bank balances                       | 18   | 150,165,554      | 155,939,040                             | 118,390,344                  |
|                                              |      | 1,273,544,273    | 1,244,837,945                           | 1,157,730,094                |
| <b>TOTAL ASSETS</b>                          |      | 1,365,648,056    | 1,339,688,778                           | 1,258,416,355                |
| <b>EQUITY</b>                                |      |                  |                                         |                              |
| Share capital                                | 19   | 355,613,547      | 355,613,547                             | 325,545,730                  |
| Reserves                                     | 20   | 144,146,593      | 124,046,577                             | 108,283,100                  |
| Equity attributable to owners of the Company |      | 499,760,140      | 479,660,124                             | 433,828,830                  |
| Non-controlling interests                    |      | 1,813,212        | 2,108,365                               | 6,614,231                    |
| <b>TOTAL EQUITY</b>                          |      | 501,573,352      | 481,768,489                             | 440,443,061                  |
| <b>NON-CURRENT LIABILITIES</b>               |      |                  |                                         |                              |
| Borrowings                                   | 21   | 408,458          | 581,672                                 | 16,272,747                   |
| Lease liabilities                            | 6    | 1,171,231        | 2,239,876                               | 3,158,648                    |
| Deferred tax liabilities                     | 11   | 1,971,350        | 1,642,048                               | 309,504                      |
|                                              |      | 3,551,039        | 4,463,596                               | 19,740,899                   |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONT'D)

|                                     | Note | 31.12.2022<br>RM | Group<br>31.12.2021<br>RM<br>(Restated) | 1.1.2021<br>RM<br>(Restated) |
|-------------------------------------|------|------------------|-----------------------------------------|------------------------------|
| <b>CURRENT LIABILITIES</b>          |      |                  |                                         |                              |
| Trade and other payables            | 22   | 519,171,517      | 572,581,239                             | 534,331,475                  |
| Contract liabilities                | 15   | 37,043,153       | 4,811,025                               | 19,303,742                   |
| Borrowings                          | 21   | 302,659,521      | 273,296,830                             | 241,769,057                  |
| Lease liabilities                   | 6    | 1,213,181        | 2,284,176                               | 2,689,326                    |
| Current tax liabilities             |      | 436,293          | 483,423                                 | 138,795                      |
|                                     |      | 860,523,665      | 853,456,693                             | 798,232,395                  |
| <b>TOTAL LIABILITIES</b>            |      | 864,074,704      | 857,920,289                             | 817,973,294                  |
| <b>TOTAL EQUITY AND LIABILITIES</b> |      | 1,365,648,056    | 1,339,688,778                           | 1,258,416,355                |

The accompanying notes form an integral part of the financial statements

# STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

|                                                     | Note | 2022<br>RM  | 2021<br>RM  |
|-----------------------------------------------------|------|-------------|-------------|
| <b>NON-CURRENT ASSETS</b>                           |      |             |             |
| Property, plant and equipment                       | 5    | 255,820     | 354,847     |
| Lease receivables                                   | 6    | 95,050      | 220,408     |
| Investments in subsidiaries                         | 8    | 305,299,380 | 312,535,087 |
| Investment in a joint venture                       | 10   | 255,000     | 255,000     |
| Other receivables                                   | 14   | 24,273,468  | 21,697,644  |
|                                                     |      | 330,178,718 | 335,062,986 |
| <b>CURRENT ASSETS</b>                               |      |             |             |
| Lease receivables                                   | 6    | 125,358     | 115,750     |
| Trade and other receivables                         | 14   | 99,278,953  | 39,256,526  |
| Contract assets                                     | 15   | 1,354,356   | 2,470,473   |
| Current tax assets                                  |      | 11,033      | 10,052      |
| Short term funds                                    | 17   | 41,305      | 40,384      |
| Cash and bank balances                              | 18   | 58,695,684  | 63,592,993  |
|                                                     |      | 159,506,689 | 105,486,178 |
| <b>TOTAL ASSETS</b>                                 |      | 489,685,407 | 440,549,164 |
| <b>EQUITY</b>                                       |      |             |             |
| <b>Equity attributable to owners of the Company</b> |      |             |             |
| Share capital                                       | 19   | 355,613,547 | 355,613,547 |
| Reserves                                            | 20   | 16,910,933  | 17,290,344  |
| <b>TOTAL EQUITY</b>                                 |      | 372,524,480 | 372,903,891 |
| <b>NON-CURRENT LIABILITY</b>                        |      |             |             |
| Lease liabilities                                   | 6    | 269,156     | 495,748     |
| <b>CURRENT LIABILITIES</b>                          |      |             |             |
| Trade and other payables                            | 22   | 31,630,895  | 15,562,405  |
| Borrowings                                          | 21   | 85,034,285  | 51,376,395  |
| Lease liabilities                                   | 6    | 226,591     | 210,725     |
|                                                     |      | 116,891,771 | 67,149,525  |
| <b>TOTAL LIABILITIES</b>                            |      | 117,160,927 | 67,645,273  |
| <b>TOTAL EQUITY AND LIABILITIES</b>                 |      | 489,685,407 | 440,549,164 |

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

|                                                                                         |      | Group         |                          | Company      |              |
|-----------------------------------------------------------------------------------------|------|---------------|--------------------------|--------------|--------------|
|                                                                                         | Note | 2022<br>RM    | 2021<br>RM<br>(Restated) | 2022<br>RM   | 2021<br>RM   |
| Revenue                                                                                 | 23   | 337,771,031   | 324,801,640              | 16,798,493   | 17,319,423   |
| Cost of sales                                                                           | 24   | (276,723,550) | (271,526,183)            | (16,362,091) | (10,353,694) |
| Gross profit                                                                            |      | 61,047,481    | 53,275,457               | 436,402      | 6,965,729    |
| Other income                                                                            | 25   | 6,356,311     | 3,608,021                | 3,170,733    | 1,195,577    |
| Net remeasurement of loss allowances on trade and other receivables and contract assets |      | (4,229,913)   | 3,331,179                | 2,536,358    | (551,688)    |
| Operating, administrative and general expenses                                          |      | (31,714,012)  | (29,456,317)             | (3,396,371)  | (3,963,113)  |
| Finance costs                                                                           | 26   | (8,990,193)   | (5,936,428)              | (3,126,533)  | (2,292,549)  |
| Share of results of an associate                                                        | 9    | 541,171       | 76,668                   | -            | -            |
| Share of results of a joint venture                                                     | 10   | (158,240)     | 834,072                  | -            | -            |
| Profit/(Loss) before tax                                                                | 27   | 22,852,605    | 25,732,652               | (379,411)    | 1,353,956    |
| Taxation                                                                                | 30   | (2,713,144)   | (9,651,041)              | -            | 115,938      |
| Profit/(Loss) for the financial year                                                    |      | 20,139,461    | 16,081,611               | (379,411)    | 1,469,894    |
| Other comprehensive income                                                              |      | -             | -                        | -            | -            |
| Total comprehensive income / (loss) for the financial year                              |      | 20,139,461    | 16,081,611               | (379,411)    | 1,469,894    |
| Profit/(Loss) for the financial year attributable to:                                   |      |               |                          |              |              |
| Owners of the Company                                                                   |      | 20,229,191    | 15,763,477               | (379,411)    | 1,469,894    |
| Non-controlling interest                                                                |      | (89,730)      | 318,134                  | -            | -            |
|                                                                                         |      | 20,139,461    | 16,081,611               | (379,411)    | 1,469,894    |
| Total comprehensive income/(loss) attributable to:                                      |      |               |                          |              |              |
| Owners of the Company                                                                   |      | 20,229,191    | 15,763,477               | (379,411)    | 1,469,894    |
| Non-controlling interest                                                                |      | (89,730)      | 318,134                  | -            | -            |
|                                                                                         |      | 20,139,461    | 16,081,611               | (379,411)    | 1,469,894    |
| Earnings per ordinary share attributable to equity holders of the Company:              |      |               |                          |              |              |
| Basic earnings per ordinary share (sen)                                                 | 31   | 3.73          | 2.97                     |              |              |
| Diluted earnings per ordinary share (sen)                                               | 31   | 3.06          | 2.43                     |              |              |

The accompanying notes form an integral part of the financial statements

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| Group                                                     | Note | Non-distributable      |                          | Distributable              |  | Total<br>attributable<br>to owners of<br>the parent<br>RM | Non-<br>controlling<br>interests<br>RM | Total<br>equity<br>RM |
|-----------------------------------------------------------|------|------------------------|--------------------------|----------------------------|--|-----------------------------------------------------------|----------------------------------------|-----------------------|
|                                                           |      | Share<br>capital<br>RM | Treasury<br>shares<br>RM | Retained<br>earnings<br>RM |  |                                                           |                                        |                       |
| At 1 January 2022                                         |      | 355,613,547            | (1,427,468)              | 125,474,045                |  | 479,660,124                                               | 2,108,365                              | 481,768,489           |
| Total comprehensive income for the financial year         |      | -                      | -                        | 20,229,191                 |  | 20,229,191                                                | (89,730)                               | 20,139,461            |
| <b>Transactions with owners</b>                           |      |                        |                          |                            |  |                                                           |                                        |                       |
| Dividend paid to non-controlling interests                |      | -                      | -                        | -                          |  | -                                                         | (94,598)                               | (94,598)              |
| Share capital reduction in a subsidiary                   | 8    | -                      | -                        | -                          |  | -                                                         | (235,200)                              | (235,200)             |
| Acquisition of additional equity interest in a subsidiary | 8    | -                      | -                        | (129,175)                  |  | (129,175)                                                 | 124,375                                | (4,800)               |
| Total transactions with owners                            |      | -                      | -                        | (129,175)                  |  | (129,175)                                                 | (205,423)                              | (334,598)             |
| At 31 December 2022                                       |      | 355,613,547            | (1,427,468)              | 145,574,061                |  | 499,760,140                                               | 1,813,212                              | 501,573,352           |
| At 1 January 2021, as previously reported                 |      | 325,545,730            | (1,427,468)              | 111,154,482                |  | 435,272,744                                               | 6,614,231                              | 441,886,975           |
| Prior year adjustments                                    | 39   | -                      | -                        | (1,443,914)                |  | (1,443,914)                                               | -                                      | (1,443,914)           |
| At 1 January 2021, as restated                            |      | 325,545,730            | (1,427,468)              | 109,710,568                |  | 433,828,830                                               | 6,614,231                              | 440,443,061           |
| Total comprehensive income for the financial year         |      | -                      | -                        | 15,763,477                 |  | 15,763,477                                                | 318,134                                | 16,081,611            |
| <b>Transactions with owners</b>                           |      |                        |                          |                            |  |                                                           |                                        |                       |
| Ordinary shares issued pursuant to private placement      | 19   | 30,153,417             | -                        | -                          |  | 30,153,417                                                | -                                      | 30,153,417            |
| Share issuance expenses                                   | 19   | (85,600)               | -                        | -                          |  | (85,600)                                                  | -                                      | (85,600)              |
| Dividend paid to non-controlling interests                |      | -                      | -                        | -                          |  | -                                                         | (4,824,000)                            | (4,824,000)           |
| Total transactions with owners                            |      | 30,067,817             | -                        | -                          |  | 30,067,817                                                | (4,824,000)                            | 25,243,817            |
| At 31 December 2021                                       |      | 355,613,547            | (1,427,468)              | 125,474,045                |  | 479,660,124                                               | 2,108,365                              | 481,768,489           |

The accompanying notes form an integral part of the financial statements

# STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| Company                                              | Note | Non-distributable<br>Share capital<br>RM | Treasury<br>shares<br>RM | Distributable<br>Retained<br>earnings<br>RM | Total<br>equity<br>RM |
|------------------------------------------------------|------|------------------------------------------|--------------------------|---------------------------------------------|-----------------------|
| At 1 January 2021                                    |      | 325,545,730                              | (1,427,468)              | 17,247,918                                  | 341,366,180           |
| Total comprehensive income for the financial year    |      | -                                        | -                        | 1,469,894                                   | 1,469,894             |
| <b>Transactions with owners</b>                      |      |                                          |                          |                                             |                       |
| Ordinary shares issued pursuant to private placement | 19   | 30,153,417                               | -                        | -                                           | 30,153,417            |
| Share issuance expenses                              | 19   | (85,600)                                 | -                        | -                                           | (85,600)              |
| Total transaction with owners                        |      | 30,067,817                               | -                        | -                                           | 30,067,817            |
| At 31 December 2021                                  |      | 355,613,547                              | (1,427,468)              | 18,717,812                                  | 372,903,891           |
| Total comprehensive loss for the financial year      |      | -                                        | -                        | (379,411)                                   | (379,411)             |
| At 31 December 2022                                  |      | 355,613,547                              | (1,427,468)              | 18,338,401                                  | 372,524,480           |

The accompanying notes form an integral part of the financial statements

# STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

| Note                                                      | Group        |                          | Company     |                          |
|-----------------------------------------------------------|--------------|--------------------------|-------------|--------------------------|
|                                                           | 2022<br>RM   | 2021<br>RM<br>(Restated) | 2022<br>RM  | 2021<br>RM<br>(Restated) |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>               |              |                          |             |                          |
| Profit/(Loss) before tax                                  | 22,852,605   | 25,732,652               | (379,411)   | 1,353,956                |
| Adjustments for:                                          |              |                          |             |                          |
| Depreciation of:                                          |              |                          |             |                          |
| - property, plant and equipment                           | 6,361,213    | 6,269,816                | 99,027      | 101,422                  |
| - investment property                                     | 813,347      | 813,282                  | -           | -                        |
| Islamic commercial paper transaction costs                | 26,863       | -                        | 26,863      | -                        |
| Dividend income                                           | -            | -                        | (102,482)   | (6,726,000)              |
| Fair value (gain)/loss on:                                |              |                          |             |                          |
| - other investment                                        | (1,066,986)  | 807,716                  | -           | -                        |
| - short term fund                                         | (1,521)      | (1,602)                  | -           | -                        |
| (Gain)/Loss on disposal of property, plant and equipment  | (39)         | 4,372                    | -           | -                        |
| Gain on termination of leases                             | (7,134)      | (3,887)                  | -           | -                        |
| Net remeasurement of loss allowance:                      |              |                          |             |                          |
| - trade receivables                                       | 2,367,287    | (7,484,286)              | 494,911     | -                        |
| - other receivables                                       | 31,839       | 483,524                  | (3,019,555) | 535,915                  |
| - contract assets                                         | 1,830,787    | 3,669,583                | (11,714)    | 15,773                   |
| Impairment losses on:                                     |              |                          |             |                          |
| - investments in subsidiaries                             | -            | -                        | 18,103      | -                        |
| - equity loan                                             | -            | -                        | 1,027,704   | 701,680                  |
| Interest expense                                          | 8,990,193    | 5,936,428                | 3,126,533   | 2,292,549                |
| Interest income                                           | (2,779,195)  | (1,264,591)              | (3,132,345) | (1,145,159)              |
| Lease concession                                          | -            | -                        | (23,184)    | (46,368)                 |
| Bad debts written off                                     | 5,389        | -                        | -           | -                        |
| Property, plant and equipment written off                 | 1,428        | -                        | -           | -                        |
| Reversal of impairment losses on:                         |              |                          |             |                          |
| - property, plant and equipment                           | -            | (1,054,823)              | -           | -                        |
| Unrealised gain on foreign exchange                       | (16,488)     | (39,614)                 | -           | -                        |
| Share of results:                                         |              |                          |             |                          |
| - Associate                                               | (541,171)    | (76,668)                 | -           | -                        |
| - Joint venture                                           | 158,240      | (834,072)                | -           | -                        |
| Operating profit/(loss) before changes in working capital | 39,026,657   | 32,957,830               | (1,875,550) | (2,916,232)              |
| Changes in working capital:                               |              |                          |             |                          |
| Inventories                                               | (1,714,633)  | (3,130,572)              | -           | -                        |
| Lease receivables                                         | -            | -                        | 115,750     | 138,000                  |
| Trade and other receivables                               | 45,771,128   | 28,399,402               | (1,880,897) | 72,396                   |
| Contract assets                                           | (82,551,404) | (73,561,911)             | 1,127,831   | (1,103,406)              |
| Trade and other payables                                  | (53,409,722) | 38,355,657               | 16,068,490  | 3,715,108                |
| Contract liabilities                                      | 32,232,128   | (14,492,717)             | -           | -                        |
| Cash (used in)/generated from operations                  | (20,645,846) | 8,527,689                | 13,555,624  | (94,134)                 |
| Interest paid                                             | (4,944,054)  | (3,815,456)              | (2,830,597) | (1,904,794)              |
| Interest received                                         | 246,235      | 84,785                   | 23,171      | 31,121                   |
| Tax paid                                                  | (1,645,687)  | (1,336,926)              | (981)       | (1,740)                  |
| Tax refunded                                              | 6,884        | 1,312,080                | -           | -                        |
| Net cash (used in)/generated from operating activities    | (26,982,468) | 4,772,172                | 10,747,217  | (1,969,547)              |

# STATEMENTS OF CASH FLOWS (CONT'D)

|                                                                  |      | Group        |                          | Company      |                          |
|------------------------------------------------------------------|------|--------------|--------------------------|--------------|--------------------------|
|                                                                  | Note | 2022<br>RM   | 2021<br>RM<br>(Restated) | 2022<br>RM   | 2021<br>RM<br>(Restated) |
| CASH FLOWS FROM INVESTING ACTIVITIES                             |      |              |                          |              |                          |
| Net advances to subsidiaries                                     |      | -            | -                        | (58,192,710) | (23,104,424)             |
| Acquisition of non-controlling interests                         |      | (4,800)      | -                        | -            | -                        |
| Acquisition of additional interest in a subsidiary               |      | -            | -                        | (4,800)      | -                        |
| Acquisition of subsidiary                                        |      | -            | -                        | (100)        | -                        |
| (Distribution of)/Proceed from capital reduction by a subsidiary |      | (235,200)    | -                        | 254,800      | -                        |
| Dividend received from:                                          |      |              |                          |              |                          |
| - Joint venture                                                  |      | -            | 1,500,000                | -            | 1,500,000                |
| - Subsidiaries                                                   |      | -            | -                        | 102,482      | 5,226,000                |
| - Associate                                                      |      | 49,000       | -                        | -            | -                        |
| Interest received                                                |      | 2,534,481    | 1,181,408                | 3,109,174    | 1,114,040                |
| Proceeds from disposal of property, plant and equipment          |      | 41           | 13,943                   | -            | -                        |
| Purchase of property, plant and equipment                        | 5    | (3,942,622)  | (5,986,694)              | -            | -                        |
| Purchase of investment property                                  |      | -            | (3,912)                  | -            | -                        |
| Repayment of equity loans from a subsidiary                      |      | -            | -                        | 5,940,000    | -                        |
| Withdrawal/(Placement) of fixed deposits pledged                 |      | 9,117,892    | (41,628,730)             | 2,825,391    | (56,585,362)             |
| Net cash generated from/(used in) investing activities           |      | 7,518,792    | (44,923,985)             | (45,965,763) | (71,849,746)             |
| CASH FLOWS FROM FINANCING ACTIVITIES                             |      |              |                          |              |                          |
| Interest paid on borrowings                                      | (a)  | (3,948,576)  | (1,934,066)              | (252,740)    | -                        |
| Interest paid on lease liabilities                               | 6    | (97,563)     | (292,798)                | (43,196)     | (50,209)                 |
| Issuance of ordinary shares pursuant to private placement        |      | -            | 30,153,417               | -            | 30,153,417               |
| Share issuance expenses                                          |      | -            | (85,600)                 | -            | (85,600)                 |
| Dividend paid to non-controlling interest                        |      | (94,598)     | (4,824,000)              | -            | -                        |
| Drawdown of term loans                                           | (a)  | 60,089,243   | 82,133,905               | -            | -                        |
| Drawdown of revolving credits                                    | (a)  | 10,000,000   | -                        | -            | -                        |
| Proceeds from issuance of Sukuk Mudharabah                       | (a)  | 40,000,000   | -                        | 40,000,000   | -                        |
| Payment of Sukuk Mudharabah transaction costs                    | (a)  | (1,399,035)  | -                        | (1,399,035)  | -                        |
| Repayments of:                                                   |      |              |                          |              |                          |
| - Lease liabilities                                              | 6    | (2,298,616)  | (2,844,835)              | (187,542)    | (157,343)                |
| - Revolving credits                                              | (a)  | (10,300,000) | -                        | -            | -                        |
| - Term loans                                                     | (a)  | (83,162,053) | (23,199,926)             | -            | -                        |
| Net cash generated from financing activities                     |      | 8,788,802    | 79,106,097               | 38,117,487   | 29,860,265               |

STATEMENTS OF CASH FLOWS  
(CONT'D)

|                                           | Note | 2022<br>RM    | Group<br>2021<br>RM<br>(Restated) | 2022<br>RM   | Company<br>2021<br>RM<br>(Restated) |
|-------------------------------------------|------|---------------|-----------------------------------|--------------|-------------------------------------|
| NET CHANGES IN CASH AND CASH EQUIVALENTS  |      | (10,674,874)  | 38,954,284                        | 2,898,941    | (43,959,028)                        |
| CASH AND CASH EQUIVALENTS BROUGHT FORWARD |      | (161,860,827) | (200,815,111)                     | (49,211,138) | (5,252,110)                         |
| CASH AND CASH EQUIVALENTS CARRIED FORWARD |      | (172,535,701) | (161,860,827)                     | (46,312,197) | (49,211,138)                        |
| Analysis of cash and cash equivalents:    |      |               |                                   |              |                                     |
| Short term funds                          |      | 168,252       | 253,073                           | 41,305       | 40,384                              |
| Cash and bank balances                    |      | 150,165,554   | 155,939,040                       | 58,695,684   | 63,592,993                          |
|                                           |      | 150,333,806   | 156,192,113                       | 58,736,989   | 63,633,377                          |
| Less:                                     |      |               |                                   |              |                                     |
| Bank overdrafts included in borrowings    |      | (186,370,615) | (172,436,156)                     | (46,406,457) | (51,376,395)                        |
| Fixed deposit pledged                     |      | (136,498,892) | (145,616,784)                     | (58,642,729) | (61,468,120)                        |
|                                           |      | (172,535,701) | (161,860,827)                     | (46,312,197) | (49,211,138)                        |

# STATEMENTS OF CASH FLOWS (CONT'D)

Note (a):

## Reconciliation of liabilities from financing activities

| Group                                         | Term loans<br>RM | Revolving<br>credits<br>RM | Sukuk<br>Mudharabah<br>RM | Total<br>RM  |
|-----------------------------------------------|------------------|----------------------------|---------------------------|--------------|
| At 1 January 2021                             | 40,508,367       | 2,000,000                  | -                         | 42,508,367   |
| Cash flows                                    |                  |                            |                           |              |
| Drawdown of term loans                        | 82,133,905       | -                          | -                         | 82,133,905   |
| Repayment of term loans                       | (23,199,926)     | -                          | -                         | (23,199,926) |
| Interest paid                                 | (1,826,278)      | (107,788)                  | -                         | (1,934,066)  |
| Non-cash changes:                             |                  |                            |                           |              |
| Interest expenses                             | 1,826,278        | 107,788                    | -                         | 1,934,066    |
| At 31 December 2021                           | 99,442,346       | 2,000,000                  | -                         | 101,442,346  |
| Cash flows                                    |                  |                            |                           |              |
| Drawdown of term loans                        | 60,089,243       | -                          | -                         | 60,089,243   |
| Drawdown of revolving credits                 | -                | 10,000,000                 | -                         | 10,000,000   |
| Proceeds from issuance of Sukuk Mudharabah    | -                | -                          | 40,000,000                | 40,000,000   |
| Payment of Sukuk Mudharabah transaction costs | -                | -                          | (1,399,035)               | (1,399,035)  |
| Repayment of term loans                       | (83,162,053)     | -                          | -                         | (83,162,053) |
| Repayment of revolving credits                | -                | (10,300,000)               | -                         | (10,300,000) |
| Interest paid                                 | (2,696,488)      | (999,348)                  | (252,740)                 | (3,948,576)  |
| Non-cash changes:                             |                  |                            |                           |              |
| Interest expenses                             | 2,696,488        | 999,348                    | 252,740                   | 3,948,576    |
| Islamic commercial paper transaction costs    | -                | -                          | 26,863                    | 26,863       |
| At 31 December 2022                           | 76,369,536       | 1,700,000                  | 38,627,828                | 116,697,364  |

STATEMENTS OF CASH FLOWS  
(CONT'D)

Note (a): (cont'd)

Reconciliation of liabilities from financing activities (cont'd)

| <b>Company</b>                                | <b>Sukuk<br/>Mudharabah<br/>RM</b> |
|-----------------------------------------------|------------------------------------|
| At 1 January 2021 and 31 December 2021        | -                                  |
| Cash flows                                    |                                    |
| Proceeds from issuance of Sukuk Mudharabah    | 40,000,000                         |
| Payment of Sukuk Mudharabah transaction costs | (1,399,035)                        |
| Interest paid                                 | (252,740)                          |
| Non-cash changes:                             |                                    |
| Interest expenses                             | 252,740                            |
| Islamic commercial paper transaction costs    | 26,863                             |
| At 31 December 2022                           | 38,627,828                         |

The accompanying notes form an integral part of the financial statements

# NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

## 1. GENERAL INFORMATION

Gabungan AQRS Berhad (the "Company") is a public company limited by shares incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad. The addresses of the registered office and principal place of business of the Company are disclosed in page 5.

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

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

## 2. BASIS OF PREPARATION

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS") issued by the Malaysian Accounting Standards Board ("MASB"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis, except for other measurement bases applied, including fair value, stated in the significant accounting policies.

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

### (a) Application of New or Amended Standards

In the current year, the Group and the Company have applied a number of amendments that become effective mandatorily for the financial periods beginning on or after 1 January 2022.

The adoption of the amendments does not have significant impact on the financial statements of the Group and of the Company.

### (b) New or Amended Standards Issued that are not Yet Effective

The Group and the Company have not applied the following new standard and amendments that have been issued by the MASB but are not yet effective.

|                        |                                                                                     | Effective for the financial period<br>beginning on or after |
|------------------------|-------------------------------------------------------------------------------------|-------------------------------------------------------------|
| MFRS 17                | Insurance Contracts                                                                 | 1 January 2023                                              |
| Amendment to MFRS 17   | Initial Application of MFRS 17<br>and MFRS 9 - Comparative Information              | 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<br>and Liabilities arising from a Single Transaction | 1 January 2023                                              |
| Amendments to MFRS 16  | Lease Liability in a Sale and Leaseback                                             | 1 January 2024                                              |
| Amendments to MFRS 101 | Classification of Liability as Current or Non-current                               | 1 January 2024                                              |
| Amendments to MFRS 101 | Non-current Liabilities with Covenants                                              | 1 January 2024                                              |

The adoption of the above new standard and amendments are not expected to have significant impact on the financial position and financial performance of the Group and of the Company when they are effective.

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### (a) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and of the entities controlled by the Company made up to the end of the financial year.

The Company controls an investee if and only if the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

When the Company has no majority voting rights of an investee, it considers that it has power over the investee if the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally.

The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. All intra-group balances, transactions, income and expenses are eliminated in full on consolidation. Consolidation of an investee shall begin from the date the Company obtains control of the investee and cease when the investor loses control of the investee.

Non-controlling interests are initially measured at fair value. Subsequently, non-controlling interests are the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### Changes of interests in subsidiaries

The changes of interests in subsidiaries that do not result in a loss of control are treated as equity transactions between the Group and non-controlling interests. Any difference arising from equity transactions is recognised directly in equity.

When the Company loses control of a subsidiary:

- It derecognises the assets and liabilities, non-controlling interests, and other amounts previously recognised in other comprehensive income ("OCI") relating to the former subsidiary.
- It recognises any gain or loss in profit or loss attributable to the Group, which is calculated as the difference between (i) the aggregate of the fair value of the consideration received, if any, from the transaction, event or circumstances that resulted in the loss of control; plus any investment retained in the former subsidiary at its fair value at the date when control is lost; and (ii) the net carrying amount of assets, liabilities, goodwill and any non-controlling interests attributable to the former subsidiary at the date when control is lost.
- It recognises any investment retained in the former subsidiary at its fair value when control is lost. That fair value shall be regarded as the fair value on initial recognition of a financial asset in accordance with MFRS 9 or, when appropriate, the cost on initial recognition of an investment in an associate or jointly controlled entities.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(b) Business combination**

The Group accounts for each business combination by applying the acquisition method. The consideration transferred in a business combination shall be measured at fair value, which shall be calculated as the sum of the acquisition date fair values of the assets transferred by the acquirer, the liabilities incurred by the acquirer to former owners of the acquiree and the equity interests issued by the acquirer. Acquisition related costs are recognised as expenses when the costs are incurred.

On the date of acquisition, goodwill is measured as the excess of (a) over (b) below:

- (a) The aggregate of: (i) the fair value of consideration transferred; (ii) the amount of any non-controlling interests in the investee; and (iii) the fair value of the Group's previously held equity interest in the investee, if the business combination achieved in stages.
- (b) The net fair value of the identifiable assets acquired and the liabilities assumed.

If, after reassessment, a business combination in which the amount in (b) above exceeds the aggregate of the amounts in (a) above, the Group recognises the resulting gain in profit or loss.

Measurement period adjustments are adjustments that arise from additional information obtained during 12 months from the acquisition date, about facts and circumstances that existed at the acquisition date. If the initial accounting for a business combination is incomplete by the reporting date in which the business combination occurs, the Group reports provisional amounts for the business combination. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of the acquisition date.

When the consideration in a business combination includes contingent consideration, the contingent consideration is measured at fair value on acquisition date.

- Subsequent changes in fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill.
- Subsequent changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments: (i) contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity; or (ii) other contingent consideration is remeasured to fair value at subsequent reporting dates with changes in fair value recognised in profit or loss.

**(c) Investment in subsidiaries, associates and joint ventures (separate financial statements)**

In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are measured at cost less impairment losses, if any. Impairment losses are recognised in profit or loss.

On disposal, the difference between the net disposal proceeds and the carrying amount of the investment disposed is recognised in profit or loss.

**(d) Associate and joint venture**

An associate is an entity in which the Group has significant influence and that is neither a subsidiary nor an interest in a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(d) Associate and joint venture (cont'd)**

Investments in associates or joint ventures are accounted for in the financial statements using the equity method. The results and net assets of associates or joint ventures are accounted using uniform accounting policies for like transactions and other events in similar circumstances. An investment is accounted for using the equity method from the date on which the Group obtains significant influence or joint control until the date the Group ceases to have a significant influence or joint control. Under the equity method, the investments are initially recognised at cost and adjusted thereafter for post-acquisition changes in the Group's share of net assets of the associates or joint ventures. Unrealised gains or losses on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures.

On acquisition of an investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment, and goodwill is not tested for impairment separately. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised in profit or loss.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (includes long-term interests that form part of the Group's net investment in the associate or joint venture, in substance), equity accounting is discontinued; unless the Group has legal or constructive obligations for such losses.

At each reporting date, the Group determines whether there is any objective evidence that the investment in an associate or a joint venture is impaired. If there is such indication, management recognises impairment loss in profit or loss as the difference between the recoverable amount of the associate or joint venture and its carrying value.

When changes in the Group's interest in an associate or a joint venture do not affect the use of equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

The Group discontinues the use of equity accounting from the date when the investment ceases to be an associate or a joint venture. When the Group retains an interest in the former associate or former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value and the fair value is regarded as its fair value on initial recognition. Any gain or loss is recognised in profit or loss. In addition, if a gain or loss previously recognised in other comprehensive income by the associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the associate or joint venture is disposed.

**(e) Property, plant and equipment (other than right-of-use assets)****(i) Measurement basis**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of an asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(e) Property, Plant and Equipment (cont'd)****(ii) Depreciation**

Depreciation is recognised to write off the depreciable amount of property, plant and equipment on a straight-line basis over their estimated useful lives. Depreciable amount is determined after deducting the residual value from the cost.

Freehold land is not depreciated.

The annual depreciation rates are:

|                                      |           |
|--------------------------------------|-----------|
| Leasehold land and buildings         | 2%        |
| Information technology equipment     | 20%       |
| Furniture and fittings               | 10% - 20% |
| Motor vehicles                       | 20%       |
| Office and computer equipment        | 10% - 20% |
| Operation and construction equipment | 10% - 20% |
| Plant, machinery and cabins          | 20%       |

The residual values, useful lives and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Accounting policies related to right-of-use assets are disclosed in Note 3(g) to the financial statements.

**(f) Investment property (other than right-of-use asset)**

Investment property is property held to earn rental income or for capital appreciation or both rather than for use in the production or supply of goods or services or for administrative purposes, or sale in the ordinary course of business.

**(i) Measurement basis**

Investment property is stated at cost less accumulated depreciation and impairment losses, if any.

The cost of investment property includes expenditure that is directly to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial year in which they are incurred.

Investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from their use. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

**(ii) Depreciation**

Depreciation is calculated to write off the depreciable amount of investment property on a straight-line basis to their residual values over their expected useful lives. Depreciable amount is determined after deducting the residual value from the cost.

The annual depreciation rates are:

|                        |     |
|------------------------|-----|
| Leashold land          | 20% |
| Building               | 2%  |
| Furniture and fittings | 10% |

Accounting policies related to right-of-use assets are disclosed in Note 3(g) to the financial statements.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(g) Leases**

The Group and the Company as lessee

Right-of-use assets and corresponding lease liabilities are recognised with respect to all lease agreements, except for short-term leases and leases of low value assets.

For short-term leases (i.e. leases with a lease term of 12 months or less) and leases of low value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the lease commencement date, discounted using the rate implicit in the lease or incremental borrowing rate, where applicable. Lease payments included in the measurement of the lease liability comprise: (i) fixed lease payments, less lease incentives; (ii) variable lease payments based upon an index or a rate; and (iii) payments of penalties for terminating the lease.

The right-of-use assets comprise the corresponding lease liability, lease payments made at or before the lease commencement date and initial direct costs. Whenever there is an obligation to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the agreed condition, a provision is recognised. These costs are included in the related right-of-use assets.

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. They are depreciated over the shorter period of lease term and useful life of the underlying assets. The depreciation starts on the lease commencement date. The estimated useful lives of the right-of-use assets are determined as follows:

|                     |          |
|---------------------|----------|
| Leasehold land      | 89 years |
| Leasehold buildings | 4 years  |
| Machineries         | 3 years  |
| Motor vehicles      | 9 years  |

The depreciation periods and depreciation method are reviewed, and adjusted if appropriate, at each reporting date.

Variable lease payment (not based upon an index or a rate) are recognised as an expense in the period in which it is incurred.

The Group and the Company as lessor

Leases are classified as finance leases or operating leases. Whenever the lease transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the lease term. Initial direct costs incurred are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the net investment in the leases. Finance lease income is allocated to reporting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the leases.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

## (h) Intangible assets

## (i) Goodwill

Goodwill arising from business combinations is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised.

## (ii) Customer contract

Customer contract relates to a construction project awarded to a subsidiary acquired, which would be amortised based on the unit of production of the construction project, upon commencement of the project. Customer contract is measured at cost less accumulated amortisation and accumulated impairment losses. The amortisation period and the amortisation method are reviewed at each reporting date.

## (i) Impairment of tangible and intangible assets

## (i) Goodwill

Goodwill is tested for impairment annually, or more frequently if events or changes in circumstances indicate that the goodwill may be impaired.

For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units ("CGU") that are expected to benefit from synergies of the business combination.

An impairment loss is recognised when the carrying amount of the CGU, including the goodwill, exceeds the recoverable amount of the CGU. Recoverable amount of the CGU is the higher of the CGU's fair value less cost to sell and its value in use.

The total impairment loss is allocated first to reduce the carrying amount of goodwill allocated to the CGU and then to the other assets of the CGU proportionately on the basis of the carrying amount of each asset in the CGU.

Impairment loss recognised for goodwill is not reversed in subsequent periods.

## (ii) Tangible assets and intangible assets with finite useful life

Tangible and intangible assets are assessed at each reporting date to determine whether there is any indication of impairment.

If such an indication exists, the asset's recoverable amount is estimated. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the assets. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

Any reversal of an impairment loss as a result of a subsequent increase in recoverable amount should not exceed the carrying amount that would have been determined (net of amortisation or depreciation, if applicable) had no impairment loss been previously recognised for the asset.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(j) Inventories**

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

Cost comprises direct materials, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price in the ordinary course of business, less selling and distribution costs and all other estimated cost to completion.

**(k) Property development costs**

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities. Property development costs are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable selling expenses.

Property development costs are subsequently recognised as an expense in profit or loss when or as the entity's performance obligation is satisfied over time or at a point in time.

**(l) Contract assets and contract liabilities**

Contract assets are the right to consideration in exchange for goods or services transferred to customers. If goods or services are transferred to customers before the customers pay consideration or before payment is due, contract assets are recognised for the earned consideration that is conditional. Trade receivables represent the entity's right to an amount of consideration that is unconditional.

Contract liabilities are the obligation to transfer goods or services to customers for which the entity has received consideration (or an amount of consideration is due) from the customers. If the customers pay consideration before the entity transfers goods or services to the customers, contract liabilities are recognised when the payment is made, or the payment is due (whichever is earlier).

**(m) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of an instrument.

Financial assets and financial liabilities are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities on initial recognition.

**Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(m) Financial instruments (cont'd)****Subsequent measurement**

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are measured subsequently in the following manners:

- at amortised cost (debt instruments); or
- at fair value through other comprehensive income ("FVTOCI"), with recycling of cumulative gains and losses (debt instruments); or
- designated at FVTOCI, without recycling of cumulative gains and losses (equity instruments); or
- at fair value through profit or loss ("FVTPL")

**Financial assets at amortised cost**

Debt instruments that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is 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 an asset is derecognised, modified or impaired.

**Equity instruments designated at FVTOCI**

Upon initial recognition, management may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the entity manages together and has evidence of a recent actual pattern of short-term profit-taking; or
- it is a derivative instrument (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in OCI and accumulated in a reserve in equity. Equity instruments designated at FVTOCI are not subject to impairment assessment.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(m) Financial instruments (cont'd)****Financial assets at FVTPL**

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL, including but not limited to:

- Debt instruments that are designated at FVTPL, if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.
- Derivative instruments.

Financial assets at FVTPL are measured at fair value, with fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets.

**Impairment of financial assets**

Loss allowance is recognised for expected credit losses ("ECL") for all debt instruments not held at FVTPL, i.e. financial assets at amortised cost or FVTOCI, receivables, lease receivables, contract assets, loan commitments and financial guarantee contracts.

ECL is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that are expected 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. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset.

Management measures the loss allowance of trade receivables, contract assets and lease receivables at an amount equal to their lifetime ECL (i.e. simplified approach). The ECL on these financial assets are estimated based on historical credit loss experience, and where appropriate, adjusted for forward-looking factors specific to the debtors and the economic environment.

For all other financial assets at amortised cost, where credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECL is provided for credit losses that result from default events that are possible within 12 months after the reporting date.

For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), a loss allowance is required for credit losses expected over the remaining life of the financial assets.

**Derecognition of financial assets**

A financial asset is derecognised only when the contractual rights to the cash flows from the financial asset expire; or when the financial asset is transferred and substantially all the risks and rewards of ownership of the financial asset are transferred to another party.

If the entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control a transferred financial asset, the entity recognises its retained interest in the financial asset and an associated liability for amounts it may have to pay. If the entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the entity continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(m) Financial instruments (cont'd)****Derecognition of financial assets (cont'd)**

On derecognition of a financial asset measured at amortised cost, the difference between the financial asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. On derecognition of an investment in a debt instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is reclassified to profit or loss. On derecognition of an investment in equity instrument classified at FVTOCI, the cumulative gain or loss previously accumulated in the reserve is transferred to retained earnings.

**Financial liabilities and equity instruments**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

**Financial liabilities**

All financial liabilities are subsequently measured at amortised cost or at FVTPL.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, and financial guarantee contracts issued by the Group, are measured in accordance with the specific accounting policies.

**Financial liabilities at amortised cost**

These financial liabilities are subsequently measured at amortised cost using the effective interest method.

**Derecognition of financial liabilities**

Financial liabilities are derecognised when, and only when, the obligations under the liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When an existing financial liability is replaced by another financial liability 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 derecognition of the original liability and the recognition of a new liability.

**Effective interest method**

The effective interest method is a method of calculating the amortised cost of a debt instrument or a financial liability by allocating interest income/expense over the relevant periods. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of a debt instrument or a financial liability, to the amortised cost of the debt instrument or the financial liability.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(m) Financial instruments (cont'd)****Financial guarantee contracts**

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

Financial guarantee contracts issued are initially measured at their fair values and, if not designated as at FVTPL and do not arise from a transfer of a financial asset, are subsequently measured at the higher of:

- the loss allowance determined in accordance with MFRS 9; and
- the amount recognised initially less, where appropriate, cumulative amount of income recognised.

The date that the issuer becomes a party to the irrevocable commitment is considered the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contract, the issuer considers the changes in the risk that the specified debtor will default on the contract. The exposure at default includes the amount of guaranteed debt that has been drawn down as at the reporting date, together with any additional guaranteed amounts expected to be drawn down by the specific debtor in the future by default date determined based on historical trend, the issuer's understanding of the specific future financing needs of the specific debtors, and other relevant forward-looking information. As the issuer is required to make payments only in the event of a default by the specific debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the issuer expects to receive from the holder, the specific debtor or any other party.

**Equity instrument**

Equity instruments issued are recognised at the proceeds received. Costs incurred directly attributable to the issuance of the equity instruments are accounted for as a deduction from equity.

Dividends to shareholders are recognised in equity in the period which they are declared.

**(n) Provisions**

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

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

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. For lawsuit provisions, a probability-weighted expected outcome is applied in the measurement, taking into account past court judgements made in similar cases and advice of legal experts.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(o) Revenue and other income recognition**

Revenue from a contract with a customer is recognised when control of the goods or services are transferred to the customer. Revenue is measured based on the consideration specified in the contract to which the entity expects to be entitled in exchange for transferring the goods or services to the customer, excluding amounts collected on behalf of third parties.

If a contract with a customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

**(i) Construction contracts and property development**

Revenue is recognised over time, if (i) the entity creates an asset with no alternative use to the entity and the entity has an enforceable right to payment for performance completed to-date; or (ii) a customer controls the asset as it is created or enhanced by the entity.

Revenue is recognised over the period of the contract by measuring the progress towards complete satisfaction of that performance obligation. Revenue is measured on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation. The stage of completion is determined by the proportion of contract costs incurred to- date relative to the estimated total contract costs.

Revenue from sales of completed properties is recognised when the control of the properties is transferred to the buyers.

**Cost to obtain a contract**

Incremental cost of obtaining a contract with a customer is recognised as assets, if the entity expects to recover the cost. The capitalised costs are amortised on a systematic basis that is consistent with the entity's transfer of the related goods or services to the customer.

**(ii) Other income**

Interest income is recognised using the effective interest method.

Rental income is recognised on a straight-line basis over the lease terms.

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

**(p) Borrowing costs**

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset shall be capitalised as part of the cost of that asset.

A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. Unsold work-in-progress (inventories) which is ready for its intended sale in its current condition, contract assets and financial assets are not a qualifying asset.

Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs ceases when the asset is ready for its intended use or sale; or during extended periods when active development of the asset is suspended.

All other borrowing costs are recognised in profit or loss in the financial period in which they are incurred.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(q) Income tax**

The income tax expense represents the aggregate of current tax and deferred tax.

Current tax and deferred tax are recognised in profit or loss. Current tax and deferred tax are recognised in OCI or directly in equity, if the tax relates to items that are recognised in OCI or directly in equity. Where deferred tax arises from a business combination, the tax effect is included in the accounting for the business combination.

**(i) Current tax**

Current tax is the expected income tax payable on the taxable profit for the financial year, estimated using the tax rates enacted or substantially enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future payment to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable.

**(ii) Deferred tax**

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, which is accounted for using the liability method.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is only recognised for deductible temporary differences and unutilised tax credit to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and unutilised tax credit can be utilised.

No deferred tax is recognised for temporary differences arising from the initial recognition of: (i) goodwill, or (ii) an asset or liability (which is not in a business combination) at the time of the transaction that affects neither accounting profit nor taxable profit.

Deferred taxes are measured based on tax consequences that would follow from the manner in which the asset or liability is expected to be recovered or settled, and based on the tax rates enacted or substantively enacted at the reporting date that are expected to apply to the financial period when the asset is realised or when the liability is settled.

**(r) Employee benefits****(i) Short-term employee benefits**

Wages, salaries, paid annual leave, paid sick leave and non-monetary benefits are recognised as an expense in the period in which the associated services are rendered by employees.

**(ii) Defined contribution plan**

As required by law, the Group and the Company contribute to the Employees Provident Fund ("EPF"), the national defined contribution plan. The obligation of the Group and the Company is limited to the amount that they agree to contribute these defined contribution plans. Such contributions are recognised as an expense in the profit or loss in the period in which the employees render their services.

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(s) Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances, fixed deposits with licensed banks and other short term, highly liquid investments that are readily convertible to known amounts of cash, and which are subject to insignificant risk of changes in value.

For the purposes of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and exclude fixed deposits pledged to secure banking facilities.

**(t) Segment reporting**

Segmental reporting in the financial statements is presented on the same basis as it is used by management internally for evaluating operating segment performance and in deciding how to allocate resources to each reporting segment. Operating segments are distinguishable components of the Group that engage in business activities from which they may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by the chief operating decision maker to decide how to allocate resources to the segment and assess its performance, and for which discrete financial information is available.

Segment revenue, expenses, assets and liabilities are those amounts resulting from operating activities of a segment that are directly attributable to the segment and a relevant portion that can be allocated on a reasonable basis to the segment.

Segment revenue, expenses, assets and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment.

The total of segment asset is measured based on all assets (including goodwill) of a segment, as included in the internal management reports that are reviewed by the board of directors. Segment total asset is used to measure the return on assets of each segment.

**(u) Contingencies**

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

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

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

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

**3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)****(v) Fair value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed, are categorised within the fair value hierarchy set out below based on the inputs that are significant to the fair value measurement. Fair value measurement is derived from:

Level 1: Unadjusted quoted prices in active markets (for identical assets or liabilities).

Level 2: Inputs (other than quoted prices included within Level 1) are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Valuation techniques that include unobservable inputs (not based on observable market data).

**(w) Earnings per ordinary share**

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

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

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATIONS**

The preparation of financial statements requires management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that affect reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the reporting date, and the reported amounts of income and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, historical experiences and various other factors, including expectations for future events that are believed to be reasonable under the circumstances, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key judgement and assumptions concerning the future and other key sources associated with estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities, are as follows:

**(i) Depreciation and impairment of property, plant and equipment and investment property**

The Group and the Company review the estimated useful lives of property, plant and equipment and investment property at the end of each reporting period. Changes in the expected useful lives of property, plant and equipment and investment property could impact future depreciation charges.

Property, plant and equipment and investment property are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of the recoverable amount is required. The recoverable amount is higher of an asset's fair value less cost to sell and its value in use. Estimating the value in use requires management to make an estimate of the expected future cash flows from the individual assets or the related cash generating unit.

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATIONS (CONT'D)****(ii) Impairment of investments in subsidiaries**

Investments in subsidiaries are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of the investment's recoverable amount is required. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the Company's investments in subsidiaries and also choose a suitable discount rate in order to calculate the present value of those cash flows.

**(iii) Impairment of customer contract under intangible assets**

The Group assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, an estimation of the recoverable amount is required. Estimating the recoverable amount requires management to make an estimate of the expected future cash flows from the customer contract and also choose a suitable discount rate in order to calculate the present value of those cash flows.

**(iv) Write down of inventories**

Inventories are stated at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected selling prices.

Inventories are reviewed on a regular basis and the Group will write down the inventories based primarily on historical trends and management estimates of expected and future product demand and related pricing.

Demand levels, changes in product preference and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's inventories, the Group might be required to reduce the value of its inventories and additional write down for slow-moving inventories may be required.

**(v) Deferred tax asset**

Deferred tax asset is recognised for deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that taxable profit will be available in future against which the deductible temporary differences and tax losses can be utilised.

Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

**(vi) Determining the loss allowance for trade receivables, contract assets and lease receivables**

Management assesses the ECL for trade receivables, contract assets and lease receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive. Management applies simplified approach of MFRS 9 Financial Instruments in assessing the impairment of trade receivables, contract assets and lease receivables.

In determining the ECL, management uses historical credit loss experience for trade receivables, contract assets and lease receivables to estimate the ECL. Management is not only required to consider historical information that is adjusted to reflect the effects of current conditions and information that provides objective evidence that trade receivables, contract assets and lease receivables are impaired in relation to incurred losses, but management is also considering, when applicable, reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL, on an individual and collective basis. The need to consider forward-looking information means that management exercises considerable judgement as to how changes in macroeconomic factors will affect the ECL on trade receivables, contract assets and lease receivables.

The ECL on trade receivables, contract assets and lease receivables as at current reporting date is primarily mainly based upon the historical credit loss experience.

**4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATIONS (CONT'D)****(vii) Determining the loss allowance for non-trade receivables**

Management assesses the ECL of non-trade receivables at each reporting date. Credit losses are the difference between the contractual cash flows that are due to the entity and the cash flows that it actually expects to receive.

In determining the ECL, management assesses whether there has been any significant increase in credit risk since initial recognition of a receivable. Where there has not been a significant increase in credit risk since initial recognition, management determines the loss allowance by estimating an amount equal to 12-month ECL of that receivable. For those credit exposures for which there has been a significant increase in the likelihood or risk of a default occurring since initial recognition (instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring), management measures a loss allowance for credit losses expected over the remaining life of that receivable. Management exercise considerable judgement in these estimations, using historical credit loss experience as well as reasonable and supportable information that may include forecasts of future economic conditions when estimating the ECL.

**(viii) Lease liabilities**

Management estimates the lease term as the non-cancellable period of a lease together with both periods covered by an option to extend the lease and an option to terminate the lease. In assessing whether it is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, management exercises judgement by considering all relevant facts and circumstances that create an economic incentive to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

Management measures the lease liabilities as the present value of the lease payments that are not paid at commencement date. The lease payments are discounted using the incremental borrowing rate.

The lease terms and discount rate are determined using certain assumptions and they represents management's best estimation. The assumptions on which it is based relate to the future. Actual outcome may be different from the estimation and the variation could be material.

**(ix) Revenue recognition of construction contracts and property development**

The Group recognises revenue from construction contract and property development based on percentage of completion method. The percentage of completion of the construction contracts and property development are determined by the proportion of contract costs incurred to-date relative to the estimated total contract costs.

Significant judgement is required in determining the percentage of completion, the extent of the contract and property development costs incurred, the estimated total revenue and total costs and the recoverability of the contract and property development. In making these judgements, management relies on past experience and the work of specialists.

**(x) Income taxes**

Significant judgement is involved in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income tax. There are certain transactions during the ordinary course of business and computations for which the ultimate tax determination is uncertain.

The Group and the Company recognise liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

5. PROPERTY, PLANT AND EQUIPMENT

| Group                                  | Leasehold<br>land and<br>buildings*<br>RM | Information<br>technology<br>equipment<br>RM | Furniture<br>and fittings<br>RM | Motor<br>vehicles<br>RM | Office and<br>computer<br>equipment<br>RM | Operation<br>and<br>construction<br>equipment<br>RM | Plant,<br>machinery<br>and cabins<br>RM | Total<br>RM |
|----------------------------------------|-------------------------------------------|----------------------------------------------|---------------------------------|-------------------------|-------------------------------------------|-----------------------------------------------------|-----------------------------------------|-------------|
| <b>2022</b>                            |                                           |                                              |                                 |                         |                                           |                                                     |                                         |             |
| <b>Cost</b>                            |                                           |                                              |                                 |                         |                                           |                                                     |                                         |             |
| At 1 January                           | 21,062,169                                | 1,481,788                                    | 3,400,237                       | 11,417,592              | 6,403,034                                 | 38,227,010                                          | 14,159,782                              | 96,151,612  |
| Additions                              | 247,904                                   | 15,545                                       | 22,682                          | 300,960                 | 148,984                                   | 3,578,390                                           | 465                                     | 4,314,930   |
| Disposals/Written-off                  | -                                         | (245)                                        | -                               | (145,949)               | (18,486)                                  | -                                                   | -                                       | (164,680)   |
| Termination of leases                  | (213,392)                                 | -                                            | -                               | -                       | -                                         | -                                                   | -                                       | (213,392)   |
| At 31 December                         | 21,096,681                                | 1,497,088                                    | 3,422,919                       | 11,572,603              | 6,533,532                                 | 41,805,400                                          | 14,160,247                              | 100,088,470 |
| <b>Accumulated<br/>depreciation</b>    |                                           |                                              |                                 |                         |                                           |                                                     |                                         |             |
| At 1 January                           | 4,832,993                                 | 1,467,006                                    | 2,888,284                       | 8,706,170               | 5,246,606                                 | 31,505,279                                          | 13,649,119                              | 68,295,457  |
| Charge for the year                    | 1,428,380                                 | 7,336                                        | 202,864                         | 1,626,305               | 606,183                                   | 2,280,049                                           | 210,096                                 | 6,361,213   |
| Disposals/Written-off                  | -                                         | (245)                                        | -                               | (145,949)               | (17,056)                                  | -                                                   | -                                       | (163,250)   |
| Termination of leases                  | (7,194)                                   | -                                            | -                               | -                       | -                                         | -                                                   | -                                       | (7,194)     |
| At 31 December                         | 6,254,179                                 | 1,474,097                                    | 3,091,148                       | 10,186,526              | 5,835,733                                 | 33,785,328                                          | 13,859,215                              | 74,486,226  |
| <b>Accumulated<br/>impairment loss</b> |                                           |                                              |                                 |                         |                                           |                                                     |                                         |             |
| At 1 January/31 December               | 96,539                                    | -                                            | -                               | -                       | -                                         | -                                                   | -                                       | 96,539      |
| <b>Carrying amount</b>                 |                                           |                                              |                                 |                         |                                           |                                                     |                                         |             |
| At 31 December                         | 14,745,963                                | 22,991                                       | 331,771                         | 1,386,077               | 697,799                                   | 8,020,072                                           | 301,032                                 | 25,205,705  |

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

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

| Group                                   | Leasehold<br>land and<br>buildings*<br>RM | Information<br>technology<br>equipment<br>RM | Furniture<br>and fittings<br>RM | Motor<br>vehicles<br>RM | Office and<br>computer<br>equipment<br>RM | Operation<br>and<br>construction<br>equipment<br>RM | Plant,<br>machinery<br>and cabins<br>RM | Total<br>RM |
|-----------------------------------------|-------------------------------------------|----------------------------------------------|---------------------------------|-------------------------|-------------------------------------------|-----------------------------------------------------|-----------------------------------------|-------------|
| <b>2021</b>                             |                                           |                                              |                                 |                         |                                           |                                                     |                                         |             |
| <b>Cost</b>                             |                                           |                                              |                                 |                         |                                           |                                                     |                                         |             |
| At 1 January                            | 20,962,805                                | 1,472,668                                    | 3,392,547                       | 11,248,741              | 6,058,030                                 | 32,658,805                                          | 14,156,362                              | 89,949,958  |
| Additions                               | 1,133,751                                 | 9,120                                        | 7,690                           | 209,236                 | 368,765                                   | 5,568,205                                           | 3,420                                   | 7,300,187   |
| Disposals/Written-off                   | -                                         | -                                            | -                               | (40,385)                | (23,761)                                  | -                                                   | -                                       | (64,146)    |
| Termination and<br>expiration of leases | (554,824)                                 | -                                            | -                               | -                       | -                                         | -                                                   | -                                       | (554,824)   |
| Remeasurement of leases                 | (479,563)                                 | -                                            | -                               | -                       | -                                         | -                                                   | -                                       | (479,563)   |
| At 31 December                          | 21,062,169                                | 1,481,788                                    | 3,400,237                       | 11,417,592              | 6,403,034                                 | 38,227,010                                          | 14,159,782                              | 96,151,612  |
| <b>Accumulated<br/>depreciation</b>     |                                           |                                              |                                 |                         |                                           |                                                     |                                         |             |
| At 1 January                            | 4,195,722                                 | 1,461,827                                    | 2,642,104                       | 7,014,797               | 4,677,898                                 | 29,911,502                                          | 13,413,316                              | 63,317,166  |
| Charge for the year                     | 1,882,965                                 | 5,179                                        | 246,180                         | 1,714,116               | 591,796                                   | 1,593,777                                           | 235,803                                 | 6,269,816   |
| Disposals/Written-off                   | -                                         | -                                            | -                               | (22,743)                | (23,088)                                  | -                                                   | -                                       | (45,831)    |
| Termination and<br>expiration of leases | (461,092)                                 | -                                            | -                               | -                       | -                                         | -                                                   | -                                       | (461,092)   |
| Remeasurement of leases                 | (784,602)                                 | -                                            | -                               | -                       | -                                         | -                                                   | -                                       | (784,602)   |
| At 31 December                          | 4,832,993                                 | 1,467,006                                    | 2,888,284                       | 8,706,170               | 5,246,606                                 | 31,505,279                                          | 13,649,119                              | 68,295,457  |
| <b>Accumulated<br/>impairment loss</b>  |                                           |                                              |                                 |                         |                                           |                                                     |                                         |             |
| At 1 January                            | 1,151,362                                 | -                                            | -                               | -                       | -                                         | -                                                   | -                                       | 1,151,362   |
| Reversal                                | (1,054,823)                               | -                                            | -                               | -                       | -                                         | -                                                   | -                                       | (1,054,823) |
| At 31 December                          | 96,539                                    | -                                            | -                               | -                       | -                                         | -                                                   | -                                       | 96,539      |
| <b>Carrying amount</b>                  |                                           |                                              |                                 |                         |                                           |                                                     |                                         |             |
| At 31 December                          | 16,132,637                                | 14,782                                       | 511,953                         | 2,711,422               | 1,156,428                                 | 6,721,731                                           | 510,663                                 | 27,759,616  |

\* Leasehold land is in respect of right-of-use assets for which the Group has land titles.

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

|                                   | <b>Company</b>     |                    |
|-----------------------------------|--------------------|--------------------|
|                                   | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| <b><u>Leasehold buildings</u></b> |                    |                    |
| <b>Cost</b>                       |                    |                    |
| At 1 January                      | 396,108            | 475,150            |
| Remeasurement of leases           | -                  | (79,042)           |
| 31 December                       | 396,108            | 396,108            |
| <b>Accumulated depreciation</b>   |                    |                    |
| At 1 January                      | 41,261             | 208,722            |
| Charge for the year               | 99,027             | 101,422            |
| Remeasurement of leases           | -                  | (268,883)          |
| At 31 December                    | 140,288            | 41,261             |
| <b>Carrying amount</b>            |                    |                    |
| At 31 December                    | 255,820            | 354,847            |

Property, plant and equipment of the Group and of the Company includes right-of-use assets of RM2,000,410 (2021: RM4,128,873) and RM255,820 (2021: RM354,847) respectively which are presented together with the owned assets of the same class as the underlying assets. Details of the right-of-use assets are disclosed in Note 6 to the financial statements.

During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

|                                                              | <b>Group</b>       |                    | <b>Company</b>     |                    |
|--------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                              | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Additions of property, plant and equipment                   | 4,314,930          | 7,300,187          | -                  | -                  |
| Financed by hire-purchase arrangements and lease liabilities | (372,308)          | (1,313,493)        | -                  | -                  |
| Cash payments on purchase of property, plant and equipment   | 3,942,622          | 5,986,694          | -                  | -                  |

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

As at the end of the reporting period, leasehold land and buildings with a carrying amount of RM13,778,125 (2021: RM14,233,470) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

Included in the carrying amount of motor vehicles and plant, machinery and cabins are amounts of RM1,101,200 (2021: RM2,235,368) and RM39,712 (2021: RM106,414) respectively charged to secure certain lease liabilities of the Group as disclosed in the Note 6 to the financial statements.

In the previous financial year, a reversal of impairment losses on property, plant and equipment of the Group of RM1,054,823 was recognised as the recoverable amounts of certain leasehold land and buildings were higher than their carrying amounts. The Level 3 fair values of these leasehold land and buildings were estimated based on indicative market values using the comparison method, for which the COVID-19 adjustment factor was a significant unobservable input.

**6. LEASES**

The Group and Company as a Lessee

|                            | <b>Group</b>       |                    | <b>Company</b>     |                    |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
|                            | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| <b>Right-of-use assets</b> |                    |                    |                    |                    |
| At 1 January               | 4,128,873          | 5,458,812          | 354,847            | 266,428            |
| Addition                   | 423,469            | 1,334,729          | -                  | -                  |
| Depreciation               | (2,345,734)        | (2,875,975)        | (99,027)           | (101,422)          |
| Remeasurement              | -                  | 305,039            | -                  | 189,841            |
| Termination                | (206,198)          | (93,732)           | -                  | -                  |
| At 31 December             | 2,000,410          | 4,128,873          | 255,820            | 354,847            |

The carrying amount of right-of-use assets by class of underlying asset classified within property, plant and equipment are as follows:

|                     | <b>Group</b>       |                    | <b>Company</b>     |                    |
|---------------------|--------------------|--------------------|--------------------|--------------------|
|                     | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Leasehold buildings | 828,430            | 1,440,748          | 255,820            | 354,847            |
| Leasehold lands     | 31,068             | 346,343            | -                  | -                  |
| Machineries         | 39,712             | 106,414            | -                  | -                  |
| Motor vehicles      | 1,101,200          | 2,235,368          | -                  | -                  |
|                     | 2,000,410          | 4,128,873          | 255,820            | 354,847            |

**Lease receivables**

|             |   |   |         |         |
|-------------|---|---|---------|---------|
| Current     | - | - | 125,358 | 115,750 |
| Non-current | - | - | 95,050  | 220,408 |
|             | - | - | 220,408 | 336,158 |

**Lease liabilities**

|             |           |           |         |         |
|-------------|-----------|-----------|---------|---------|
| Current     | 1,213,181 | 2,284,176 | 226,591 | 210,725 |
| Non-current | 1,171,231 | 2,239,876 | 269,156 | 495,748 |
|             | 2,384,412 | 4,524,052 | 495,747 | 706,473 |

**6. LEASES (CONT'D)**

The leases of leasehold lands, leasehold buildings, machineries and motor vehicles are typically made for period of 1 to 9 years. The leases do not impose any covenants.

Changes in lease liabilities (fixed lease payments) arising from financing activities:

|                     | <b>Group</b>       |                    | <b>Company</b>     |                    |
|---------------------|--------------------|--------------------|--------------------|--------------------|
|                     | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| At 1 January        | 4,524,052          | 5,847,974          | 706,473            | 720,343            |
| Cash flows:         |                    |                    |                    |                    |
| Lease payment       | (2,298,616)        | (2,844,835)        | (187,542)          | (157,343)          |
| Payment of interest | (97,563)           | (292,798)          | (43,196)           | (50,209)           |
| Non-cash:           |                    |                    |                    |                    |
| Finance cost        | 97,563             | 292,798            | 43,196             | 50,209             |
| Additions           | 372,308            | 1,313,493          | -                  | -                  |
| Termination         | (213,332)          | (97,619)           | -                  | -                  |
| Remeasurement       | -                  | 305,039            | -                  | 189,841            |
| Lease concession    | -                  | -                  | (23,184)           | (46,368)           |
| At 31 December      | 2,384,412          | 4,524,052          | 495,747            | 706,473            |

The lease payments associated with short-term leases or leases of low-value assets are recognised as an expense on a straight-line basis over the lease term. No right-of-use assets and lease liabilities are recognised for these leases. At the reporting date, the Group is committed to RM15,494,652 (2021: RM13,747,594) for short-term leases.

Total cash outflows for leases of the Group and of the Company during the current financial year (including fixed, short-term and low-value assets lease payments) amounted to RM40,057,001 (2021: RM17,739,229) and RM230,738 (2021: RM207,552).

Included in right-of-use assets of the Group are machineries and motor vehicles with carrying amount of RM1,101,200 (2021: RM2,235,368) and RM39,712 (2021: RM106,414) respectively being charged to secure certain lease liabilities of the Group.

The Company as intermediate lessor

*Finance leases*

The Company sublease a leasehold land to a subsidiary for a period of 5 years.

The Company as a lessee in the head lease has 5 years of right-of-use asset.

The table below summarises the maturity profile of the lease payment receivable of the Company at the end of the reporting period based on contractual undiscounted lease payments and reconciliation of the undiscounted lease payments to lease receivables as follows:

|                             | <b>Company</b>     |                    |
|-----------------------------|--------------------|--------------------|
|                             | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| In the first year           | 138,000            | 138,000            |
| In the second year          | 92,000             | 138,000            |
| In the third year           | -                  | 97,750             |
| Undiscounted lease payments | 230,000            | 373,750            |
| Unearned finance income     | (9,592)            | (37,592)           |
|                             | 220,408            | 336,158            |

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**6. LEASES (CONT'D)**

The Company as intermediate lessor (cont'd)

*Finance leases (cont'd)*

|                                         | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
|-----------------------------------------|--------------------|--------------------|
| Representing finance lease receivables: |                    |                    |
| Not later than one year                 | 125,358            | 115,750            |
| One to five years                       | 95,050             | 220,408            |
|                                         | <b>220,408</b>     | <b>336,158</b>     |

The Group as a lessor

*Operating leases*

Investment property is leased out typically for periods of 5 years (2021: 5 years).

|                                                                                | <b>2022<br/>RM</b> | <b>Group<br/>2021<br/>RM</b> |
|--------------------------------------------------------------------------------|--------------------|------------------------------|
| Carrying amount of investment property (subject to operating leases as lessor) |                    |                              |
| - Land and building                                                            | 30,992,524         | 31,804,428                   |
| - Furniture and fittings                                                       | 9,542              | 10,985                       |
|                                                                                | <b>31,002,066</b>  | <b>31,815,413</b>            |

Analysis of undiscounted lease payments to be received after the reporting date, on an annual basis:

|                    | <b>2022<br/>RM</b> | <b>Group<br/>2021<br/>RM</b> |
|--------------------|--------------------|------------------------------|
| In the first year  | 1,200,000          | 1,507,500                    |
| In the second year | 1,200,000          | 1,401,000                    |
| In the third year  | 1,200,000          | 1,200,000                    |
| In the fourth year | 300,000            | 1,200,000                    |
| In the fifth year  | -                  | 300,000                      |
|                    | <b>3,900,000</b>   | <b>5,608,500</b>             |

**7. INVESTMENT PROPERTY**

| <b>Group</b>                    | <b>Land and<br/>building<br/>RM</b> | <b>Furniture<br/>and fittings<br/>RM</b> | <b>Total<br/>RM</b> |
|---------------------------------|-------------------------------------|------------------------------------------|---------------------|
| <b>2022</b>                     |                                     |                                          |                     |
| <b>Cost</b>                     |                                     |                                          |                     |
| At 1 January/31 December        | 42,023,797                          | 14,430                                   | 42,038,227          |
| <b>Accumulated depreciation</b> |                                     |                                          |                     |
| At 1 January                    | 10,219,369                          | 3,445                                    | 10,222,814          |
| Charge for the year             | 811,904                             | 1,443                                    | 813,347             |
| At 31 December                  | 11,031,273                          | 4,888                                    | 11,036,161          |
| <b>Carrying amount</b>          |                                     |                                          |                     |
| At 31 December                  | 30,992,524                          | 9,542                                    | 31,002,066          |
| <b>2021</b>                     |                                     |                                          |                     |
| <b>Cost</b>                     |                                     |                                          |                     |
| At 1 January                    | 42,023,797                          | 10,518                                   | 42,034,315          |
| Additions                       | -                                   | 3,912                                    | 3,912               |
| At 31 December                  | 42,023,797                          | 14,430                                   | 42,038,227          |
| <b>Accumulated depreciation</b> |                                     |                                          |                     |
| At 1 January                    | 9,407,465                           | 2,067                                    | 9,409,532           |
| Charge for the year             | 811,904                             | 1,378                                    | 813,282             |
| At 31 December                  | 10,219,369                          | 3,445                                    | 10,222,814          |
| <b>Carrying amount</b>          |                                     |                                          |                     |
| At 31 December                  | 31,804,428                          | 10,985                                   | 31,815,413          |

Investment property is in respect of the provision of accommodation on base-camp concept that are leased to non-controlling interest of the Group.

The total estimated fair value of investment property is amounting to RM46,878,783 (2021: RM45,633,512).

The fair value of the investment property is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment property, periodic cash flow is typically estimated as gross income less any other operating and management expenses.

The fair value of the investment property is classified under level 3 fair value hierarchy. There is no transfer between levels of fair value hierarchy during the financial year.

**7. INVESTMENT PROPERTY (CONT'D)**

The followings are recognised in the statements of comprehensive income in respect of investment property:

|                                                                                   | <b>Group</b>       |                    |
|-----------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                   | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Rental income                                                                     | 1,200,000          | 3,738,504          |
| Direct operating expenses incurred on:<br>- income generating investment property | 585,287            | 686,387            |

Included in the carrying amount of building is an amount of RM30,803,469 (2021: RM31,501,941) charged to financial institutions for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.

**8. INVESTMENTS IN SUBSIDIARIES**

|                                             | <b>Company</b>     |                    |
|---------------------------------------------|--------------------|--------------------|
|                                             | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Unquoted equity shares in Malaysia, at cost | 114,946,847        | 115,196,747        |
| Less: Impairment loss                       | (31,620,465)       | (31,602,362)       |
|                                             | 83,326,382         | 83,594,385         |
| Equity loans to subsidiaries                | 225,403,490        | 231,343,490        |
| Less: Impairment loss                       | (3,430,492)        | (2,402,788)        |
|                                             | 221,972,998        | 228,940,702        |
|                                             | 305,299,380        | 312,535,087        |

Equity loans to subsidiaries are unsecured, interest-free, no fixed terms of repayment and the settlement is determined by the subsidiaries at their sole discretion and are considered to be part of the net investments of the Company in the subsidiaries.

The details of subsidiaries, which are all incorporated in Malaysia, are as follows:

| <b>Name of Company</b>         | <b>Equity interest held by</b> |             |                     |             | <b>Principal activities</b>                          |
|--------------------------------|--------------------------------|-------------|---------------------|-------------|------------------------------------------------------|
|                                | <b>Company</b>                 |             | <b>Subsidiaries</b> |             |                                                      |
|                                | <b>2022</b>                    | <b>2021</b> | <b>2022</b>         | <b>2021</b> |                                                      |
|                                | <b>%</b>                       | <b>%</b>    | <b>%</b>            | <b>%</b>    |                                                      |
| <b>Direct subsidiaries</b>     |                                |             |                     |             |                                                      |
| Gabungan Strategik Sdn Bhd     | 100                            | 100         | -                   | -           | Contractor for civil and building construction works |
| Pembinaan Megah Ikhlas Sdn Bhd | 100                            | 100         | -                   | -           | Contractor for civil and building construction works |
| Motibina Sdn Bhd               | 100                            | 100         | -                   | -           | Contractor for civil and building construction works |

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of Company                                                                            | Equity interest held by |           |                           |           | Principal activities              |
|--------------------------------------------------------------------------------------------|-------------------------|-----------|---------------------------|-----------|-----------------------------------|
|                                                                                            | Company<br>2022<br>%    | 2021<br>% | Subsidiaries<br>2022<br>% | 2021<br>% |                                   |
| Prestige Field Development Sdn Bhd                                                         | 100                     | 52        | -                         | -         | Property development              |
| AQRS The Building Company Sdn Bhd                                                          | 100                     | 100       | -                         | -         | Property development              |
| GBG Trading Sdn Bhd                                                                        | 100                     | 100       | -                         | -         | Dormant                           |
| Sinajasa Sdn Bhd                                                                           | 100                     | 100       | -                         | -         | Dormant                           |
| Gabungan AQRS Properties Sdn Bhd                                                           | 100                     | 100       | -                         | -         | Property investment               |
| Gabungan AQRS Management Sdn Bhd                                                           | 100                     | 100       | -                         | -         | Provision of management services  |
| Gabungan AQRS Capital Berhad                                                               | 100                     | 100       | -                         | -         | Dormant                           |
| GBG Property (Sabah) Sdn Bhd<br>(formerly known as ("fka") GBG Properties (Sabah) Sdn Bhd) | 100                     | 100       | -                         | -         | Property development              |
| Trusvest Sdn Bhd                                                                           | 90                      | 90        | -                         | -         | Property investment               |
| Monolight IBS Building System Sdn Bhd                                                      | 100                     | 100       | -                         | -         | Contractor and property developer |
| GBG Properties Sdn Bhd<br>(fka Bright Reach Sdn Bhd)                                       | 100                     | -         | -                         | -         | Investment holding                |
| <i>Subsidiaries of AQRS The Building Company Sdn Bhd</i>                                   |                         |           |                           |           |                                   |
| Nusvista Development Sdn Bhd                                                               | -                       | -         | 100                       | 100       | Property development              |
| Grand Meridian Development Sdn Bhd                                                         | -                       | -         | 100                       | 100       | Dormant                           |
| GBG Properties Sdn Bhd<br>(fka Bright Reach Sdn Bhd)                                       | -                       | -         | -                         | 100       | Investment holding                |
| <i>Subsidiary of GBG Properties Sdn Bhd (fka Bright Reach Sdn Bhd)</i>                     |                         |           |                           |           |                                   |
| GBG Pertama Sdn Bhd<br>(fka Crystal Aspect Sdn Bhd)                                        | -                       | -         | 100                       | 100       | Property development              |

## 8. INVESTMENTS IN SUBSIDIARIES (CONT'D)

### Share capital reduction

On 4 March 2022, Prestige Field Development Sdn Bhd ("PFDSB") had undertaken a share capital reduction by RM490,000 or RM1 per share pursuant to Section 117 of the Companies Act 2016. The distribution of capital reduction is as below:

|                           | <b>2022<br/>RM</b> |
|---------------------------|--------------------|
| Distribution to:          |                    |
| Owner of the Company      | 254,800            |
| Non-controlling interests | 235,200            |
|                           | 490,000            |

### Transactions with non-controlling interests

On 29 December 2022, the Company acquired 100% equity interest comprising of 100 ordinary shares in GBG Properties Sdn Bhd ("GPPTSB") with cash consideration of RM100 from its subsidiary, AQRS The Building Company Sdn Bhd. Following the completion of the acquisition, the Company holds direct 100% equity interest in GPPTSB.

On 29 December 2022, the Company acquired remaining equity interest comprising 4,800 ordinary shares in PFDSB with cash consideration of RM4,800. Following the completion of the acquisition, the Company holds 100% equity interest in PFDSB.

The impact of the acquisition of remaining equity interest in PFDSB is as follows:

| <b>Group</b>                                          | <b>2022<br/>RM</b> |
|-------------------------------------------------------|--------------------|
| Consideration paid to non-controlling interests       | (4,800)            |
| Carrying amount of non-controlling interests acquired | (124,375)          |
| Differences recognised in equity                      | (129,175)          |

The subsidiaries that have non-controlling interests ("NCI") are as follows:

| <b>2022</b>                                               | <b>Prestige Field<br/>Development<br/>Sdn Bhd</b> | <b>Trusvest<br/>Sdn Bhd</b> | <b>Total</b> |
|-----------------------------------------------------------|---------------------------------------------------|-----------------------------|--------------|
| NCI percentage of ownership interest and voting interests | -                                                 | 10%                         |              |
| Carrying amount of NCI (RM)                               | -                                                 | 1,813,213                   | 1,813,213    |
| Loss for the financial year allocated to NCI (RM)         | -                                                 | (89,730)                    | (89,730)     |
| <b>2021</b>                                               |                                                   |                             |              |
| NCI percentage of ownership interest and voting interests | 48%                                               | 10%                         |              |
| Carrying amount of NCI (RM)                               | 205,423                                           | 1,902,942                   | 2,108,365    |
| Profit for the financial year allocated to NCI (RM)       | 218,789                                           | 99,345                      | 318,134      |

**8. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

**2022****Trusvest  
Sdn Bhd  
RM****Assets and liabilities**

|                         |             |
|-------------------------|-------------|
| Non-current assets      | 41,978,904  |
| Current assets          | 10,186,649  |
| Non-current liabilities | (2,038,645) |
| Current liabilities     | (1,930,768) |

|            |            |
|------------|------------|
| Net assets | 48,196,140 |
|------------|------------|

**Results**

|                                                 |           |
|-------------------------------------------------|-----------|
| Revenue                                         | 1,200,000 |
| Loss for the financial year                     | (897,304) |
| Total comprehensive loss for the financial year | (897,304) |

|                                           |           |
|-------------------------------------------|-----------|
| Cash flows from operating activities      | 90,375    |
| Cash flows used in investing activities   | (1,360)   |
| Cash flows used in financing activities   | (115,750) |
| Net decrease in cash and cash equivalents | (26,735)  |

**2021****Prestige Field  
Development  
Sdn Bhd  
RM****Trusvest  
Sdn Bhd  
RM****Assets and liabilities**

|                         |           |             |
|-------------------------|-----------|-------------|
| Non-current assets      | -         | 43,059,621  |
| Current assets          | 914,787   | 8,885,390   |
| Non-current liabilities | -         | (697,337)   |
| Current liabilities     | (220,961) | (2,154,230) |

|            |         |            |
|------------|---------|------------|
| Net assets | 693,826 | 49,093,444 |
|------------|---------|------------|

**Results**

|                                                   |         |           |
|---------------------------------------------------|---------|-----------|
| Revenue                                           | -       | 3,738,504 |
| Profit for the financial year                     | 455,810 | 993,446   |
| Total comprehensive income for the financial year | 455,810 | 993,446   |

|                                                      |              |             |
|------------------------------------------------------|--------------|-------------|
| Cash flows from operating activities                 | 10,080,518   | 2,285,233   |
| Cash flows used in investing activities              | -            | (2,176,871) |
| Cash flows used in financing activities              | (10,050,000) | (138,000)   |
| Net increase/(decrease) in cash and cash equivalents | 30,518       | (29,638)    |

**8. INVESTMENTS IN SUBSIDIARIES (CONT'D)**

The movements in the impairment losses on investments in subsidiaries are as follows:

|                                        | <b>Company</b>     |                    |
|----------------------------------------|--------------------|--------------------|
|                                        | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| At 1 January                           | 31,602,362         | 31,602,362         |
| Impairment loss for the financial year | 18,103             | -                  |
| At 31 December                         | 31,620,465         | 31,602,362         |

The movements in the impairment losses on equity loan are as follows:

|                                        | <b>Company</b>     |                    |
|----------------------------------------|--------------------|--------------------|
|                                        | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| At 1 January                           | 2,402,788          | 1,701,108          |
| Impairment loss for the financial year | 1,027,704          | 701,680            |
| At 31 December                         | 3,430,492          | 2,402,788          |

*Impairment testing on investments in AQRS The Building Company Sdn Bhd ("AQRS") and Monolight IBS Building System Sdn Bhd ("Monolight")*

As at reporting date, AQRS and Monolight have indication of impairment due to the continuous losses or net assets of the subsidiaries are lower than their carrying number of investments. Accordingly, the Company performed an impairment testing on these investments in subsidiaries. No impairment of the remaining carrying amount at the reporting date, as their recoverable amounts exceeded their carrying amount.

The recoverable amounts of these investments in subsidiaries have been determined based on value in use calculation, using cash flow projections from financial budget approved by management covering 5 to 11 years period. The projected cash flows cover more than 5 years due to the duration of the property development projects. The cash flow projections reflect management's best estimation based on the current assessment of market growth as well as management's knowledge and past experience in the industries and historical information. The pre-tax discount rate applied to the cash flow projections range from 9.00% to 9.70% (2021: 11.50%) per annum.

*Key assumptions and sensitivity analysis*

The calculation of value in use is most sensitive to the following assumptions:

**Projected sales volume:** The projected sales volume represents the estimated sales from the property development project. Decrease in demand may lead to a decline in the projected sales volume. A decrease in the projected sales volume by 5% would result in a further impairment.

**Discount rate:** Discount rate represents the current market assessment of the risks specific to each asset, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimate. The discount rate is based on the specific circumstances of the subsidiary and its operating segments and is derived from its weighted average cost of capital ("WACC"). The cost of equity is derived from the expected return on investment by the subsidiary's investors. The cost of debt is based on the interest-bearing borrowings the subsidiary is obliged to service. Segment-specific risk is incorporated by applying individual beta. The beta is based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in the pre-tax discount rate by 1% would not result in a further impairment in investment in AQRS but would result in further impairment in investment in Monolight.

**9. INVESTMENT IN AN ASSOCIATE**

|                                                | <b>2022<br/>RM</b> | <b>Group<br/>2021<br/>RM</b> |
|------------------------------------------------|--------------------|------------------------------|
| Unquoted equity shares, at cost                | 3,322,200          | 3,322,200                    |
| Share of post-acquisition reserves, net of tax | 830,354            | 338,183                      |
|                                                | <b>4,152,554</b>   | <b>3,660,383</b>             |

The financial year end of the associate is coterminous with those of the Group. Management accounts of the associate for the financial years ended 31 December 2021 and 31 December 2022 have been used for the purpose of applying the equity method of accounting.

The details of the associate is as follows:

| Name of Company               | Country of incorporation | Equity interest held by subsidiary |           | Principal activities                                      |
|-------------------------------|--------------------------|------------------------------------|-----------|-----------------------------------------------------------|
|                               |                          | 2022<br>%                          | 2021<br>% |                                                           |
| Associate of Sinajasa Sdn Bhd |                          |                                    |           |                                                           |
| SEDCO Precast Sdn Bhd         | Malaysia                 | 49                                 | 49        | Manufacturing and supplying of pre-cast concrete products |

The summarised financial information of the associate are as follows:

|                                                                                 | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
|---------------------------------------------------------------------------------|--------------------|--------------------|
| <b>SEDCO Precast Sdn Bhd</b>                                                    |                    |                    |
| <b>Assets and liabilities</b>                                                   |                    |                    |
| Non-current assets                                                              | 4,629,833          | 4,849,943          |
| Current assets                                                                  | 5,441,467          | 5,480,685          |
| Non-current liabilities                                                         | (285,899)          | (403,703)          |
| Current liabilities                                                             | (1,714,244)        | (2,860,201)        |
|                                                                                 | <b>8,071,157</b>   | <b>7,066,724</b>   |
| <b>Results</b>                                                                  |                    |                    |
| Revenue                                                                         | 14,325,545         | 12,457,583         |
| Profit for the financial year/Total comprehensive income for the financial year | 1,104,432          | 156,465            |
| Cash flows from operating activities                                            | 131,022            | 1,470,191          |
| Cash flows used in investing activities                                         | (122,581)          | (21,783)           |
| Cash flows used in financing activities                                         | (130,676)          | (425,247)          |
| Net (decrease)/increase in cash and cash equivalents                            | (122,235)          | 1,023,161          |
| <b>Other information</b>                                                        |                    |                    |
| Dividend paid/payable                                                           | 100,000            | -                  |

**9. INVESTMENT IN AN ASSOCIATE (CONT'D)**

The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:

|                                                    | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
|----------------------------------------------------|--------------------|--------------------|
| Net assets                                         | 8,071,157          | 7,066,724          |
| Proportion of ownership interest held by the Group | 49%                | 49%                |
|                                                    | 3,954,866          | 3,462,695          |
| Goodwill                                           | 197,688            | 197,688            |
|                                                    | 4,152,554          | 3,660,383          |

**10. INVESTMENT IN A JOINT VENTURE**

|                                                                      | <b>Group</b>       |                    | <b>Company</b>     |                    |
|----------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                      | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Unquoted equity shares, at cost                                      | 255,000            | 255,000            | 255,000            | 255,000            |
| Share of post-acquisition reserves, net of dividend received and tax | 627,143            | 785,383            | -                  | -                  |
|                                                                      | 882,143            | 1,040,383          | 255,000            | 255,000            |

The details of the joint venture is as follows:

| <b>Name of Company</b>                      | <b>Country of<br/>incorporation</b> | <b>Equity interest<br/>held by Company</b> |                   | <b>Principal activities</b> |
|---------------------------------------------|-------------------------------------|--------------------------------------------|-------------------|-----------------------------|
|                                             |                                     | <b>2022<br/>%</b>                          | <b>2021<br/>%</b> |                             |
| Kreatif Sinar Gabungan Sdn Bhd<br>("KSGSB") | Malaysia                            | 30                                         | 30                | Construction                |

KSGSB, the only joint venture in which the Company participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement provides the Company with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with KSGSB. This joint arrangement has been classified as a joint venture.

The financial year end of the joint venture is coterminous with those of the Group. Management accounts of the joint venture for the financial years ended 31 December 2021 and 31 December 2022 have been used for the purpose of applying the equity method of accounting.

**10. INVESTMENT IN A JOINT VENTURE (CONT'D)**

The summarised financial information of the joint venture is as follows:

|                                                                                 | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
|---------------------------------------------------------------------------------|--------------------|--------------------|
| <b>Kreatif Sinar Gabungan Sdn Bhd</b>                                           |                    |                    |
| <b>Assets and liabilities</b>                                                   |                    |                    |
| Current assets                                                                  | 15,031,608         | 10,190,137         |
| Current liabilities                                                             | (12,091,131)       | (6,722,193)        |
| Net assets                                                                      | 2,940,477          | 3,467,944          |
| <b>Results</b>                                                                  |                    |                    |
| Revenue                                                                         | 43,537,177         | 78,658,793         |
| Profit for the financial year/Total comprehensive income for the financial year | 2,617,944          | 2,780,240          |
| Cash flows from operating activities                                            | 2,770,607          | 2,345,580          |
| Cash flows used in financing activities                                         | (2,000,000)        | (5,000,000)        |
| Net increase/(decrease) in cash and cash equivalents                            | 770,607            | (2,654,420)        |
| <b>Other information</b>                                                        |                    |                    |
| Dividend paid/payable                                                           | -                  | 5,000,000          |

The reconciliation of net assets of the joint venture to the carrying amount of the investment in a joint venture is as follows:

|                                                              | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
|--------------------------------------------------------------|--------------------|--------------------|
| Net assets                                                   | 2,940,477          | 3,467,944          |
| Proportion of ownership interest held by the Group           | 30%                | 30%                |
| Carrying amount of the Group's interest in the joint venture | 882,143            | 1,040,383          |

**11. DEFERRED TAX ASSETS/(LIABILITIES)**

|                              | <b>2022<br/>RM</b> | <b>Group<br/>2021<br/>RM</b> |
|------------------------------|--------------------|------------------------------|
| At 1 January                 | 1,577,962          | 9,625,490                    |
| Recognised in profit or loss | (343,025)          | (8,047,528)                  |
| At 31 December               | 1,234,937          | 1,577,962                    |
| Represented by:              |                    |                              |
| Deferred tax assets          | 3,206,287          | 3,220,010                    |
| Deferred tax liabilities     | (1,971,350)        | (1,642,048)                  |
|                              | 1,234,937          | 1,577,962                    |

(a) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

|                              | <b>Property<br/>development<br/>costs<br/>RM</b> | <b>Unused tax<br/>losses and<br/>unabsorbed<br/>capital<br/>allowances<br/>RM</b> | <b>Other<br/>deductible<br/>temporary<br/>differences<br/>RM</b> | <b>Total<br/>RM</b> |
|------------------------------|--------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------|---------------------|
| At 1 January 2021            | 2,538,831                                        | 6,928,528                                                                         | 467,635                                                          | 9,934,994           |
| Recognised in profit or loss | 669,798                                          | (6,918,046)                                                                       | (466,736)                                                        | (6,714,984)         |
| At 31 December 2021          | 3,208,629                                        | 10,482                                                                            | 899                                                              | 3,220,010           |
| Recognised in profit or loss | (16,226)                                         | (10,482)                                                                          | 12,985                                                           | (13,723)            |
| At 31 December 2022          | 3,192,403                                        | -                                                                                 | 13,884                                                           | 3,206,287           |

Deferred tax liabilities of the Group

|                              | <b>Property,<br/>plant and<br/>equipment<br/>RM</b> | <b>Others<br/>RM</b> | <b>Total<br/>RM</b> |
|------------------------------|-----------------------------------------------------|----------------------|---------------------|
| At 1 January 2021            | 421,532                                             | (112,028)            | 309,504             |
| Recognised in profit or loss | 1,187,656                                           | 144,888              | 1,332,544           |
| At 31 December 2021          | 1,609,188                                           | 32,860               | 1,642,048           |
| Recognised in profit or loss | 362,757                                             | (33,455)             | 329,302             |
| At 31 December 2022          | 1,971,945                                           | (595)                | 1,971,350           |

**11. DEFERRED TAX ASSETS/(LIABILITIES) (CONT'D)**

- (b) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

|                                                                                                     | <b>Group</b>       |                    | <b>Company</b>     |                    |
|-----------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                                     | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Excess of accumulated depreciation over capital allowances claimed on property, plant and equipment | (5,781,730)        | (3,689,615)        | 803                | 1,609              |
| Unused tax losses                                                                                   | 31,617,451         | 59,179,485         | 4,174,460          | 1,593,190          |
| Unabsorbed capital allowances                                                                       | 4,031,545          | 301,102            | -                  | -                  |
| Loss allowances for trade receivables and contract assets                                           | 18,339,151         | 14,596,096         | -                  | -                  |
| Leases                                                                                              | 581,938            | 662,102            | 240,664            | 351,626            |
| Accruals                                                                                            | 5,488,176          | 5,470,215          | -                  | -                  |
| Other deductible temporary differences                                                              | 1,595,776          | 10,039,885         | -                  | -                  |
|                                                                                                     | <b>55,872,307</b>  | <b>86,559,270</b>  | <b>4,415,927</b>   | <b>1,946,425</b>   |

No deferred tax assets is recognised in respect of above items as it is not probable that future taxable profits of the Company and the subsidiaries would be available against which the deductible temporary differences could be utilised.

Pursuant to the applicable tax legislation, unused tax losses will expire as follow:

|                | <b>Group</b>       |                    | <b>Company</b>     |                    |
|----------------|--------------------|--------------------|--------------------|--------------------|
|                | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Expire in 2028 | 8,057,331          | 22,393,394         | -                  | -                  |
| Expire in 2029 | 891,714            | 6,817,874          | -                  | -                  |
| Expire in 2030 | 13,487,959         | 24,132,378         | -                  | -                  |
| Expire in 2031 | 5,835,839          | 5,835,839          | 1,593,190          | 1,593,190          |
| Expire in 2032 | 3,344,608          | -                  | 2,581,270          | -                  |
|                | <b>31,617,451</b>  | <b>59,179,485</b>  | <b>4,174,460</b>   | <b>1,593,190</b>   |

**12. INTANGIBLE ASSETS**

| <b>Group</b>                       | <b>Customer contract<br/>RM</b> | <b>Goodwill<br/>RM</b> | <b>Total<br/>RM</b> |
|------------------------------------|---------------------------------|------------------------|---------------------|
| <b>2022</b>                        |                                 |                        |                     |
| <b>Cost</b>                        |                                 |                        |                     |
| At 1 January/31 December           | 28,564,072                      | 1,219,080              | 29,783,152          |
| <b>Accumulated impairment loss</b> |                                 |                        |                     |
| At 1 January/31 December           | 1,209,044                       | 1,219,080              | 2,428,124           |
| <b>Net carrying amount</b>         |                                 |                        |                     |
| At 1 January/31 December           | 27,355,028                      | -                      | 27,355,028          |
| <b>2021</b>                        |                                 |                        |                     |
| <b>Cost</b>                        |                                 |                        |                     |
| At 1 January/31 December           | 28,564,072                      | 1,219,080              | 29,783,152          |
| <b>Accumulated impairment loss</b> |                                 |                        |                     |
| At 1 January/31 December           | 1,209,044                       | 1,219,080              | 2,428,124           |
| <b>Net carrying amount</b>         |                                 |                        |                     |
| At 1 January/31 December           | 27,355,028                      | -                      | 27,355,028          |

Customer contract relates to a construction project awarded to a subsidiary acquired, which would be amortised based on the unit of production of the construction project, upon commencement of the project.

Goodwill recognised in a business combinations an asset at the acquisition date and has been fully impaired as at the reporting date.

*Impairment testing*

During the current financial year, as a result of the postponement and changes to the construction project and uncertainty of current economic environment, the Group carried out an impairment test on the customer contract. No further impairment of the carrying amount at the reporting date as the recoverable amount is approximate to its carrying amount.

The recoverable amount of the customer contract has been determined based on the value in use calculation, using cash flow projections from financial budget approved by management covering a 11-years period. The cash flow projections beyond 5-year period due to the duration of the property development projects. The cash flow projections reflects management's best estimation based on the current assessment of market growth as well as management's knowledge and past experience in the industries and historical information. The pre-tax discount rate applied to the cash flow projections is 9.70% (2021: 11.50%) per annum.

*Key assumptions and sensitivity analysis*

The calculation of value in use is most sensitive to the following assumptions:

**Projected sales volume:** The projected sales volume represents the estimated sales from the property development projects. Decrease in demand may lead to a decline in the projected sales volume. A decrease in the projected sales volume by 5% would result in a further impairment.

**Discount rate:** Discount rate represents the current market assessment of the risks specific to each asset, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimate. The discount rate is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital ("WACC"). The cost of equity is derived from the expected return on investment by the investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta. The beta is based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate. A rise in the pre-tax discount rate by 1% would not result in a further impairment.

## 13. INVENTORIES

|                            | Note | 2022<br>RM  | Group<br>2021<br>RM<br>(Restated) |
|----------------------------|------|-------------|-----------------------------------|
| <b>Current</b>             |      |             |                                   |
| At cost:                   |      |             |                                   |
| Property development costs | (a)  | 310,055,818 | 308,251,185                       |
| At net realisable value:   |      |             |                                   |
| Completed properties       |      | 8,984,111   | 8,984,111                         |
|                            |      | 318,949,929 | 317,235,296                       |

(a) Property development costs

|                                           | Freehold<br>land<br>RM | Leasehold<br>land<br>RM | Development<br>cost<br>RM | Cumulative<br>costs<br>recognised in<br>profit or loss<br>RM | Total<br>RM  |
|-------------------------------------------|------------------------|-------------------------|---------------------------|--------------------------------------------------------------|--------------|
| At 1 January 2021, as previously reported | 116,942,500            | 87,584,601              | 364,238,432               | (239,764,312)                                                | 329,001,221  |
| Prior year adjustments                    | -                      | -                       | (64,811,175)              | 29,984,040                                                   | (34,827,135) |
| At 1 January 2021, as restated            | 116,942,500            | 87,584,601              | 299,427,257               | (209,780,272)                                                | 294,174,086  |
| Costs incurred during the year            | 57,500                 | -                       | 57,952,563                | -                                                            | 58,010,063   |
| Recognised during the year                | -                      | -                       | -                         | (43,932,964)                                                 | (43,932,964) |
| At 31 December 2021                       | 117,000,000            | 87,584,601              | 357,379,820               | (253,713,236)                                                | 308,251,185  |
| Costs incurred during the year            | -                      | -                       | 97,190,846                | -                                                            | 97,190,846   |
| Recognised during the year                | -                      | -                       | -                         | (95,386,213)                                                 | (95,386,213) |
| Balance as at 31 December 2022            | 117,000,000            | 87,584,601              | 454,570,666               | (349,099,449)                                                | 310,055,818  |

- (b) Leasehold land of the Group represents costs incurred as a consequence of having used the right-of-use assets to produce inventories during the financial year in accordance with MFRS 102 Inventories.
- (c) The Group recognises in profit or loss the property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting period. It is measured based on direct measurements of the value transferred by the Group to the customers and the Group's efforts or inputs to the satisfaction of the performance obligation.
- (d) As at the end of the reporting period, property development costs of the Group with carrying amounts of RM64,567,030 (2021: RM74,257,622) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.
- (e) As at the end of the reporting period, completed properties of the Group with carrying amounts of RM8,984,111 (2021: RM4,365,903) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 21 to the financial statements.
- (f) Freehold land under development of RM117,000,000 (2021: RM117,000,000) is the consideration paid to Pro-Meridian Sdn. Bhd. ("Pro-Meridian"), pursuant to an agreement entered into by a subsidiary, AQRS The Building Company Sdn Bhd ("AQRS") with Pro-Meridian on 30 September 2011. In accordance with the agreement, AQRS was granted vacant possession to develop the freehold land.

**13. INVENTORIES (CONT'D)**

- (g) Inventories of the Group recognised as cost of sales amounted to RM95,386,213 (2021: RM60,672,989).
- (h) In the previous financial year, reversal of inventories written down amounted to RM5,356,800 due to net realisable value of the completed properties is higher than its carrying value.

**14. TRADE AND OTHER RECEIVABLES**

|                                   | Note | 2022<br>RM   | Group<br>2021<br>RM<br>(Restated) | 2022<br>RM  | Company<br>2021<br>RM |
|-----------------------------------|------|--------------|-----------------------------------|-------------|-----------------------|
| <b>Non-current asset</b>          |      |              |                                   |             |                       |
| <i>Other receivables</i>          |      |              |                                   |             |                       |
| Amounts owing from subsidiaries   | (a)  | -            | -                                 | 24,772,542  | 24,808,648            |
| Less: Loss allowances             |      | -            | -                                 | (499,074)   | (3,111,004)           |
| Total non-current                 |      | -            | -                                 | 24,273,468  | 21,697,644            |
| <b>Current asset</b>              |      |              |                                   |             |                       |
| <i>Trade receivables</i>          |      |              |                                   |             |                       |
| Third parties                     | (b)  |              |                                   | -           | -                     |
| Retention sums                    | (c)  | 37,106,594   | 39,633,391                        | -           | -                     |
|                                   | (d)  | 89,001,978   | 85,942,531                        | 1,365,693   | 474,501               |
|                                   |      | 126,108,572  | 125,575,922                       | 1,365,693   | 474,501               |
| Less: Loss allowance              |      |              |                                   |             |                       |
| - Third parties                   |      | (8,718,301)  | (7,383,253)                       | -           | -                     |
| - Retention sums                  |      | (3,345,044)  | (2,312,805)                       | (494,911)   | -                     |
|                                   |      | (12,063,345) | (9,696,058)                       | (494,911)   | -                     |
|                                   |      | 114,045,227  | 115,879,864                       | 870,782     | 474,501               |
| <i>Other receivables</i>          |      |              |                                   |             |                       |
| Third parties                     |      | 27,418,735   | 76,498,837                        | -           | -                     |
| Related parties                   |      | 5,000        | 5,000                             | -           | -                     |
| Amounts owing from subsidiaries   | (e)  | -            | -                                 | 97,267,224  | 39,038,409            |
| Accrued interest income           |      | 882,508      | -                                 | 882,508     | -                     |
| Deposits                          |      | 10,599,647   | 9,877,914                         | 225,720     | 125,720               |
| Prepayments                       |      | 7,233,565    | 6,066,871                         | 39,104      | 31,906                |
|                                   |      | 46,139,455   | 92,448,622                        | 98,414,556  | 39,196,035            |
| Less: Loss allowance              |      |              |                                   |             |                       |
| - Third parties                   |      | (18,064,172) | (18,032,333)                      | -           | -                     |
| - Amounts owing from subsidiaries |      | -            | -                                 | (6,385)     | (414,010)             |
|                                   |      | 28,075,283   | 74,416,289                        | 98,408,171  | 38,782,025            |
| Total current                     |      | 142,120,510  | 190,296,153                       | 99,278,953  | 39,256,526            |
|                                   |      | 142,120,510  | 190,296,153                       | 123,552,421 | 60,954,170            |

**14. TRADE AND OTHER RECEIVABLES (CONT'D)**

- (a) Amounts owing from subsidiaries included under non-current assets are unsecured, non-interest bearing and not receivable within next 12 months.
- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 days (2021: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.
- (c) Included in trade receivables are amounts of RM1,362,572 (2021: RM2,904,571) and RM1,219,563 (2021: RM99,900) respectively owing from non-controlling interests of the Group and companies in which a director has financial interests.
- (d) Retention sums are receivable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months (2021: 12 and 24 months).
- (e) Amounts owing from subsidiaries represent advances, payments made on behalf and dividend receivable, which are unsecured, bear interests at 3% (2021: 3%) per annum and receivable within the next 12 months.
- (f) The movements in the loss allowance for trade receivables are as follows:

|                                     | <b>2022<br/>RM</b> | <b>Group<br/>2021<br/>RM<br/>(Restated)</b> | <b>Company<br/>2022<br/>RM</b> | <b>2021<br/>RM</b> |
|-------------------------------------|--------------------|---------------------------------------------|--------------------------------|--------------------|
| At 1 January                        | 9,696,058          | 17,180,344                                  | -                              | -                  |
| Net remeasurement of loss allowance | 2,367,287          | (7,484,286)                                 | 494,911                        | -                  |
| At 31 December                      | 12,063,345         | 9,696,058                                   | 494,911                        | -                  |

- (g) The movements in the loss allowance for other receivables are as follows:

|                                     | <b>2022<br/>RM</b> | <b>Group<br/>2021<br/>RM</b> | <b>Company<br/>2022<br/>RM</b> | <b>2021<br/>RM</b> |
|-------------------------------------|--------------------|------------------------------|--------------------------------|--------------------|
| At 1 January                        | 18,032,333         | 17,548,809                   | 3,525,014                      | 2,989,099          |
| Net remeasurement of loss allowance | 31,839             | 483,524                      | (3,019,555)                    | 535,915            |
| At 31 December                      | 18,064,172         | 18,032,333                   | 505,459                        | 3,525,014          |

**15. CONTRACT ASSETS/(LIABILITIES)**

|                                  | 2022<br>RM   | Group<br>2021<br>RM<br>(Restated) | Company<br>2022<br>RM | 2021<br>RM |
|----------------------------------|--------------|-----------------------------------|-----------------------|------------|
| <b>Contract assets</b>           |              |                                   |                       |            |
| Construction contracts           | 481,658,884  | 470,853,456                       | 1,368,570             | 2,496,401  |
| Property development contracts   | 182,143,086  | 111,406,558                       | -                     | -          |
| Costs to obtain contract         | 5,300,328    | 4,290,880                         | -                     | -          |
|                                  | 669,102,298  | 586,550,894                       | 1,368,570             | 2,496,401  |
| Less: Loss allowance             |              |                                   |                       |            |
| - Construction contracts         | (3,429,263)  | (3,170,508)                       | (14,214)              | (25,928)   |
| - Property development contracts | (5,444,211)  | (3,872,179)                       | -                     | -          |
|                                  | (8,873,474)  | (7,042,687)                       | (14,214)              | (25,928)   |
|                                  | 660,228,824  | 579,508,207                       | 1,354,356             | 2,470,473  |
| <b>Contract liabilities</b>      |              |                                   |                       |            |
| Construction contracts           | (29,631,154) | (1,392,514)                       | -                     | -          |
| Property development contracts   | (7,411,999)  | (3,418,511)                       | -                     | -          |
|                                  | (37,043,153) | (4,811,025)                       | -                     | -          |
|                                  | 623,185,671  | 574,697,182                       | 1,354,356             | 2,470,473  |

Revenue relating to construction contracts and property development contracts are recognised over time, while the customers pay according to contractual milestones. A contract asset is recognised in respect of the right to consideration for work performed which has not billed at the reporting date.

Management applies simplified approach (i.e. lifetime expected credit losses) in measuring the loss allowance. The expected credit losses are estimated by reference to past default experience and the future prospect of the industry. There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

**(a) Construction contracts**

|                                     | 2022<br>RM    | Group<br>2021<br>RM | Company<br>2022<br>RM | 2021<br>RM  |
|-------------------------------------|---------------|---------------------|-----------------------|-------------|
| Contract assets                     | 478,229,621   | 467,682,948         | 1,354,356             | 2,470,473   |
| Contract liabilities                | (29,631,154)  | (1,392,514)         | -                     | -           |
|                                     | 448,598,467   | 466,290,434         | 1,354,356             | 2,470,473   |
| At 1 January                        | 466,290,434   | 407,481,498         | 2,470,473             | 1,382,840   |
| Net remeasurement of loss allowance | (258,755)     | (301,084)           | 11,714                | (15,773)    |
| Revenue recognised during the year  | 206,461,747   | 265,047,216         | 16,696,011            | 10,593,423  |
| Progress billing                    | (223,894,959) | (205,937,593)       | (17,823,842)          | (9,490,017) |
| At 31 December                      | 448,598,467   | 466,290,434         | 1,354,356             | 2,470,473   |

**15. CONTRACT ASSETS/(LIABILITIES) (CONT'D)**

## (a) Construction contracts (Cont'd)

Revenue expected to be recognised in the future related to the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

|                              | <b>Group</b>       |                    | <b>Company</b>     |                    |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
|                              | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Revenue recognised over time |                    |                    |                    |                    |
| - within one year            | 216,027,846        | 269,386,607        | 8,050,934          | 16,696,011         |
| - one year to five years     | 79,457,536         | 82,251,240         | -                  | 8,050,934          |
|                              | 295,485,382        | 351,637,847        | 8,050,934          | 24,746,945         |

## (b) Property development contracts

|                                     | <b>2022<br/>RM</b> | <b>Group<br/>2021<br/>RM<br/>(Restated)</b> |
|-------------------------------------|--------------------|---------------------------------------------|
| Contract assets                     | 176,698,875        | 107,534,379                                 |
| Contract liabilities                | (7,411,999)        | (3,418,511)                                 |
|                                     | 169,286,876        | 104,115,868                                 |
| At 1 January                        | 104,115,868        | 80,813,368                                  |
| Net remeasurement of loss allowance | (1,572,032)        | (3,368,499)                                 |
| Revenue recognised during the year  | 130,109,284        | 42,878,335                                  |
| Progress billing                    | (63,366,244)       | (16,207,336)                                |
| At 31 December                      | 169,286,876        | 104,115,868                                 |

Revenue expected to be recognised in the future related to the aggregate amount of the transaction price allocated to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

|                              | <b>2022<br/>RM</b> | <b>Group<br/>2021<br/>RM<br/>(Restated)</b> |
|------------------------------|--------------------|---------------------------------------------|
| Revenue recognised over time |                    |                                             |
| - within one year            | 171,634,728        | 145,782,283                                 |
| - one year to five years     | -                  | 88,634,737                                  |
|                              | 171,634,728        | 234,417,020                                 |

**15. CONTRACT ASSETS/(LIABILITIES) (CONT'D)**

(c) The movements in the loss allowance for contract assets are as follows:

|                                     | <b>Group</b>       |                                   | <b>Company</b>     |                    |
|-------------------------------------|--------------------|-----------------------------------|--------------------|--------------------|
|                                     | <b>2022<br/>RM</b> | <b>2021<br/>RM<br/>(Restated)</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| At 1 January                        | 7,042,687          | 3,373,104                         | 25,928             | 10,155             |
| Net remeasurement of loss allowance | 1,830,787          | 3,669,583                         | (11,714)           | 15,773             |
| At 31 December                      | 8,873,474          | 7,042,687                         | 14,214             | 25,928             |

**16. OTHER INVESTMENT**

|                                                                                          | <b>Group</b>       |                    |
|------------------------------------------------------------------------------------------|--------------------|--------------------|
|                                                                                          | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Financial asset at fair value through profit or loss<br>- Quoted shares outside Malaysia | 1,389,489          | 306,015            |

**17. SHORT TERM FUNDS**

|                                                                                                 | <b>Group</b>       |                    | <b>Company</b>     |                    |
|-------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                                                 | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Financial assets at fair value through profit or loss<br>- Fixed income trust funds in Malaysia | 168,252            | 253,073            | 41,305             | 40,384             |

Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.

**18. CASH AND BANK BALANCES**

|                                    | <b>Group</b>       |                    | <b>Company</b>     |                    |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                    | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Cash and bank balances             | 13,666,662         | 10,322,256         | 52,955             | 2,124,873          |
| Fixed deposits with licensed banks | 136,498,892        | 145,616,784        | 58,642,729         | 61,468,120         |
|                                    | 150,165,554        | 155,939,040        | 58,695,684         | 63,592,993         |

- (a) The weighted average effective interest rate of fixed deposits with both licensed banks of the Group and of the Company are 1.91% (2021: 1.45%) and 1.97% (2021: 1.83%) per annum respectively.
- (b) Fixed deposits with licensed banks of the Group and of the Company were pledged as securities for banking facilities granted to the Group and to the Company as disclosed in Note 21 to the financial statements.
- (c) Fixed deposits with licensed banks have maturity periods ranging from one (1) month to one (1) year (2021: one (1) month to one (1) year).
- (d) Included in cash and bank balances of the Group is a balance of RM8,636,360 (2021: RM911,875) held under Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, which is not available for general use by the Group.

**19. SHARE CAPITAL**

|                                                           | <b>Group and Company</b>                  |             | <b>Amount</b>      |                    |
|-----------------------------------------------------------|-------------------------------------------|-------------|--------------------|--------------------|
|                                                           | <b>Number of ordinary shares<br/>2022</b> | <b>2021</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| <b>Issued and fully paid</b>                              |                                           |             |                    |                    |
| At 1 January                                              | 543,937,119                               | 494,594,267 | 355,613,547        | 325,545,730        |
| Issuance of ordinary shares pursuant to private placement | -                                         | 49,342,852  | -                  | 30,153,417         |
| Share issuance expenses                                   | -                                         | -           | -                  | (85,600)           |
| At 31 December                                            | 543,937,119                               | 543,937,119 | 355,613,547        | 355,613,547        |

- (a) During the previous financial year, the issued share capital of the Company was increased from 494,594,267 to 543,937,119 by way of issuance of 49,342,852 new ordinary shares.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company.

- (b) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

**19. SHARE CAPITAL (CONT'D)****(c) Warrants B 2018/2023**

On 27 September 2018, a total of 119,394,669 free Warrants were issued pursuant to the Deed Poll dated 5 September 2018 ("Deed Poll B") to all the shareholders of the Company on the basis of one (1) warrants for every four (4) existing ordinary shares held on 25 September 2018. The main features of the Warrants are as follows:

- (i) Each Warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, subject to the provisions in the Deed Poll.
- (ii) The exercise price of each Warrant has been fixed at RM1.12.
- (iii) The expiry date of Warrants shall be the date immediately preceding the fifth (5th) anniversary date of first issue of the Warrants, and if such date is not a Market Day, then on the immediate preceding Market Day, whereupon any warrant, which has not been exercised, will lapse and cease thereafter to be valid for any purpose.
- (iv) The ordinary shares each to be issued pursuant to the exercise of the Warrants will rank pari passu in all respect with the existing issued ordinary shares of the Company.

All new ordinary shares to be issued arising from the exercise of the Warrants shall rank pari passu in all respects with the existing issued ordinary shares of the Company except that they would not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is prior to the date of allotment of the new shares arising from the exercise of Warrants.

No warrants were exercised during the financial year. As at year end, 119,394,407 Warrants remain unexercised.

**20. RESERVES**

|                   | <b>Group</b>       |                                   | <b>Company</b>     |                    |
|-------------------|--------------------|-----------------------------------|--------------------|--------------------|
|                   | <b>2022<br/>RM</b> | <b>2021<br/>RM<br/>(Restated)</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Non-distributable |                    |                                   |                    |                    |
| Treasury shares   | (1,427,468)        | (1,427,468)                       | (1,427,468)        | (1,427,468)        |
| Distributable     |                    |                                   |                    |                    |
| Retained earnings | 145,574,061        | 125,474,045                       | 18,338,401         | 18,717,812         |
|                   | 144,146,593        | 124,046,577                       | 16,910,933         | 17,290,344         |

Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the 12th Annual General Meeting held on 16 June 2022, renewed their approval for the Company to repurchase up to 10% of its existing issued share capital ("Share Buy Back"). The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 543,937,119 (2021: 543,937,119) issued ordinary shares as at the end of each reporting period, 1,165,744 (2021: 1,165,744) ordinary shares purchased for RM1,427,468 (2021: RM1,427,468) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 542,771,375 (2021: 542,771,375).

## 21. BORROWINGS

|                                             |      | Group       |             | Company    |            |
|---------------------------------------------|------|-------------|-------------|------------|------------|
|                                             | Note | 2022<br>RM  | 2021<br>RM  | 2022<br>RM | 2021<br>RM |
| <b>Non-current liabilities</b>              |      |             |             |            |            |
| <u>Secured</u>                              |      |             |             |            |            |
| Term loans                                  | (a)  | 408,458     | 581,672     | -          | -          |
| <b>Current liabilities</b>                  |      |             |             |            |            |
| <u>Secured</u>                              |      |             |             |            |            |
| Term loans                                  | (a)  | 75,961,078  | 98,860,674  | -          | -          |
| Revolving credits                           | (b)  | 1,700,000   | 2,000,000   | -          | -          |
| Bank overdrafts                             | (c)  | 186,370,615 | 172,436,156 | 46,406,457 | 51,376,395 |
| <u>Unsecured</u>                            |      |             |             |            |            |
| Sukuk Mudharabah - Islamic commercial paper | (d)  | 38,627,828  | -           | 38,627,828 | -          |
|                                             |      | 302,659,521 | 273,296,830 | 85,034,285 | 51,376,395 |
|                                             |      | 303,067,979 | 273,878,502 | 85,034,285 | 51,376,395 |
| <b>Total borrowings</b>                     |      |             |             |            |            |
| Term loans                                  | (a)  | 76,369,536  | 99,442,346  | -          | -          |
| Revolving credits                           | (b)  | 1,700,000   | 2,000,000   | -          | -          |
| Bank overdrafts                             | (c)  | 186,370,615 | 172,436,156 | 46,406,457 | 51,376,395 |
| Sukuk Mudharabah - Islamic commercial paper | (d)  | 38,627,828  | -           | 38,627,828 | -          |
|                                             |      | 303,067,979 | 273,878,502 | 85,034,285 | 51,376,395 |

(a) Term loans of the Group and of the Company are secured by the following:

- (i) Leasehold land and buildings under property, plant and equipment of the Group, as disclosed in Note 5 to the financial statements, and assignment of a subsidiary's contract proceeds;
- (ii) Property development costs of the Group as disclosed in Note 13 to the financial statements;
- (iii) Fixed deposits as disclosed in Note 18 to the financial statements;
- (iv) Investment property as disclosed in Note 7 to the financial statement and also the assignment of future rental income that is derived from its investment property; and
- (v) Debenture over the subsidiary's present and future fixed and floating assets.

**21. BORROWING (CONT'D)**

Term loans are repayable as follows:

|                                                                                                                                                             | <b>2022<br/>RM</b> | <b>Group<br/>2021<br/>RM</b> |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------|
| Term loan I is repayable based on redemption structure set by a financial institution                                                                       | 54,839,872         | 48,754,443                   |
| Term loan II is repayable by sixty (60) equal monthly instalments of RM77,238 each commencing October 2016                                                  | 2,870              | 478,758                      |
| Term loan III is repayable by seventy two (72) equal monthly instalments of RM17,632 each commencing June 2018 and RM17,107 each commencing August 2020     | 262,633            | 470,985                      |
| Term loan IV is repayable by sixty (60) equal monthly instalments of RM 8,783 each up to 59th month and final payment of RM8,803 each commencing March 2020 | 291,575            | 395,255                      |
| Term loan V is repayable by seven (7) equal monthly instalments of RM7,000,000 each commencing April 2022 and RM7,342,905 each commencing October 2022      | 20,972,586         | 49,342,905                   |
|                                                                                                                                                             | <b>76,369,536</b>  | <b>99,442,346</b>            |
| Repayable as follows:                                                                                                                                       |                    |                              |
| - within one (1) year                                                                                                                                       | 75,961,078         | 98,860,674                   |
| - later than one (1) year and not later than five (5) years                                                                                                 | 408,458            | 581,672                      |
|                                                                                                                                                             | <b>76,369,536</b>  | <b>99,442,346</b>            |

(b) Revolving credits of the Group are secured by fixed deposits as disclosed in Note 18 to the financial statements.

(c) Bank overdrafts of the Group are secured by the following:

- (i) Leasehold land and buildings under property, plant and equipment of the Group as disclosed in Note 5 to the financial statements and assignment of a subsidiary's contract proceeds;
- (ii) Fixed deposits as disclosed in Note 18 to the financial statements; and
- (iii) Completed properties of the Group as disclosed in Note 13 to the financial statements.

(d) Sukuk Mudharabah - Islamic commercial paper

|                                                           | <b>Group and Company<br/>2022<br/>RM</b> | <b>2021<br/>RM</b> |
|-----------------------------------------------------------|------------------------------------------|--------------------|
| Principal                                                 | 40,000,000                               | -                  |
| Less: Unamortised profit element                          | (1,399,035)                              | -                  |
|                                                           | <b>38,600,965</b>                        | <b>-</b>           |
| Add: Accumulated profit element charged to profit or loss | 26,863                                   | -                  |
|                                                           | <b>38,627,828</b>                        | <b>-</b>           |

**21. BORROWING (CONT'D)**

## (d) Sukuk Mudharabah - Islamic commercial paper (cont'd)

On 11 August 2022, the Company lodged the proposed establishment of an Islamic commercial paper ("ICP") under the Shariah principle of Mudharabah and/or the Islamic medium term note ("IMTN") under the Shariah principle of Wakalah Bi Al-Istithmar of up to RM200 million in nominal value with the Securities Commission Malaysia ("SC") under the SC's Guidelines on Unlisted Capital Market Products under the Lodge and Launch Framework issued by SC on 9 March 2015 and revised on 28 November 2022 (as amended from time to time).

The ICP/IMTN Programme is established to refinance existing conventional borrowings and for finance investment, capital expenditure, working capital requirement and/or other general corporate purposes.

The ICP/IMTN Programme shall have tenure of up to seven years from the date of the first issuance of the ICPs or IMTNs under the ICP/IMTN Programme. The ICPs shall have a tenure of 1 to 12 months, whereas the IMTNs shall have a tenure of more than 1 year and up to 7 years provided always that the ICPs/IMTNs shall mature on prior to the expiry of the ICP/IMTN Programme.

On 11 November 2022, the Company completed an issuance of RM10 million in nominal value ("first issuance") of ICP (also known as 'Sukuk Mudharabah') with a tenure of 6 months from the date of issuance. The first issuance was issued at 5.25% discount to the nominal value without periodic distribution and is due for repayment in May 2023.

On 17 November 2022, the Company completed issuance of RM30 million in nominal value ("second issuance") of ICP (also known as 'Sukuk Mudharabah') with a tenure of 3 months from the date of issuance. The second issuance was issued at 5.00% discount to the nominal value without periodic distribution and was due and repaid in February 2023.

The ICPs are issued on an unsecured basis.

The proceeds from the ICP/IMTN Programme shall be utilised by the Group and/or the Company for the following Shariah-compliant purpose:

- (i) To fund the Sukuk Trustees' Reimbursement Account;
- (ii) To finance the redemption of any existing or future ICP/IMTN;
- (iii) To defray the fees and expenses relating the ICP/IMTN Programme;
- (iv) To refinance existing financing and borrowing;
- (v) To finance the investment activities, capital expenditure, working capital requirements and/or other general corporate purposes of the Group and/or the Company.

The ICP/IMTN Programme is subject to certain covenants. These covenants included that total indebtedness to total equity not exceeding 1.0 time throughout the Programme Tenure and limitation to certain asset sales or transferred. The Group is in compliance with these covenants at reporting date.

The weighted average effective interest rates of the borrowings as at the end of each reporting period are as follows:

|                   | <b>Group</b> |             | <b>Company</b> |             |
|-------------------|--------------|-------------|----------------|-------------|
|                   | <b>2022</b>  | <b>2021</b> | <b>2022</b>    | <b>2021</b> |
|                   | <b>%</b>     | <b>%</b>    | <b>%</b>       | <b>%</b>    |
| Term loans        | 5.82         | 5.33        | -              | -           |
| Revolving credits | 6.02         | 5.00        | -              | -           |
| Bank overdrafts   | 7.24         | 6.19        | 5.43           | 4.99        |

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 22. TRADE AND OTHER PAYABLES

|                                |     | 2022<br>RM  | Group<br>2021<br>RM<br>(Restated) | 2022<br>RM | Company<br>2021<br>RM |
|--------------------------------|-----|-------------|-----------------------------------|------------|-----------------------|
| <b>Trade payables</b>          |     |             |                                   |            |                       |
| Third parties                  | (a) | 128,197,231 | 112,547,434                       | -          | -                     |
| Amount owing to a subsidiary   | (b) | -           | -                                 | 1,338,379  | 474,501               |
| Retention sums                 | (c) | 99,652,810  | 88,263,531                        | -          | -                     |
|                                |     | 227,850,041 | 200,810,965                       | 1,338,379  | 474,501               |
| <b>Other payables</b>          |     |             |                                   |            |                       |
| Other payables                 |     | 90,618,580  | 43,831,764                        | 289,715    | 551,269               |
| Amounts owing to related party | (d) | 4,850,216   | 4,850,216                         | -          | -                     |
| Accruals                       | (e) | 195,537,749 | 322,784,394                       | 1,431,736  | 2,355,236             |
| Deposits                       |     | 314,931     | 303,900                           | -          | -                     |
| Amounts owing to subsidiaries  | (f) | -           | -                                 | 28,571,065 | 12,181,399            |
|                                |     | 291,321,476 | 371,770,274                       | 30,292,516 | 15,087,904            |
|                                |     | 519,171,517 | 572,581,239                       | 31,630,895 | 15,562,405            |

- (a) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 14 to 90 days (2021: 14 to 90 days). Other credit term are assessed and approved by the suppliers on a case by case basis.
- (b) Trade amount owing to a subsidiary represents the retention sum on construction project, which are repayable upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months (2021: 12 and 24 months).
- (c) Retention sums are payables upon the expiry of the defect liability periods of the respective construction contracts. The defect liability periods of the construction contracts are between 12 and 24 months (2021: 12 and 24 months).
- (d) Amounts owing to a related party represents advances and payments made on behalf by a company in which a director has financial interest, which is unsecured, interest-free and repayable within next twelve (12) months in cash and cash equivalents.
- (e) Accruals represent accrued project costs, property development costs and other expenses, which are unsecured, interest-free and repayable within next twelve (12) months in cash and cash equivalents.
- (f) Non-trade amounts owing to subsidiaries represent advances and payments made on behalf, which are unsecured, bears interest at 8% (2021: 8%) and payable within next twelve (12) months in cash and cash equivalents.

**23. REVENUE**

|                                               | 2022<br>RM  | Group<br>2021<br>RM<br>(Restated) | Company<br>2022<br>RM | 2021<br>RM |
|-----------------------------------------------|-------------|-----------------------------------|-----------------------|------------|
| <b>Revenue from contracts with customers:</b> |             |                                   |                       |            |
| <b>(i) Recognised over time</b>               |             |                                   |                       |            |
| Construction contracts                        | 206,461,747 | 265,047,216                       | 16,696,011            | 10,593,423 |
| Property development                          | 130,109,284 | 42,878,335                        | -                     | -          |
| <b>(ii) Recognised at point in time</b>       |             |                                   |                       |            |
| Sales of completed properties                 | -           | 13,137,585                        | -                     | -          |
| <b>Other revenue:</b>                         |             |                                   |                       |            |
| Rental income from investment property        | 1,200,000   | 3,738,504                         | -                     | -          |
| Dividend income from                          |             |                                   |                       |            |
| - subsidiaries                                | -           | -                                 | 102,482               | 5,226,000  |
| - a joint venture                             | -           | -                                 | -                     | 1,500,000  |
|                                               | 337,771,031 | 324,801,640                       | 16,798,493            | 17,319,423 |

**24. COST OF SALES**

|                                      | 2022<br>RM  | Group<br>2021<br>RM<br>(Restated) | Company<br>2022<br>RM | 2021<br>RM |
|--------------------------------------|-------------|-----------------------------------|-----------------------|------------|
| Completed properties sold            | -           | 16,740,025                        | -                     | -          |
| Property development costs           | 95,386,213  | 43,932,964                        | -                     | -          |
| Construction contract costs          | 181,337,337 | 216,209,994                       | 16,362,091            | 10,353,694 |
| Reversal of inventories written down | -           | (5,356,800)                       | -                     | -          |
|                                      | 276,723,550 | 271,526,183                       | 16,326,091            | 10,353,694 |

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)**25. OTHER INCOME**

|                                     | <b>Group</b>       |                    | <b>Company</b>     |                    |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                     | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Interest income                     | 2,779,195          | 1,264,591          | 3,132,345          | 1,145,159          |
| Rental income                       | 194,578            | 156,298            | 23,184             | 46,368             |
| Sundry income                       | 1,589,764          | 1,935,567          | 15,204             | 4,050              |
| Fair value gain on:                 |                    |                    |                    |                    |
| - other investment                  | 1,066,986          | -                  | -                  | -                  |
| - short term funds                  | 1,521              | 1,602              | -                  | -                  |
| Forfeiture income                   | 707,779            | 210,349            | -                  | -                  |
| Unrealised gain on foreign exchange | 16,488             | 39,614             | -                  | -                  |
|                                     | <b>6,356,311</b>   | <b>3,608,021</b>   | <b>3,170,733</b>   | <b>1,195,577</b>   |

**26. FINANCE COSTS**

|                                               | <b>Group</b>       |                    | <b>Company</b>     |                    |
|-----------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                               | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Interest expense on:                          |                    |                    |                    |                    |
| - bank overdrafts                             | 4,853,458          | 3,759,202          | 2,756,755          | 1,852,988          |
| - revolving credits                           | 999,348            | 107,788            | -                  | -                  |
| - term loans                                  | 2,696,488          | 1,826,278          | -                  | -                  |
| - lease liabilities                           | 97,563             | 186,906            | 43,196             | 50,209             |
| - advances from subsidiaries                  | -                  | -                  | 125,648            | 337,546            |
| - others                                      | 90,596             | 56,254             | (51,806)           | 51,806             |
| Profit rate on:                               |                    |                    |                    |                    |
| - Sukuk Mudharabah - Islamic commercial paper | 252,740            | -                  | 252,740            | -                  |
|                                               | <b>8,990,193</b>   | <b>5,936,428</b>   | <b>3,126,533</b>   | <b>2,292,549</b>   |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 27. PROFIT/(LOSS) BEFORE TAX

Profit/(Loss) before tax has been determined after inclusion of the following charges and (credits):

|                                                                | Group      |             | Company     |            |
|----------------------------------------------------------------|------------|-------------|-------------|------------|
|                                                                | 2022<br>RM | 2021<br>RM  | 2022<br>RM  | 2021<br>RM |
| Auditors' remuneration                                         |            |             |             |            |
| Mazars PLT                                                     |            |             |             |            |
| - statutory audit                                              | 300,000    | 283,800     | 75,000      | 70,000     |
| - other assurance and related services                         | 14,000     | 8,500       | 7,000       | 7,000      |
| Bad debts written off                                          | 5,389      | -           | -           | -          |
| Depreciation of:                                               |            |             |             |            |
| - property, plant and equipment (including right-of-use asst)  | 6,361,213  | 6,269,816   | 99,027      | 101,422    |
| - investment property                                          | 813,347    | 813,282     | -           | -          |
| (Gain)/Loss on disposal of property, plant and equipment       | (39)       | 4,372       | -           | -          |
| Property, plant and equipment written off                      | 1,428      | -           | -           | -          |
| Gain on termination of leases                                  | (7,134)    | (3,887)     | -           | -          |
| Fair value loss on:                                            |            |             |             |            |
| - other investment                                             | -          | 807,716     | -           | -          |
| Impairment losses on:                                          |            |             |             |            |
| - investment in subsidiaries                                   | -          | -           | 18,103      | -          |
| - equity loan                                                  | -          | -           | 1,027,704   | 701,680    |
| Reversal of impairment losses on property, plant and equipment | -          | (1,054,823) | -           | -          |
| Net remeasurement of loss allowance:                           |            |             |             |            |
| - trade receivables                                            | 2,367,287  | (7,484,286) | 494,911     | -          |
| - other receivables                                            | 31,839     | 483,524     | (3,019,555) | 535,915    |
| - contract assets                                              | 1,830,787  | 3,669,583   | (11,714)    | 15,773     |
| Lease concessions                                              | -          | -           | (23,184)    | (46,368)   |
| Lease expense for short-term leases and low-value assets       | 37,660,816 | 14,601,597  | -           | -          |

### 28. EMPLOYEE BENEFITS

|                             | Group      |            | Company    |                          |
|-----------------------------|------------|------------|------------|--------------------------|
|                             | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM<br>(Restated) |
| Short-term benefits         | 28,721,777 | 23,424,895 | 829,071    | 697,676                  |
| EPF and socso contributions | 3,285,871  | 2,845,459  | 47,876     | 29,569                   |
|                             | 32,007,648 | 26,270,354 | 876,947    | 727,245                  |

Included in employee benefits of the Group and of the Company are directors' remuneration of the Group and Company as disclosed in Note 29 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
(CONT'D)

## 29. DIRECTORS' REMUNERATION

|                                                             | Group      |                        | Company    |            |
|-------------------------------------------------------------|------------|------------------------|------------|------------|
|                                                             | 2022<br>RM | 2021<br>Restated<br>RM | 2022<br>RM | 2021<br>RM |
| <b>Directors of the Company</b>                             |            |                        |            |            |
| Short-term benefits                                         |            |                        |            |            |
| - Fees                                                      | 468,171    | 468,000                | 468,171    | 468,000    |
| - Salaries and allowances                                   | 3,511,313  | 3,360,418              | 27,260     | 27,178     |
| Retirement benefits – defined contribution plan             | 308,704    | 290,832                | -          | -          |
| Estimated monetary value of benefits otherwise than in cash | 168,583    | 108,250                | -          | -          |
|                                                             | 4,456,771  | 4,227,500              | 495,431    | 495,178    |
| <b>Directors of subsidiaries</b>                            |            |                        |            |            |
| Short-term benefits                                         |            |                        |            |            |
| - Salaries and allowances                                   | 1,346,646  | 1,190,579              | -          | -          |
| Retirement benefits – defined contribution plan             | 113,280    | 100,422                | -          | -          |
| Estimated monetary value of benefits otherwise than in cash | 75,900     | 75,900                 | -          | -          |
|                                                             | 1,535,826  | 1,366,901              | -          | -          |
| Total                                                       | 5,992,597  | 5,594,401              | 495,431    | 495,178    |

## 30. TAXATION

|                                                    | Group      |            | Company    |            |
|----------------------------------------------------|------------|------------|------------|------------|
|                                                    | 2022<br>RM | 2021<br>RM | 2022<br>RM | 2021<br>RM |
| Current income tax:                                |            |            |            |            |
| - Current                                          | 478,443    | 1,510,032  | -          | -          |
| - Under/(Over) provision in prior years            | 1,891,676  | 93,481     | -          | (115,938)  |
|                                                    | 2,370,119  | 1,603,513  | -          | (115,938)  |
| Deferred tax:                                      |            |            |            |            |
| - Relating to origination of temporary differences | 187,026    | 8,111,078  | -          | -          |
| - Under/(Over) provision in prior years            | 155,999    | (63,550)   | -          | -          |
|                                                    | 343,025    | 8,047,528  | -          | -          |
|                                                    | 2,713,144  | 9,651,041  | -          | (115,938)  |

The Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated taxable profits for the fiscal year.

**30. TAXATION (CONT'D)**

The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

|                                                        | <b>2022<br/>RM</b> | <b>Group<br/>2021<br/>RM<br/>(Restated)</b> | <b>Company<br/>2022<br/>RM</b> | <b>2021<br/>RM</b> |
|--------------------------------------------------------|--------------------|---------------------------------------------|--------------------------------|--------------------|
| Profit/(Loss) before tax                               | 22,852,605         | 25,732,652                                  | (379,411)                      | 1,353,959          |
| Tax at Malaysian statutory tax rate of 24% (2021: 24%) | 5,484,625          | 6,175,836                                   | (91,059)                       | 324,949            |
| Tax effects in respect of:                             |                    |                                             |                                |                    |
| Non-allowable expenses                                 | 4,433,660          | 8,737,189                                   | 141,220                        | 1,526,010          |
| Non-taxable income                                     | (1,887,945)        | (3,503,916)                                 | (642,842)                      | (1,852,061)        |
| Changes in deferred tax assets not recognised          | (7,364,871)        | (1,787,999)                                 | 592,681                        | 1,102              |
|                                                        | 665,469            | 9,621,110                                   | -                              | -                  |
| Under/(Over) provision in prior years                  |                    |                                             |                                |                    |
| - current tax                                          | 1,891,676          | 93,481                                      | -                              | (115,938)          |
| - deferred tax                                         | 155,999            | (63,550)                                    | -                              | -                  |
|                                                        | 2,713,144          | 9,651,041                                   | -                              | (115,938)          |

**31. EARNINGS PER ORDINARY SHARE**

## (a) Basic

Basic earnings per share is calculated by dividing the Group's profit for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

|                                                                                             | <b>2022</b> | <b>Group<br/>2021<br/>(Restated)</b> |
|---------------------------------------------------------------------------------------------|-------------|--------------------------------------|
| Profit for the financial year attributable to the ordinary shareholders of the Company (RM) | 20,229,191  | 15,763,477                           |
| Weighted average number of ordinary shares for basic earnings per share                     | 542,771,375 | 493,428,523                          |
| Private placement                                                                           | -           | 36,635,378                           |
| Adjusted weighted average number of ordinary shares applicable to basic earnings per share  | 542,771,375 | 530,063,901                          |
| Basic earnings per ordinary share (sen)                                                     | 3.73        | 2.97                                 |

**31. EARNINGS PER ORDINARY SHARE (CONT'D)**

## (b) Diluted

Diluted earnings per share is calculated by dividing the Group's profit for the financial year attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares plus outstanding warrants convertible into ordinary shares.

|                                                                                                       | 2022        | Group<br>2021<br>(Restated) |
|-------------------------------------------------------------------------------------------------------|-------------|-----------------------------|
| Profit for the financial year attributable to the ordinary shareholders of the Company (RM)           | 20,229,191  | 15,763,477                  |
| Adjusted weighted average number of ordinary shares applicable to basic earnings per share            | 542,771,375 | 530,063,901                 |
| Effect of outstanding warrants convertible into ordinary shares                                       | 119,394,407 | 119,394,407                 |
| Adjusted weighted average number of ordinary shares applicable to diluted earnings per ordinary share | 662,165,782 | 649,458,308                 |
| Diluted earnings per ordinary share (sen)                                                             | 3.06        | 2.43                        |

**32. FINANCIAL INSTRUMENTS**

## (a) Categories of financial instruments

The following table analyses the financial instruments in the statements of financial position by the classes of financial instruments to which they are assigned:

| 2022                                             | Amortised<br>cost<br>RM | FVTPL<br>RM |
|--------------------------------------------------|-------------------------|-------------|
| <b>Financial assets</b>                          |                         |             |
| <b>Group</b>                                     |                         |             |
| Trade and other receivables (exclude prepayment) | 134,886,945             | -           |
| Other investment                                 | -                       | 1,389,489   |
| Short term funds                                 | -                       | 168,252     |
| Cash and bank balances                           | 150,165,554             | -           |
|                                                  | 285,052,499             | 1,557,741   |
| <b>Company</b>                                   |                         |             |
| Trade and other receivables (exclude prepayment) | 123,513,317             | -           |
| Short term funds                                 | -                       | 41,305      |
| Cash and bank balances                           | 58,695,684              | -           |
|                                                  | 182,209,001             | 41,305      |

**32. FINANCIAL INSTRUMENTS (CONT'D)**

(a) Categories of financial instruments (cont'd)

|                                                  | Amortised<br>cost<br>RM | FVTPL<br>RM |
|--------------------------------------------------|-------------------------|-------------|
| <b>2022</b>                                      |                         |             |
| <b>Financial liabilities</b>                     |                         |             |
| <b>Group</b>                                     |                         |             |
| Trade and other payables                         | 519,171,517             | -           |
| Borrowings                                       | 303,067,979             | -           |
|                                                  | 822,239,496             | -           |
| <b>Company</b>                                   |                         |             |
| Trade and other payables                         | 31,630,895              | -           |
| Borrowings                                       | 85,034,285              | -           |
|                                                  | 116,665,180             | -           |
| <b>2021</b>                                      |                         |             |
| <b>Financial assets</b>                          |                         |             |
| <b>Group (Restated)</b>                          |                         |             |
| Trade and other receivables (exclude prepayment) | 184,229,282             | -           |
| Other investment                                 | -                       | 306,015     |
| Short term funds                                 | -                       | 253,073     |
| Cash and bank balances                           | 155,939,040             | -           |
|                                                  | 340,168,322             | 559,088     |
| <b>Company</b>                                   |                         |             |
| Trade and other receivables (exclude prepayment) | 60,922,264              | -           |
| Short term funds                                 | -                       | 40,384      |
| Cash and bank balances                           | 63,592,993              | -           |
|                                                  | 124,515,257             | 40,384      |
| <b>Financial liabilities</b>                     |                         |             |
| <b>Group (Restated)</b>                          |                         |             |
| Trade and other payables                         | 572,581,239             | -           |
| Borrowings                                       | 273,878,502             | -           |
|                                                  | 846,459,741             | -           |
| <b>Company</b>                                   |                         |             |
| Trade and other payables                         | 15,562,405              | -           |
| Borrowings                                       | 51,376,395              | -           |
|                                                  | 66,938,800              | -           |

**32. FINANCIAL INSTRUMENTS (CONT'D)**

## (b) Fair value of financial instruments

The following summarises the methods used in determining the fair value of the financial instruments that are measured at fair value on a recurring basis:

*Other investment*

Fair value of quoted equity shares is determined by reference to the exchange quoted market prices at the close of the business on the reporting date.

*Short-term funds*

Fair value of short term fund are determined by reference to daily published floating net asset values at the close of the business on the reporting date.

The following table provides the fair value measurement hierarchy of the Group's and of the Company's financial instruments measured at fair value:

| <b>Financial assets<br/>Group</b> | <b>Level 1<br/>RM</b> | <b>Level 2<br/>RM</b> | <b>Total<br/>RM</b> |
|-----------------------------------|-----------------------|-----------------------|---------------------|
| <b>2022</b>                       |                       |                       |                     |
| Other investment                  | 1,389,489             | -                     | 1,389,489           |
| Short-term funds                  | 168,252               | -                     | 168,252             |
|                                   | 1,557,741             | -                     | 1,557,741           |
| <b>2021</b>                       |                       |                       |                     |
| Other investment                  | 306,015               | -                     | 306,015             |
| Short-term funds                  | 253,073               | -                     | 253,073             |
|                                   | 559,088               | -                     | 559,088             |
| <b>Company</b>                    |                       |                       |                     |
| <b>2022</b>                       |                       |                       |                     |
| Short term funds                  | 41,305                | -                     | 41,305              |
| <b>2021</b>                       |                       |                       |                     |
| Short term funds                  | 40,384                | -                     | 40,384              |

During the year, there were no transfer of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

*Financial instruments that are not measured at fair value*

**32. FINANCIAL INSTRUMENTS (CONT'D)***Borrowings*

The carrying amounts of non-current portion of borrowings at the end of the reporting period are reasonable approximation of fair value due to they are instruments with floating interest rate which are repriced to market interest rates.

The carrying amounts of the current portion of borrowings at the end of the reporting period are reasonable approximation of fair value, mainly due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates.

The carrying amounts of all other financial instruments reported in the financial statements at the end of the reporting period approximate their fair values due to their short-term maturity or related interests are at market rate on these financial instruments.

**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group's and the Company's activities are exposed to a variety of financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, foreign currency risk, liquidity and cash flow risk, interest rate risk and price risk. The Group's and the Company's overall financial risk management objective is to optimise value for their shareholders. The Group and the Company do not trade in financial instruments.

The board of directors reviews and agrees to policies and procedures for the management of these risks, which are executed by the Group's senior management. The audit committee provides independent oversight to the effectiveness of the risk management process.

## (i) Credit risk

**Lease receivables**

No expected credit losses were recognised arising from finance lease receivables because the probability of default by these finance lease receivable was negligible.

**Trade and other receivables**

Credit risk is the risk of financial loss to the Group and the Company that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. The Group and the Company have a credit policy in place and the exposure to credit risk is managed through the application of credit approvals, credit limits and monitoring procedures.

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

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

**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

## (i) Credit risk (cont'd)

**Trade and other receivables (cont'd)**

Management applies simplified approach (i.e. lifetime expected credit losses) in measuring the loss allowance for trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors and an analysis of the debtors' current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

Management writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivable is over two years past due, whichever occurs earlier.

Credit risk concentration profile

The Group determines the credit risk concentration of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date arising from the amount due from two (2021: two) customers representing approximately 81% (2021: 71%) of the total trade receivables.

The risk profile of the Group's and the Company's trade receivables are as follows:

| <b>Group<br/>2022</b> | <b>Expected<br/>credit<br/>loss rate</b> | <b>Gross<br/>carrying<br/>amount<br/>RM</b> | <b>Loss<br/>allowance<br/>RM</b> | <b>Net carrying<br/>amount<br/>RM</b> |
|-----------------------|------------------------------------------|---------------------------------------------|----------------------------------|---------------------------------------|
| Collective assessment |                                          |                                             |                                  |                                       |
| Not past due          | 1%                                       | 90,942,802                                  | (764,744)                        | 90,178,058                            |
| Past due              |                                          |                                             |                                  |                                       |
| 1 - 30 days           | 7%                                       | 1,714,714                                   | (125,535)                        | 1,589,179                             |
| 31 - 120 days         | 9%                                       | 3,043,659                                   | (264,249)                        | 2,779,410                             |
| 121 - 365 days        | 14%                                      | 2,409,234                                   | (341,690)                        | 2,067,544                             |
| Over 365 days         | 68%                                      | 13,719,803                                  | (9,266,929)                      | 4,452,874                             |
|                       |                                          | 111,830,212                                 | (10,763,147)                     | 101,067,065                           |
| Individual assessment | 9%                                       | 14,278,360                                  | (1,300,198)                      | 12,978,162                            |
|                       |                                          | 126,108,572                                 | (12,063,345)                     | 114,045,227                           |

**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

(i) Credit risk (cont'd)

**Trade and other receivables (cont'd)**Credit risk concentration profile (cont'd)

| <b>Group<br/>2021 (Restated)</b> | <b>Expected<br/>credit<br/>loss rate</b> | <b>Gross<br/>carrying<br/>amount<br/>RM</b> | <b>Loss<br/>allowance<br/>RM</b> | <b>Net carrying<br/>amount<br/>RM</b> |
|----------------------------------|------------------------------------------|---------------------------------------------|----------------------------------|---------------------------------------|
| Collective assessment            |                                          |                                             |                                  |                                       |
| Not past due                     | 1%                                       | 94,239,209                                  | (591,028)                        | 93,648,181                            |
| Past due                         |                                          |                                             |                                  |                                       |
| 1 - 30 days                      | 2%                                       | 1,171,263                                   | (19,351)                         | 1,151,912                             |
| 31 - 120 days                    | 2%                                       | 2,757,097                                   | (55,635)                         | 2,701,462                             |
| 121 - 365 days                   | 2%                                       | 2,160,055                                   | (39,415)                         | 2,120,640                             |
| Over 365 days                    | 70%                                      | 10,969,938                                  | (7,708,521)                      | 3,261,417                             |
|                                  |                                          |                                             |                                  |                                       |
| Individual assessment            | 9%                                       | 111,297,562                                 | (8,413,950)                      | 102,883,612                           |
|                                  |                                          | 14,278,360                                  | (1,282,108)                      | 12,996,252                            |
|                                  |                                          | 125,575,922                                 | (9,696,058)                      | 115,879,864                           |
| <b>Company<br/>2022</b>          |                                          |                                             |                                  |                                       |
| Collective assessment            |                                          |                                             |                                  |                                       |
| Not past due                     | 36%                                      | 1,365,693                                   | (494,911)                        | 870,782                               |
| <b>2021</b>                      |                                          |                                             |                                  |                                       |
| Collective assessment            |                                          |                                             |                                  |                                       |
| Not past due                     | -                                        | 474,501                                     | -                                | 474,501                               |

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records and mostly are regular customers that have been transacting with the Group and the Company.

Receivables that are past due but not impaired

Management has a credit policy in place to monitor and minimise the exposure of default. The Group and the Company trade only with recognised and credit worthy third parties. Trade receivables are monitored on an ongoing basis. As at the reporting date, there were no significant increase in the credit risk of receivables, and receivables that are past due but not impaired are unsecured in nature.

Receivables that are impaired

The Group's and the Company's trade receivables that are impaired at the reporting date are debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****(i) Credit risk (cont'd)****Amounts owing from subsidiaries**

Exposure to credit risk arising from amounts owing from subsidiaries is managed through credit evaluation and ongoing monitoring of credit quality of the subsidiaries.

Management assessed the credit risk in respect of amounts owing from subsidiaries with reference to the financial capability and probability of default.

The maximum exposure to credit risk is represented by the carrying amounts in the statements of financial position. At the reporting date, the Company has made sufficient loss allowance on amounts owing from subsidiaries.

**Contract assets**

None of the contract assets at the reporting date is past due. The risk profile of contract assets and the provision matrix are as follows:

| <b>Group<br/>2022</b>                 | <b>Expected<br/>credit<br/>loss rate</b> | <b>Gross<br/>carrying<br/>amount<br/>RM</b> | <b>Loss<br/>allowance<br/>RM</b> | <b>Net carrying<br/>amount<br/>RM</b> |
|---------------------------------------|------------------------------------------|---------------------------------------------|----------------------------------|---------------------------------------|
| Collective assessment<br>Not past due | 1%                                       | 669,102,298                                 | (8,873,474)                      | 660,228,824                           |
| <b>2021 (Restated)</b>                |                                          |                                             |                                  |                                       |
| Collective assessment<br>Not past due | 1%                                       | 586,550,894                                 | (7,042,687)                      | 579,508,207                           |
| <b>Company<br/>2022</b>               |                                          |                                             |                                  |                                       |
| Collective assessment<br>Not past due | 1%                                       | 1,368,570                                   | (14,214)                         | 1,354,356                             |
| <b>2021</b>                           |                                          |                                             |                                  |                                       |
| Collective assessment<br>Not past due | 1%                                       | 2,496,401                                   | (25,928)                         | 2,470,473                             |

**Other financial assets**

For other financial assets, the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties and reputable licensed financial institutions. At the reporting date, the Group's and the Company's maximum exposure to credit risk arising from other financial assets is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

## (i) Credit risk (cont'd)

**Financial guarantees**

The credit risk attributable to derivative financial instruments is limited because the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies.

The Group and the Company are exposed to credit risk in relation to financial guarantees given to the subsidiaries and third parties. The Group's and the Company's maximum exposure in this respect is the maximum amount the Group and the Company would have to pay if the guarantee is called, as disclosed "liquidity and cash flow risk" section of this note.

Management assesses the credit risk of financial guarantee with reference to the financial capability and probability of default of the subsidiaries and third parties.

## (ii) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk arising from other investment, that are denominated in a currency other than the functional currency of the Group. The foreign currencies giving rise to this risk are primarily United States Dollar ("USD"). Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure the net exposure is at an acceptable level.

The exposure to foreign currency risk is as follow:

|                     | <b>2022</b> | <b>Group</b> | <b>2021</b> |
|---------------------|-------------|--------------|-------------|
|                     | <b>RM</b>   |              | <b>RM</b>   |
| Denominated in USD: |             |              |             |
| - Other investment  | 1,389,489   |              | 306,015     |

Sensitivity analysis for foreign currency risk

The exposure to foreign currency risk arising from the foreign currency to the Group is not material, accordingly, the sensitivity analysis has not been presented.

## (iii) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

During the current financial year, the Group was in an overall cash deficit position as disclosed in the statements of cash flows as at the reporting date.

The Group has prepared a cash flow forecast for the twelve (12) month from the date of the end of the financial statements based on their past performance after considering the current economic conditions. Based on the cash flow forecast, the directors are confident that the Group is able to generate sufficient cash flows for the next twelve (12) month from the reporting date to meet its cash flows requirements to realise its assets and to discharge its liabilities in the normal course of business. In addition, as at the reporting date, the Group has an amount of approximately RM243.1 million (2021: RM188.7 million) unutilised banking facilities.

**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

## (iii) Liquidity and cash flow risk (cont'd)

Maturity analysis

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

| Group                    | Carrying<br>amount<br>RM | On demand or<br>within 1 year<br>RM | Contractual cash flows        |                            | Total<br>RM |
|--------------------------|--------------------------|-------------------------------------|-------------------------------|----------------------------|-------------|
|                          |                          |                                     | Between 1 to<br>5 years<br>RM | More than 5<br>years<br>RM |             |
| 2022                     |                          |                                     |                               |                            |             |
| Trade and other payables | 519,171,517              | 519,171,517                         | -                             | -                          | 519,171,571 |
| Borrowings               | 303,067,979              | 306,709,167                         | 526,033                       | -                          | 307,235,200 |
|                          | 822,239,496              | 825,880,684                         | 526,033                       | -                          | 826,406,717 |
| Lease liabilities        | 2,384,412                | 1,311,065                           | 1,182,118                     | 51,049                     | 2,544,232   |
|                          | 824,623,908              | 827,191,749                         | 1,708,151                     | 51,049                     | 828,950,949 |
|                          |                          |                                     |                               |                            |             |
| 2021 (Restated)          |                          |                                     |                               |                            |             |
| Trade and other payables | 572,581,239              | 572,581,239                         | -                             | -                          | 572,581,239 |
| Borrowings               | 273,878,502              | 274,643,128                         | 621,473                       | -                          | 275,264,601 |
|                          | 846,459,741              | 847,224,367                         | 621,473                       | -                          | 847,845,840 |
| Lease liabilities        | 4,524,052                | 2,446,349                           | 2,113,146                     | 1,466,499                  | 6,025,994   |
|                          | 850,983,793              | 849,670,716                         | 2,734,619                     | 1,466,499                  | 853,871,834 |
|                          |                          |                                     |                               |                            |             |
| Company                  |                          |                                     |                               |                            |             |
| 2022                     |                          |                                     |                               |                            |             |
| Trade and other payables | 31,630,895               | 31,630,895                          | -                             | -                          | 31,630,895  |
| Borrowings               | 85,034,285               | 85,034,285                          | -                             | -                          | 85,034,285  |
|                          | 116,665,180              | 116,665,180                         | -                             | -                          | 116,665,180 |
| Lease liabilities        | 495,747                  | 253,920                             | 275,540                       | -                          | 529,460     |
|                          | 117,160,927              | 116,919,100                         | 275,540                       | -                          | 117,194,640 |
|                          |                          |                                     |                               |                            |             |
| 2021                     |                          |                                     |                               |                            |             |
| Trade and other payables | 15,562,405               | 15,562,405                          | -                             | -                          | 15,562,405  |
| Borrowings               | 51,376,395               | 51,376,395                          | -                             | -                          | 51,376,395  |
|                          | 66,938,800               | 66,938,800                          | -                             | -                          | 66,938,800  |
| Lease liabilities        | 706,473                  | 253,920                             | 535,210                       | -                          | 789,130     |
|                          | 67,645,273               | 67,192,720                          | 535,210                       | -                          | 67,727,930  |

**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)**

## (iii) Liquidity and cash flow risk (cont'd)

The table below summarised issued financial guarantee contracts of the Company, which represent the maximum amounts of the guarantees, and is allocated to the earliest financial period in which the guarantees could be called. However, based on circumstances at the end of the financial period, the directors do not foresee the guarantees will be called.

|                               | On demand<br>or within<br>one year<br>RM | Between 1<br>to 5 years<br>RM | More than<br>5 years<br>RM | Total<br>RM |
|-------------------------------|------------------------------------------|-------------------------------|----------------------------|-------------|
| <b>Company</b>                |                                          |                               |                            |             |
| <b>2022</b>                   |                                          |                               |                            |             |
| Financial guarantee contracts | 324,596,918                              | -                             | -                          | 324,596,918 |
| <b>2021</b>                   |                                          |                               |                            |             |
| Financial guarantee contracts | 341,614,833                              | -                             | -                          | 341,614,833 |

## (iv) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from is fixed deposits with licensed banks and borrowings at floating interest rates. The carrying amounts of these financial instruments are disclosed in the respective note to the financial statements.

Management monitors the interest rate risk exposure regularly to align its risk exposure and defined risk appetite, ensuring significant adverse impact on the Group's and the Company's financial performance due to changes in interest rates is mitigated.

The carrying amounts of financial instruments at floating interest rates at the reporting date:

|                                    | <b>Group</b>       |                    | <b>Company</b>     |                    |
|------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                    | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Fixed deposits with licensed banks | 136,498,892        | 145,616,784        | 58,642,729         | 61,468,120         |
| Borrowings                         | (264,440,151)      | (273,878,502)      | (46,406,457)       | (51,376,395)       |
|                                    | (127,941,259)      | (128,261,718)      | 12,236,272         | 10,091,725         |

**33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)****(iv) Interest rate risk**

The following table illustrates the Group's and the Company's sensitivity to changes in floating interest rates of fixed deposits with licensed banks and borrowings. Management has considered recent observable interest rates and has concluded that the following movement in interest rates are reasonably possible assumption. If the interest rates had been changed with all other variables held constant as at the reporting date, the profit or loss and equity will increase/(decrease) as follows:

|                                                                  | <b>Group</b>       |                    | <b>Company</b>     |                    |
|------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                                  | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Effects of 100 basis points changes to profit or loss and equity |                    |                    |                    |                    |
| - Increase by 1% (2021: 1%)                                      | (972,354)          | (974,789)          | 92,996             | 76,697             |
| - Decrease by 1% (2021: 1%)                                      | 972,354            | 974,789            | (92,996)           | (76,697)           |

**(v) Price risk**

The Group is exposed to equity price risk arising from other investment that is quoted outside Malaysia. This instrument is classified as financial assets designated at fair value through profit or loss.

It is listed on the NYSE American held for trading purpose. The directors are of the opinion that the carrying amount of other investment is not significant and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

The Group and the Company are also exposed to market price risk from short term funds. This instrument is classified as financial assets designated at fair value through profit or loss.

As the volatility of short term funds prices is considered low, the directors are of the opinion that the Group and the Company are not subject to significant exposure to price risk and accordingly, no sensitivity analysis is presented at the end of each reporting period.

**34. FINANCIAL GUARANTEES**

A nominal amount of RM324,596,918 (2021: RM341,614,833) relating to corporate guarantees has been provided by the Company for credit facilities of its subsidiaries.

The corporate guarantees issued were not recognised in the financial statements as the directors regard the value of the credit enhancement provided by these guarantees is minimal and the probability of default, based on historical track records of the parties receiving the guarantees are remote.

**35. RELATED PARTY DISCLOSURES****(a) Identities of related parties**

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

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 8 to the financial statements;
  - (ii) Associate and joint venture as disclosed in Notes 9 and 10 to the financial statements;
  - (iii) Key management personnel, which comprises persons (including the directors) having authority and responsibility for planning, directing and controlling the activities directly or indirectly; and
  - (iv) Companies in which the directors/shareholders of the Company or their close family members have substantial financial interests or significant influence.
- (b) Other than those related party transactions and outstanding balances disclosed elsewhere in the financial statements, the significant related party transactions are disclosed below:

|                              | <b>Group</b>       |                    | <b>Company</b>     |                    |
|------------------------------|--------------------|--------------------|--------------------|--------------------|
|                              | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| Subsidiaries:                |                    |                    |                    |                    |
| Dividend income              | -                  | -                  | 102,482            | 5,226,000          |
| Interest paid/payable        | -                  | -                  | 125,648            | 337,546            |
| Interest received/receivable | -                  | -                  | 1,616,082          | 912,508            |
| Lease concession             | -                  | -                  | 23,184             | 46,368             |
| Lease paid/payable           | -                  | -                  | 92,736             | 69,552             |
| Lease received/receivable    | -                  | -                  | 138,000            | 138,000            |
| Management fee paid/payable  | -                  | -                  | 708,860            | 654,762            |
| Joint venture:               |                    |                    |                    |                    |
| Dividend income              | -                  | 1,500,000          | -                  | 1,500,000          |

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

Information regarding outstanding balances with related parties at the end of the financial year are disclosed in Notes 14 and 22 to the financial statements.

**35. RELATED PARTY DISCLOSURES (CONT'D)**

## (c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any director (whether executive or otherwise) and certain key senior management.

The remuneration of directors and other key management personnel during the financial year are as follows:

|                                                             | <b>Group</b>       |                    | <b>Company</b>     |                    |
|-------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|
|                                                             | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> | <b>2022<br/>RM</b> | <b>2021<br/>RM</b> |
| <b>Directors of the Company</b>                             |                    |                    |                    |                    |
| Short-term benefits                                         |                    |                    |                    |                    |
| - Fees                                                      | 468,171            | 468,000            | 468,171            | 468,000            |
| - Salaries and allowances                                   | 3,511,313          | 3,360,418          | 27,260             | 27,178             |
| Retirement benefits – defined contribution plan             | 308,704            | 290,832            | -                  | -                  |
| Estimated monetary value of benefits otherwise than in cash | 168,583            | 108,250            | -                  | -                  |
|                                                             | 4,456,771          | 4,227,500          | 495,431            | 495,178            |
| <b>Directors of subsidiaries</b>                            |                    |                    |                    |                    |
| Short-term benefits - Salaries and allowances               | 1,346,646          | 1,190,579          | -                  | -                  |
| Retirement benefits – defined contribution plan             | 113,280            | 100,422            | -                  | -                  |
| Estimated monetary value of benefits otherwise than in cash | 75,900             | 75,900             | -                  | -                  |
|                                                             | 1,535,826          | 1,366,901          | -                  | -                  |
| <b>Other key management personnel</b>                       |                    |                    |                    |                    |
| Short-term benefits                                         | 2,111,873          | 1,749,600          | -                  | -                  |
| Retirement benefits – defined contribution plan             | 248,818            | 209,952            | -                  | -                  |
| Estimated monetary value of benefits otherwise than in cash | 125,612            | 117,100            | -                  | -                  |
|                                                             | 2,486,303          | 2,076,652          | -                  | -                  |
| <b>Total</b>                                                | <b>8,478,900</b>   | <b>7,671,053</b>   | <b>495,431</b>     | <b>495,178</b>     |

**35. RELATED PARTY DISCLOSURES (CONT'D)****(d) Material contracts**

Except disclosed below, there were no other material contracts have been entered into by the Company or its subsidiaries which involving the interests of the directors and major shareholders during the financial year ended 31 December 2022.

Letter of Award received by Gabungan Strategik Sdn Bhd from Teringin Sentral Sdn Bhd and Solitaire Suites Sdn Bhd

In the previous financial year, Gabungan Strategik Sdn Bhd ("GSSB"), a wholly owned subsidiary of the Company, entered into construction project with Teringin Sentral Sdn Bhd ("Teringin") and Solitaire Suites Sdn Bhd ("Solitaire"), companies in which a director of the Company have financial interest.

The construction contracts are for the provision of main building piling works, structural works, architectural finishes works, mechanical and electrical services, landscape works and local unstructured works with contract sum RM45,704,717 and RM37,876,590 respectively.

**36. CAPITAL MANAGEMENT**

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2022 and 31 December 2021.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The strategy of the Group is to maintain the balance between debt and equity and to ensure sufficient operating cash flows to repay its liabilities as and when they fall due. The Group includes within net debt, loans and borrowings and lease liabilities, less cash and bank balances (including fixed deposits with licensed banks) and short term funds. Capital represents total equity.

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## 36. CAPITAL MANAGEMENT (CONT'D)

|                              | Group         |               | Company      |              |
|------------------------------|---------------|---------------|--------------|--------------|
|                              | 2022<br>RM    | 2021<br>RM    | 2022<br>RM   | 2021<br>RM   |
| Borrowings                   | 303,067,979   | 273,878,502   | 85,034,285   | 51,376,395   |
| Lease liabilities:           |               |               |              |              |
| - Financial institutions     | 638,249       | 794,023       | -            | -            |
| - Non-financial institutions | 617,159       | 1,543,977     | -            | -            |
|                              | 304,323,387   | 276,216,502   | 85,034,285   | 51,376,395   |
| Less:                        |               |               |              |              |
| Short term funds             | (168,252)     | (253,073)     | (41,305)     | (40,384)     |
| Cash and bank balances       | (150,165,554) | (155,939,040) | (58,695,684) | (63,592,993) |
| Net debt/(cash)              | 153,989,581   | 120,024,389   | 26,297,296   | (12,256,982) |
| Total capital                | 501,986,051   | 481,768,489   | 372,524,480  | 372,903,891  |
| Net debt                     | 153,989,581   | 120,024,389   | 26,297,296   | (12,256,982) |
| Total                        | 655,975,632   | 601,792,878   | 398,821,776  | 360,646,909  |
| Gearing ratio                | 23%           | 20%           | 7%           | *            |

\* Gearing ratio is not presented as the Company is in net cash position as at the end of the reporting period.

Pursuant to the requirements of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than or equals to twenty-five percent (25%) of the issued share capital (excluding any treasury shares) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement for the financial year ended 31 December 2022.

Other the covenants on borrowings as disclosed in Note 21, the Group is not subject to any other externally imposed capital requirements.

**37. OPERATING SEGMENTS**

Gabungan AQRS Berhad and its subsidiaries ("the Group") are principally engaged in construction, property development, property investment, provision of management services and investment holding.

The Group has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

(a) Construction

Securing and carrying out construction contracts.

(b) Property development

Development of residential and commercial properties.

Other operating segments comprise property investment, provision of management services and investment holding.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment, if any.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

## 37. OPERATING SEGMENTS (CONT'D)

| 2022                                                                                         | Construction<br>RM | Property<br>development<br>RM | Other<br>operating<br>segments<br>RM | Total<br>RM   |
|----------------------------------------------------------------------------------------------|--------------------|-------------------------------|--------------------------------------|---------------|
| Segment revenue                                                                              |                    |                               |                                      |               |
| Total revenue                                                                                | 282,507,058        | 130,109,284                   | 7,905,654                            | 420,521,996   |
| Inter segment revenue                                                                        | (76,045,311)       | -                             | (6,705,654)                          | (82,750,965)  |
| Revenue from external customers                                                              | 206,461,747        | 130,109,284                   | 1,200,000                            | 337,771,031   |
| Interest income                                                                              | 1,055,111          | 230,070                       | 1,494,014                            | 2,779,195     |
| Finance cost                                                                                 | (3,227,911)        | (2,649,171)                   | (3,113,111)                          | (8,990,193)   |
| Net finance expenses                                                                         | (2,172,800)        | (2,419,101)                   | (1,619,097)                          | (6,210,998)   |
| <b>Segment profit/(loss) before tax</b>                                                      | 6,229,766          | 16,621,415                    | (266,844)                            | 22,584,337    |
| Share of results of an associate, net of tax                                                 | 541,171            | -                             | -                                    | 541,171       |
| Share of results of a joint venture, net of tax                                              | -                  | -                             | (158,240)                            | (158,240)     |
| Taxation                                                                                     | (821,077)          | (557,175)                     | (1,334,892)                          | (2,713,144)   |
| Other material non-cash item:                                                                |                    |                               |                                      |               |
| - Depreciation of:                                                                           |                    |                               |                                      |               |
| - property, plant and equipment                                                              | (5,685,067)        | (156,438)                     | (519,708)                            | (6,361,213)   |
| - investment property                                                                        | -                  | -                             | (813,347)                            | (813,347)     |
| - Net remeasurement of loss allowance:                                                       |                    |                               |                                      |               |
| - trade receivables                                                                          | (136,493)          | (1,766,980)                   | (463,814)                            | (2,367,287)   |
| - other receivables                                                                          | (57,067)           | 25,006                        | 222                                  | (31,839)      |
| - contract assets                                                                            | (258,755)          | (1,572,032)                   | -                                    | (1,830,787)   |
| - Fair value gain on:                                                                        |                    |                               |                                      |               |
| - other investment                                                                           | -                  | -                             | 1,066,986                            | 1,066,986     |
| - short term funds                                                                           | 1,521              | -                             | -                                    | 1,521         |
| Investment in an associate                                                                   | 4,152,554          | -                             | -                                    | 4,152,554     |
| Investment in a joint venture                                                                | -                  | -                             | 882,143                              | 882,143       |
| Additions to non- current assets other than<br>financial instruments and deferred tax assets | 4,016,538          | 166,262                       | 132,130                              | 4,314,930     |
| Segment assets                                                                               | 991,179,644        | 564,277,112                   | 573,489,924                          | 2,128,946,680 |
| Segment liabilities                                                                          | 732,422,948        | 496,064,360                   | 137,053,048                          | 1,365,540,356 |

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37. OPERATING SEGMENTS (CONT'D)

| 2021                                                                                        | Construction<br>RM | Property<br>development<br>RM | Other<br>operating<br>segments<br>RM | Total<br>RM   |
|---------------------------------------------------------------------------------------------|--------------------|-------------------------------|--------------------------------------|---------------|
| Segment revenue                                                                             |                    |                               |                                      |               |
| Total revenue                                                                               | 346,326,833        | 56,015,920                    | 16,413,930                           | 418,756,683   |
| Inter segment revenue                                                                       | (81,279,617)       | -                             | (12,675,426)                         | (93,955,043)  |
| Revenue from external customers                                                             | 265,047,216        | 56,015,920                    | 3,738,504                            | 324,801,640   |
| Interest income                                                                             | 1,037,823          | 25,237                        | 201,531                              | 1,264,591     |
| Finance cost                                                                                | (2,180,488)        | (1,739,476)                   | (2,016,464)                          | (5,936,428)   |
| Net finance expenses                                                                        | (1,142,665)        | (1,714,239)                   | (1,814,933)                          | (4,671,837)   |
| <b>Segment profit/(loss) before tax</b>                                                     | 40,800,110         | (12,021,232)                  | 3,657,257                            | 32,436,135    |
| Share of results of an associate, net of tax                                                | 76,668             | -                             | -                                    | 76,668        |
| Share of profit of a joint venture, net of tax                                              | -                  | -                             | 834,072                              | 834,072       |
| Taxation                                                                                    | (9,305,306)        | 669,798                       | (1,015,533)                          | (9,651,041)   |
| Other material non- cash item:                                                              |                    |                               |                                      |               |
| - Depreciation of:                                                                          |                    |                               |                                      |               |
| - property, plant and equipment                                                             | (5,496,046)        | (161,806)                     | (611,964)                            | (6,269,816)   |
| - investment property                                                                       | (104,289)          | -                             | (708,993)                            | (813,282)     |
| - Net remeasurement of loss allowance:                                                      |                    |                               |                                      |               |
| - trade receivables                                                                         | 5,789,991          | 1,725,393                     | (31,098)                             | 7,484,286     |
| - other receivables                                                                         | (411,392)          | (71,591)                      | (541)                                | (483,524)     |
| - contract assets                                                                           | (301,084)          | (3,368,499)                   | -                                    | (3,669,583)   |
| - Fair value (loss)/gain on:                                                                |                    |                               |                                      |               |
| - other investments                                                                         | -                  | -                             | (807,266)                            | (807,266)     |
| - short term funds                                                                          | 1,602              | -                             | -                                    | 1,602         |
| Investment in an associate                                                                  | 3,660,383          | -                             | -                                    | 3,660,383     |
| Investment in a joint venture                                                               | -                  | -                             | 1,040,383                            | 1,040,383     |
| Additions to non-current assets other than<br>financial instruments and deferred tax assets | 7,175,734          | 95,673                        | 32,692                               | 7,304,099     |
| Segment assets                                                                              | 947,847,759        | 492,581,673                   | 529,103,327                          | 1,969,532,759 |
| Segment liabilities                                                                         | 697,165,824        | 436,834,652                   | 87,947,693                           | 1,221,948,169 |

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 37. OPERATING SEGMENTS (CONT'D)

(a) Reconciliations

Reconciliation of reportable segment profit/(loss), assets and liabilities to the corresponding amounts of the Group are as follows:

|                                                                                               | 2022<br>RM    | Group<br>2021<br>RM<br>(Restated) |
|-----------------------------------------------------------------------------------------------|---------------|-----------------------------------|
| <b>Profit for the financial year</b>                                                          |               |                                   |
| Total profit or loss for reportable segment                                                   | 22,584,337    | 32,436,135                        |
| Elimination of inter-segment profit                                                           | (114,663)     | (7,614,223)                       |
| Share of results of an associate, net of tax                                                  | 541,171       | 76,668                            |
| Share of results of a joint venture, net of tax                                               | (158,240)     | 834,072                           |
| Profit before tax                                                                             | 22,852,605    | 25,732,652                        |
| Taxation                                                                                      | (2,713,144)   | (9,651,041)                       |
| Profit for the financial year of the Group per consolidated statement of comprehensive income | 20,139,461    | 16,081,611                        |
| <b>Assets</b>                                                                                 |               |                                   |
| Total assets for reportable segments                                                          | 2,128,946,680 | 1,969,532,759                     |
| Elimination of investments in subsidiaries and consolidation adjustments                      | (264,712,388) | (272,819,745)                     |
| Elimination of inter-segment balances                                                         | (498,586,236) | (357,024,236)                     |
| Assets of the Group per consolidated statement of financial position                          | 1,365,648,056 | 1,339,688,778                     |
| <b>Liabilities</b>                                                                            |               |                                   |
| Total liabilities for reportable segments                                                     | 1,365,540,356 | 1,221,948,169                     |
| Elimination of consolidation adjustments                                                      | (2,879,416)   | (7,003,644)                       |
| Elimination of inter-segment balances                                                         | (498,586,236) | (357,024,236)                     |
| Liabilities of the Group per consolidated statement of financial position                     | 864,074,704   | 857,920,289                       |

(b) Geographical information

As the operations of the Group are mainly predominated in Malaysia, no segment information is presented on geographical segments.

**37. OPERATING SEGMENTS (CONT'D)**

## (c) Major customers

The following are major customers with revenue equal to or more than 10% of the Group's revenue for the current and previous financial year:

|            | 2022<br>RM  | Group<br>2021<br>RM |
|------------|-------------|---------------------|
| Customer A | - *         | 81,700,045          |
| Customer B | 146,105,404 | 134,421,247         |
|            | 146,105,404 | 216,121,292         |

\* Revenue is less than 10% in 2022

The above customers are related to the construction segment.

**38. MATERIAL LITIGATIONS**Gabungan AQRS and Trusvest Sdn Bhd ("the Plaintiffs") against Mr Bernard Lim Soon Chiang ("Defendant")

On 15 September 2020, Gabungan AQRS Berhad ("GAB") and Trusvest Sdn Bhd ("TVSB"), commenced legal proceedings against the former Executive Director and Group Chief Financial Officer for the Gabungan AQRS Group of Companies, Bernard Lim Soon Chiang ("Bernard"), in the High Court at Shah Alam, for his negligence and/or breach of his service contract by failing, refusing and/or neglecting to give proper tax advice and/or property consulting a tax consultant on the tax implication of a project to construct, own and subsequently sublease base-camp accommodation to Petronas Chemicals Fertiliser Sabah Sdn Bhd at Sipitang, Sabah ("Sipitang Project").

In consequence, GAB and TVSB suffered loss and damage amounting RM13,245,173.

On 24 February 2021, GAB and TVSB filed an application for further and better particular of the Defendant's Defence ("Application"). The said application was dismissed by the Shah Alam High Court on 25th August 2021.

On 23 September 2021, GAB and TVSB lodged an Appeal to the Court of Appeal against the said decision. On 12 December 2022, the Court of Appeal dismissed the said Appeal.

The trial of the Suit is fixed on 17, 18, 24 to 27 July 2023. The Suit is fixed for case management on 20 April 2023 for parties to update the court on the progress of trial preparation.

**38. MATERIAL LITIGATIONS (CONT'D)**

Gabungan Strategik Sdn Bhd ("the Plaintiffs") against 11 defendants ("Defendants")

On 1 October 2020, Gabungan Strategik Sdn Bhd ("GSSB"), a wholly owned subsidiary of the Company, filed a Writ of Summons against: -

- (a) Geonamics (M) Sdn Bhd ("1st Defendant")
- (b) Jurutera Perunding Primareka Sdn Bhd ("2nd Defendant")
- (c) Yee Yong Yip ("3rd Defendant")
- (d) Tiong Ping Siing ("4th Defendant")
- (e) Tang Pui San ("5th Defendant")
- (f) Mohd Noor Nazrul Bin Mohd Yusof ("6th Defendant")
- (g) Azmi Bin Md Aziz ("7th Defendant")
- (h) Wong Kee Choo ("8th Defendant")
- (i) Choon Suan Fatt ("9th Defendant")
- (j) Ahmad Bashti Bin Azmi ("10th Defendant")
- (k) Foo Mun Pong ("11th Defendant")

for negligence and/or breach of employment contracts with GSSB, in connection with a contract awarded to GSSB for the earthworks, piling works, and substructure works for a project known as the Paloma Project. In the said suit, GSSB claims losses of RM14,392,347.

In March 2021, the 2nd to 6th and 9th to 11th Defendants filed their respective applications to strike out GSSB's Suit; while the 1st Defendant filed on Order 14A Application for determination of question of law, on the main ground that GSSB and Sanubari Cekal Sdn Bhd ("Sanubari") had previously entered into a consent judgement on 9 November 2016, in the Shah Alam High Court Suit No. BA-22NCVC-283-04/2016 commenced by GSSB against Sanubari. GSSB has also filed a General Discovery Application against the Defendants.

On 18 October 2021, the High Court Judge struck out GSSB's claim against the 1st Defendant in full, and struck out GSSB's claim in tort against the 2nd to 11th Defendants ("the Decision"). GSSB and the 3rd to 6th and 9th to 11th Defendants ("Employee Defendants") have since lodged appeals to the Court of Appeal against the Decision. The hearing for the Appeals, which was initially fixed on 21 February 2023, was vacated by the Court of Appeal, and converted to a case management to fix a new hearing date.

On 23 February 2023, GSSB had attended the hearing and the employee defendants' appeal which was fixed 22 August 2022 and the case management was then fixed on 23 February 2023 at the Court of Appeal.

The new hearing date is now fixed on 27 June 2023. The High Court has directed the parties to file in the Reply Submission (if any) by 12th June 2023 and the next case management is fixed on 13th June 2023 to monitor such compliance.

As of date of this report, the Group and the Company are not engaged in other material litigation where an outflow of economic benefits is probable, except disclosed above.

**39. PRIOR YEAR ADJUSTMENTS**

During the current financial year, certain accounting and classifications misstatements related to prior years were discovered. Accordingly, the comparative figures were restated as follows:

- (a) Overstatement of property development costs under inventories by RM2,457,906 and RM3,494,203 as at 1 January 2021 and 31 December 2021 respectively; and understatement of operating costs by RM1,036,297 for financial year ended 31 December 2021 due to indirect staff costs were capitalised in property development costs under inventories.
- (b) Overstatement of property development costs under inventories by RM62,353,269 and RM62,178,633 as at 1 January 2021 and 31 December 2021 respectively due to over-accrual of costs.
- (c) As at 1 January 2021, overstatement of contract assets by RM28,970,048, understatement of property development costs under inventories by RM29,984,040 and understatement of retained earnings by RM1,013,992 as a result of the restatements in (a) and (b) above.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 39. PRIOR YEAR ADJUSTMENTS (CONT'D)

- (d) As at 31 December 2021, understatement of property development costs under inventories and accruals by RM6,402,988 due to costs related to financial year ended 31 December 2021 were recognised in financial year ended 31 December 2022.
- (e) As at 31 December 2021, overstatement of contract assets and revenue by RM6,403,810 and overstatement of cost of sales and understatement of property development costs under inventories by RM7,494,966 as a result of the restatement in (a) to (d) above.
- (f) Reclassification of right to consideration from contract liabilities to contract assets amounted to RM3,298,671 and RM857,174 as at 1 January 2021 and 31 December 2021 respectively.
- (g) As at 31 December 2021, understatement of trade receivables by RM3,261,324 due to loss allowance of contract assets were recognised in trade receivables.

The financial effects arising from the prior year adjustments and reclassification of balances are as follows:

|                                                     | Note            | Reported<br>previously<br>RM | Prior year<br>adjustments<br>RM | Restated<br>RM |
|-----------------------------------------------------|-----------------|------------------------------|---------------------------------|----------------|
| 31.12.2021                                          |                 |                              |                                 |                |
| <u>Consolidated Statement of Financial Position</u> |                 |                              |                                 |                |
| Inventories                                         | (a) - (e)       | 339,026,138                  | (21,790,842)                    | 317,235,296    |
| Trade and other receivables                         | (g)             | 187,034,829                  | 3,261,324                       | 190,296,153    |
| Contract assets                                     | (c),(e),(f),(g) | 619,000,563                  | (39,492,356)                    | 579,508,207    |
| Reserves                                            | (a),(c),(e)     | (125,435,632)                | 1,389,055                       | (124,046,577)  |
| Trade and other payables                            | (b),(d)         | (628,356,884)                | 55,775,645                      | (572,581,239)  |
| Contract liabilities                                | (f)             | (5,668,199)                  | 857,174                         | (4,811,025)    |
| <u>Statement of Comprehensive Income</u>            |                 |                              |                                 |                |
| Revenue                                             | (e)             | 331,205,450                  | (6,403,810)                     | 324,801,640    |
| Cost of sales                                       | (e)             | (279,021,149)                | 7,494,966                       | (271,526,183)  |
| Operating costs                                     | (a)             | (28,420,020)                 | (1,036,297)                     | (29,456,317)   |

1.1.2021

|                                                     |           |               |              |               |
|-----------------------------------------------------|-----------|---------------|--------------|---------------|
| <u>Consolidated Statement of Financial Position</u> |           |               |              |               |
| Inventories                                         | (a) - (c) | 348,931,859   | (34,827,135) | 314,104,724   |
| Contract assets                                     | (c),(f)   | 541,884,598   | (32,268,719) | 509,615,879   |
| Reserves                                            | (a),(c)   | (109,727,014) | 1,443,914    | (108,283,100) |
| Trade and other payables                            | (b)       | (596,684,744) | 62,353,269   | (534,331,475) |
| Contract liabilities                                | (f)       | (22,602,413)  | 3,298,671    | (19,303,742)  |

### 40. AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements were authorised for issue by the board of directors on 25 April 2023.

# STATEMENT BY DIRECTORS

AS AT 31 DECEMBER 2022

We, Dato' Sri Azizan Bin Jaafar and Dato' Ow Chee Cheoon, being two of the directors of Gabungan AQRS Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 163 to 248 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022 and financial performance and cash flows of the Group and of the Company for the financial year then ended in accordance with Malaysia Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Signed on behalf of the board of directors in accordance with a directors' resolution.

**Dato' Sri Azizan bin Jaafar**

Director

Kuala Lumpur

**Dato' Ow Chee Cheoon**

Director

# STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Umami Sa'adah binti Salleh Hudin, being the officer primarily responsible for the financial management of Gabungan AQRS Berhad, do solemnly and sincerely declare that, to the best of my knowledge and belief, the accompanying financial statements set out on pages 163 to 248 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  
Umami Sa'adah binti Salleh Hudin  
at Kuala Lumpur  
in the Federal Territory  
this

UMMI SA'ADAH BINTI SALLEH HUDIN  
Chartered Accountant  
MIA Membership No.: 31323

Before me:

# LIST OF PROPERTIES

ADDITIONAL INFORMATION

| Land Title Details/<br>Location                                                                                                                                                       | Built-up<br>Area<br>(sq. ft.) | Description/ Existing Use                                | Tenure/ Age<br>of Property                                                         | Date of<br>Issuance of<br>Certificates<br>of Fitness<br>for<br>Occupation | Audited Net<br>Carrying<br>Amount<br>as at<br>31.12.2022 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------|
| Geran 162711/M1/2/4,<br>Lot 70891 2-1A<br>Jalan Q 31/Q,<br>Kota Kemuning<br>40460 Seksyen 31<br>Shah Alam,<br>Selangor Darul Ehsan                                                    | 1,539                         | 1 unit on the 1st floor of a<br>4-storey shophot/ Vacant | Freehold/<br>Approximately<br>16 years                                             | 02.03.2000                                                                | 108,341                                                  |
| H.S.(D) 247091,<br>P.T No. 10900<br>G-58-G to G-58-3,<br>Block G<br>Jalan Teknologi 3/9<br>Bistari 'De' Kota<br>Kota Damansara, PJU 5<br>47810 Petaling Jaya<br>Selangor Darul Ehsan  | 11,236                        | 1 unit of a 4-storey shophot                             | Leasehold<br>(99 years<br>expiring on<br>03.09.2107)/<br>Approximately<br>13 years | 11.03.2008                                                                | 4,205,940                                                |
| H.S.(D) 247092,<br>P.T No. 10901<br>G-59-G to G-59-3,<br>Block G<br>Jalan Teknologi 3/9<br>Bistari 'De' Kota<br>Kota Damansara, PJU 5<br>47810 Petaling Jaya<br>Selangor Darul Ehsan  | 6,644                         | 1 unit of a 4-storey shophot                             | Leasehold<br>(99 years<br>expiring on<br>03.09.2107)/<br>Approximately<br>13 years | 11.03.2008                                                                | 2,256,153                                                |
| H.S.(D) 247071,<br>P.T No. 10880<br>D-39-G and D-39-1,<br>Block D<br>Jalan Teknologi 3/9<br>Bistari 'De' Kota<br>Kota Damansara, PJU 5<br>47810 Petaling Jaya<br>Selangor Darul Ehsan | 3,248                         | 1 unit of a 2-storey shophot                             | Leasehold<br>(99 years<br>expiring on<br>03.09.2107)/<br>Approximately<br>13 years | 11.03.2008                                                                | 1,367,318                                                |

## LIST OF PROPERTIES

| Land Title Details/<br>Location                                                                                                                                                       | Built-up<br>Area<br>(sq. ft.) | Description/ Existing Use           | Tenure/ Age<br>of Property                                                                  | Date of<br>Issuance of<br>Certificates<br>of Fitness<br>for<br>Occupation | Audited Net<br>Carrying<br>Amount<br>as at<br>31.12.2022 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-------------------------------------|---------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|----------------------------------------------------------|
| H.S.(D) 247072,<br>P.T No. 10881<br>D-40-G and D-40-1,<br>Block D<br>Jalan Teknologi 3/9<br>Bistari 'De' Kota<br>Kota Damansara, PJU 5<br>47810 Petaling Jaya<br>Selangor Darul Ehsan | 3,248                         | 1 unit of a 2-storey shoplot        | Leasehold<br>(99 years<br>expiring on<br>03.09.2107)/<br>Approximately<br>13 years          | 11.03.2008                                                                | 1,425,112                                                |
| H.S.(D) 247065,<br>P.T No. 10874<br>D-33-G to D-33-2,<br>Block D<br>Jalan Teknologi 3/9<br>Bistari 'De' Kota<br>Kota Damansara, PJU 5<br>47810 Petaling Jaya<br>Selangor Darul Ehsan  | 10,945                        | 1 unit of a 3-storey shoplot        | Leasehold<br>(99 years<br>expiring on<br>03.09.2107)/<br>Approximately<br>13 years          | 11.03.2008                                                                | 3,797,422                                                |
| PN 21843<br>Lot No: 130801<br>No. B6, Jalan KS 1/13,<br>KotaSAS Avenue, Kota<br>Sultan<br>Ahmad Shah, 25200<br>Kuantan,<br>Pahang.                                                    | 1,650                         | 1 Unit of a 2-storey shop<br>office | Leasehold<br>(99 years<br>expiring on<br>03.07.2117)/<br>Approximately<br>3 years           |                                                                           | 726,180                                                  |
| PL. 196290123<br>Jalan KPD1,<br>Kampung Merintaman,<br>89500 Sipitang, Sabah                                                                                                          | 133,407                       | Seri Bayu Temporary<br>Housing      | Provisional<br>Lease<br>(15 years<br>expiring<br>on 15.09.2029)<br>Approximately<br>4 years |                                                                           | 41,779,000                                               |

# STATISTICS OF SHAREHOLDINGS

AS AT 3 APRIL 2023 (AS PER RECORD OF DEPOSITORS)

ADDITIONAL INFORMATION

The total number of issued shares of the Company stands at 543,937,119 ordinary shares, with voting right of one vote per ordinary share

## ANALYSIS BY SIZE OF SHAREHOLDINGS

| Size of Holdings                         | No. of Holders | % of Holders  | No. of Shares Held | % of Issued Shares |
|------------------------------------------|----------------|---------------|--------------------|--------------------|
| Less than 100                            | 452            | 7.56          | 15,103             | 0.00               |
| 100 to 1,000                             | 459            | 7.68          | 238,229            | 0.04               |
| 1,001 to 10,000                          | 2,387          | 39.34         | 13,804,834         | 2.54               |
| 10,001 to 100,000                        | 2,236          | 37.41         | 78,302,303         | 14.43              |
| 100,001 to less than 5% of issued shares | 441            | 7.38          | 344,814,956        | 63.53              |
| 5% and above of issued shares            | 2              | 0.03          | 105,595,950        | 19.45              |
| <b>Total</b>                             | <b>5,977</b>   | <b>100.00</b> | <b>542,771,375</b> | <b>100.00</b>      |

## SUBSTANTIAL SHAREHOLDERS

according to the Register of Substantial Shareholders as at 3 April 2023

| No. | Name                        | Direct Interest      |                    | Deemed Interest           |                     |
|-----|-----------------------------|----------------------|--------------------|---------------------------|---------------------|
|     |                             | No. of Issued Shares | % of Issued Shares | No. of Issued Shares      | % of Issued Shares  |
| 1.  | Dato' Sri Azizan bin Jaafar | 2,935,146            | 0.54               | <sup>(1)</sup> 53,602,938 | <sup>(1)</sup> 9.87 |
| 2.  | Dato' Ow Chee Cheoon        | 33,966,774           | 6.25               | -                         | -                   |
| 3.  | Ganjaran Gembira Sdn Bhd    | 53,602,938           | 9.87               | -                         | -                   |
| 4.  | Dato' Kamisah binti Johan   | 52,484,652           | 9.67               | -                         | -                   |

Notes:-

(1) Deemed interested by virtue of their respective shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

## DIRECTORS' DIRECT AND DEEMED INTERESTS

in the Company and/or its Related Corporations as at 3 April 2023

| Name of Directors                         | Direct Interest      |                    | Deemed Interest           |                     |
|-------------------------------------------|----------------------|--------------------|---------------------------|---------------------|
|                                           | No. of Issued Shares | % of Issued Shares | No. of Issued Shares      | % of Issued Shares  |
| Y.M. Tunku Alizan bin Raja Muhammad Alias | 1,200,492            | 0.22               | -                         | -                   |
| Dato' Sri Azizan bin Jaafar               | 2,935,146            | 0.54               | <sup>(1)</sup> 53,602,938 | <sup>(1)</sup> 9.87 |
| Dato' Ow Chee Cheoon                      | 33,966,774           | 6.25               | -                         | -                   |
| Dato' Kamisah binti Johan                 | 52,484,652           | 9.67               | -                         | -                   |
| Dato' Muraly Daran A/L M Narayana Menon   | -                    | -                  | -                         | -                   |
| Datuk Ir Mohd Dom bin Ahmad               | -                    | -                  | -                         | -                   |
| Masleena binti Zaid                       | -                    | -                  | -                         | -                   |

Notes:-

(1) Deemed interested by virtue of their respective shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

**STATISTICS OF SHAREHOLDINGS**  
**AS AT 3 APRIL 2023 (AS PER RECORD OF DEPOSITORS)(CONT'D)**

**TOP 30 SECURITIES ACCOUNT HOLDERS**

as per Record of Depositors as at 3 April 2023

| No.          | Name                                                                                                                           | No. of<br>Issued<br>Shares | % of<br>Issued<br>Shares |
|--------------|--------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------|
| 1.           | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB for Ganjaran Gembira Sdn Bhd (PB)                                                   | 53,111,298                 | 9.79                     |
| 2.           | Kamisah binti Johan                                                                                                            | 52,484,652                 | 9.67                     |
| 3.           | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB for Ow Chee Cheoon (PB)                                                             | 21,499,559                 | 3.96                     |
| 4.           | CitiGroup Nominees (Tempatan) Sdn Bhd<br>Employees Provident Fund Board (PHEIM)                                                | 14,743,600                 | 2.72                     |
| 5.           | Ng Kit Heng                                                                                                                    | 10,395,419                 | 1.92                     |
| 6.           | HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)                      | 10,168,788                 | 1.87                     |
| 7.           | Lembaga Tabung Angkatan Tentera                                                                                                | 9,646,700                  | 1.78                     |
| 8.           | Tan Yu Yeh                                                                                                                     | 9,221,700                  | 1.70                     |
| 9.           | MayBank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ow Chee Cheoon                                           | 8,761,000                  | 1.61                     |
| 10.          | CitiGroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (LEEF)                                 | 8,680,700                  | 1.60                     |
| 11.          | Tang Ying See                                                                                                                  | 8,394,200                  | 1.55                     |
| 12.          | HSBC Nominees (Asing) Sdn Bhd<br>Exempt an for Credit Suisse (SG BR-TST-ASING)                                                 | 7,607,100                  | 1.40                     |
| 13.          | MayBank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Low Pei Kai                                              | 7,259,600                  | 1.34                     |
| 14.          | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Pang Sar                                                 | 6,330,000                  | 1.17                     |
| 15.          | MayBank Nominees (Tempatan) Sdn Bhd<br>MayBank Trustees Berhad for Dana Makmur Pheim (211901)                                  | 5,275,200                  | 0.97                     |
| 16.          | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Pang Sar (PB-0J0028)                                                       | 5,100,000                  | 0.94                     |
| 17.          | Splendid Forte Sdn Bhd                                                                                                         | 4,593,618                  | 0.85                     |
| 18.          | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Koay Kee Lek (B Tinggi-CL)                              | 4,414,200                  | 0.81                     |
| 19.          | Affin Hwang Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account for Ku Haris Bin Ku Mahmud (KUH0001C)                  | 4,410,500                  | 0.81                     |
| 20.          | MayBank Nominees (Tempatan) Sdn Bhd<br>National Trust Fund (IFM MayBank) (412183)                                              | 4,334,200                  | 0.80                     |
| 21.          | Syarikat Muhibah Perniagaan Dan Pembinaan Sdn Bhd                                                                              | 4,100,176                  | 0.76                     |
| 22.          | CitiGroup Nominees (Tempatan) Sdn Bhd<br>Kumpulan Wang Persaraan (Diperbadankan) (ESPRING ABSR EQ)                             | 3,985,200                  | 0.73                     |
| 23.          | CitiGroup Nominees (Tempatan) Sdn Bhd<br>Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)                                | 3,866,820                  | 0.71                     |
| 24.          | Affin Hwang Nominees (Tempatan) Sdn. Bhd.<br>Pledged Securities Account for Ow Chee Cheoon (OWC0008M)                          | 3,605,700                  | 0.66                     |
| 25.          | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Toh Hooi Hak (PB)                                                          | 3,500,400                  | 0.64                     |
| 26.          | HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd for MayBank Malaysia Value Fund                                       | 3,436,200                  | 0.63                     |
| 27.          | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdana Al-Ilham | 3,192,910                  | 0.59                     |
| 28.          | HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)                        | 3,138,336                  | 0.58                     |
| 29.          | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad<br>Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdana Dinamik  | 3,051,046                  | 0.56                     |
| 30.          | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB for Azizan bin Jaafar (PB)                                                          | 2,935,146                  | 0.54                     |
| <b>Total</b> |                                                                                                                                | <b>291,243,968</b>         | <b>53.66</b>             |

# STATISTICS OF WARRANT HOLDINGS

AS AT 3 APRIL 2023 (AS PER RECORD OF WARRANT HOLDERS)

Number of Outstanding Warrants B : 119,394,407

Exercise Price per Warrant B : RM1.12

Expiry date of Warrants B : 26 September 2023

Voting Rights : None unless warrant holders exercise their warrants for new ordinary shares

## ANALYSIS BY SIZE OF WARRANT HOLDINGS

| Size of Holdings                           | No. of Holders | % of Holders  | No. of Warrants Held | % of Issued Warrants |
|--------------------------------------------|----------------|---------------|----------------------|----------------------|
| Less than 100                              | 464            | 27.12         | 14,000               | 0.01                 |
| 100 to 1,000                               | 310            | 18.12         | 135,961              | 0.11                 |
| 1,001 to 10,000                            | 389            | 22.74         | 1,850,580            | 1.55                 |
| 10,001 to 100,000                          | 388            | 22.68         | 16,235,157           | 13.60                |
| 100,001 to less than 5% of issued warrants | 159            | 9.29          | 94,458,709           | 79.11                |
| 5% and above of issued warrants            | 1              | 0.06          | 6,700,000            | 5.61                 |
| <b>Total</b>                               | <b>1,711</b>   | <b>100.00</b> | <b>119,394,407</b>   | <b>100.00</b>        |

## DIRECTORS' WARRANT HOLDINGS

as at 3 April 2023

| Name of Directors                         | Direct Interest        |                      | Deemed Interest          |                      |
|-------------------------------------------|------------------------|----------------------|--------------------------|----------------------|
|                                           | No. of Issued Warrants | % of Issued Warrants | No. of Issued Warrants   | % of Issued Warrants |
| Y.M. Tunku Alizan bin Raja Muhammad Alias | 173,650                | 0.15                 | -                        | -                    |
| Dato' Sri Azizan bin Jaafar               | 460,575                | 0.39                 | <sup>(1)</sup> 6,820,500 | <sup>(1)</sup> 5.71  |
| Dato' Ow Chee Cheoon                      | 8,325,190              | 6.97                 | -                        | -                    |
| Dato' Kamisah binti Johan                 | -                      | -                    | -                        | -                    |
| Dato' Muraly Daran A/L M Narayana Menon   | -                      | -                    | -                        | -                    |
| Datuk Ir Mohd Dom bin Ahmad               | -                      | -                    | -                        | -                    |
| Masleena binti Zaid                       | -                      | -                    | -                        | -                    |

Notes:-

(1) Deemed interested by virtue of his shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

**STATISTICS OF WARRANT HOLDINGS**  
**AS AT 3 APRIL 2023 (AS PER RECORD OF WARRANT HOLDERS)(CONT'D)**

**TOP 30 WARRANT HOLDERS**

as per Record of Warrant Holders as at 3 April 2023

| No. | Name                                                                                                      | No. of<br>Issued<br>Warrants | % of<br>Issued<br>Warrants |
|-----|-----------------------------------------------------------------------------------------------------------|------------------------------|----------------------------|
| 1.  | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB for Ganjaran Gembira Sdn Bhd (PB)                              | 6,700,000                    | 5.61                       |
| 2.  | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB for Ow Chee Cheoon (PB)                                        | 5,269,500                    | 4.41                       |
| 3.  | Tan Yu Yeh                                                                                                | 4,854,000                    | 4.07                       |
| 4.  | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Yue Jun Hong (E-TMI)                 | 3,727,200                    | 3.12                       |
| 5.  | MayBank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Heng Chee Hong                      | 3,456,600                    | 2.90                       |
| 6.  | Er Soon Puay                                                                                              | 3,447,800                    | 2.89                       |
| 7.  | MayBank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Choo Sin Poh                        | 3,146,800                    | 2.64                       |
| 8.  | Gwi Huan Yi                                                                                               | 2,894,100                    | 2.42                       |
| 9.  | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Gregory Chen Hoong Chuin (MY3131)  | 2,574,100                    | 2.16                       |
| 10. | Muhd Abd Muiz Al-Amin bin Muhammad Firdaus                                                                | 2,301,400                    | 1.93                       |
| 11. | Mohammed Amin bin Mahmud                                                                                  | 2,243,900                    | 1.88                       |
| 12. | Splendid Forte Sdn Bhd                                                                                    | 2,155,000                    | 1.80                       |
| 13. | MayBank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ow Chee Cheoon                      | 2,152,750                    | 1.80                       |
| 14. | RHB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Wong Han Keong                          | 2,019,800                    | 1.69                       |
| 15. | HSBC Nominees (Tempatan) Sdn Bhd<br>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF) | 1,835,700                    | 1.54                       |
| 16. | MayBank Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chong Kee Soon                      | 1,830,100                    | 1.53                       |
| 17. | CGS-CIMB Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Seah Yik Hong (MY3269)             | 1,769,100                    | 1.48                       |
| 18. | Kenanga Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Pang Sar                            | 1,762,500                    | 1.48                       |
| 19. | Soh Wan Ru                                                                                                | 1,314,500                    | 1.10                       |
| 20. | Goh Eik Hong                                                                                              | 1,287,000                    | 1.08                       |
| 21. | CIMSEC Nominees (Tempatan) Sdn Bhd<br>CIMB Bank for Pang Sar (PB-0J0028)                                  | 1,250,000                    | 1.05                       |
| 22. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Lim Khok Keng (E-Tai)                | 1,178,900                    | 0.99                       |
| 23. | Chan Wan Sung                                                                                             | 1,106,700                    | 0.93                       |
| 24. | CitiGroup Nominees (Tempatan) Sdn Bhd<br>Great Eastern Life Assurance (Malaysia) Berhad (LPF)             | 1,096,625                    | 0.92                       |
| 25. | Ng Chun Kooi                                                                                              | 1,007,740                    | 0.84                       |
| 26. | Public Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Chea Jian Kai (E-Tai/STW)            | 944,300                      | 0.79                       |
| 27. | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>Pledged Securities Account for Ow Chee Cheoon (OWC0008M)       | 883,750                      | 0.74                       |
| 28. | RHB Nominees (Tempatan) Sdn Bhd<br>RHB Asset Management Sdn Bhd for How Kim Lian                          | 850,000                      | 0.71                       |
| 29. | Yuhadi bin Sanuddin                                                                                       | 750,000                      | 0.63                       |
| 30. | Koh Yun Hwa                                                                                               | 747,500                      | 0.63                       |

# ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

The following information is provided in accordance with Paragraph 9.25 of the MMLR as set out in Appendix 9C thereto.

## 1. Utilisation of Proceeds Raised from Corporate Proposals

There are no proceeds raised/utilised by the Company from corporate proposals during the financial year.

## 2. Recurrent Related Party Transactions of a Revenue or Trading Nature

There were no material recurrent related party transactions of a revenue or trading nature during the financial year other than those disclosed in Note 35 to the financial statements. Those recurrent related party transactions did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

## 3. Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors for the financial year ended December 2022 are as follows:

|                | <b>Group<br/>RM</b> | <b>Company<br/>RM</b> |
|----------------|---------------------|-----------------------|
| Audit Fees     | 300,000             | 75,000                |
| Non-audit fees | 14,000              | 7,000                 |
| <b>TOTAL</b>   | <b>314,000</b>      | <b>82,000</b>         |

## 4. Material Contracts Involving Directors' and Major Shareholders' Interests

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting as at the end of the financial year ended 31 December 2022 or entered into since the end of the previous financial year other than those disclosed in Note 35 to the financial statements.

# NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN THAT** the Thirteenth (“13<sup>th</sup>”) Annual General Meeting (“AGM”) of **GABUNGAN AQRS BERHAD** (“Company”) to be held virtually via live streaming and online remote voting at the broadcast venue at The Function Room, G-58-3, Block G, Jalan Teknologi 3/9, Bistari ‘De’ Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 16 June 2023 at 3.00 p.m. for the following purposes:-

## AGENDA

- | 1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | <b>[Please refer to Explanatory Note (1)]</b> |                              |  |                                               |         |                              |                                |         |                              |                                                |        |                              |                                   |        |                              |                              |        |                              |  |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|------------------------------|--|-----------------------------------------------|---------|------------------------------|--------------------------------|---------|------------------------------|------------------------------------------------|--------|------------------------------|-----------------------------------|--------|------------------------------|------------------------------|--------|------------------------------|--|
| 2. To re-elect Dato’ Sri Azizan bin Jaafar who retires by rotation in accordance with Clause 119 of the Company’s Constitution and being eligible, has offered himself for re-election.<br><i>Please refer to the Explanatory Note (2)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <b>Ordinary Resolution 1</b>                  |                              |  |                                               |         |                              |                                |         |                              |                                                |        |                              |                                   |        |                              |                              |        |                              |  |
| 3. To re-elect Y.M. Tunku Alizan bin Raja Muhammad Alias who retires by rotation in accordance with Clause 119 of the Company’s Constitution and being eligible, has offered himself for re-election.<br><i>Please refer to the Explanatory Note (2)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | <b>Ordinary Resolution 2</b>                  |                              |  |                                               |         |                              |                                |         |                              |                                                |        |                              |                                   |        |                              |                              |        |                              |  |
| 4. To approve the payment of Directors’ fees, payable on a monthly basis to the following Directors starting from 17 June 2023 and until the date of the next annual general meeting to be held in year 2024:-                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                               |                              |  |                                               |         |                              |                                |         |                              |                                                |        |                              |                                   |        |                              |                              |        |                              |  |
| <table border="0"> <thead> <tr> <th><b>Directors</b></th> <th><b>Amount (RM)</b></th> <th></th> </tr> </thead> <tbody> <tr> <td>(i) Y.M. Tunku Alizan bin Raja Muhammad Alias</td> <td>216,000</td> <td><b>Ordinary Resolution 3</b></td> </tr> <tr> <td>(ii) Dato’ Kamisah binti Johan</td> <td>144,000</td> <td><b>Ordinary Resolution 4</b></td> </tr> <tr> <td>(iii) Dato’ Muraly Daran A/L M. Narayana Menon</td> <td>90,000</td> <td><b>Ordinary Resolution 5</b></td> </tr> <tr> <td>(iv) Datuk Ir. Mohd Dom bin Ahmad</td> <td>90,000</td> <td><b>Ordinary Resolution 6</b></td> </tr> <tr> <td>(v) Puan Masleena binti Zaid</td> <td>90,000</td> <td><b>Ordinary Resolution 7</b></td> </tr> </tbody> </table> <i>Please refer to the Explanatory Note (3)(i)</i> | <b>Directors</b>                              | <b>Amount (RM)</b>           |  | (i) Y.M. Tunku Alizan bin Raja Muhammad Alias | 216,000 | <b>Ordinary Resolution 3</b> | (ii) Dato’ Kamisah binti Johan | 144,000 | <b>Ordinary Resolution 4</b> | (iii) Dato’ Muraly Daran A/L M. Narayana Menon | 90,000 | <b>Ordinary Resolution 5</b> | (iv) Datuk Ir. Mohd Dom bin Ahmad | 90,000 | <b>Ordinary Resolution 6</b> | (v) Puan Masleena binti Zaid | 90,000 | <b>Ordinary Resolution 7</b> |  |
| <b>Directors</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | <b>Amount (RM)</b>                            |                              |  |                                               |         |                              |                                |         |                              |                                                |        |                              |                                   |        |                              |                              |        |                              |  |
| (i) Y.M. Tunku Alizan bin Raja Muhammad Alias                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | 216,000                                       | <b>Ordinary Resolution 3</b> |  |                                               |         |                              |                                |         |                              |                                                |        |                              |                                   |        |                              |                              |        |                              |  |
| (ii) Dato’ Kamisah binti Johan                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 144,000                                       | <b>Ordinary Resolution 4</b> |  |                                               |         |                              |                                |         |                              |                                                |        |                              |                                   |        |                              |                              |        |                              |  |
| (iii) Dato’ Muraly Daran A/L M. Narayana Menon                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 90,000                                        | <b>Ordinary Resolution 5</b> |  |                                               |         |                              |                                |         |                              |                                                |        |                              |                                   |        |                              |                              |        |                              |  |
| (iv) Datuk Ir. Mohd Dom bin Ahmad                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 90,000                                        | <b>Ordinary Resolution 6</b> |  |                                               |         |                              |                                |         |                              |                                                |        |                              |                                   |        |                              |                              |        |                              |  |
| (v) Puan Masleena binti Zaid                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 90,000                                        | <b>Ordinary Resolution 7</b> |  |                                               |         |                              |                                |         |                              |                                                |        |                              |                                   |        |                              |                              |        |                              |  |
| 5. To approve the payment of Directors’ benefits (excluding Directors’ fees) up to an amount of RM62,500 from 17 June 2023 until the next Annual General Meeting of the Company in year 2024.<br><i>Please refer to the Explanatory Note (3)(iii)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | <b>Ordinary Resolution 8</b>                  |                              |  |                                               |         |                              |                                |         |                              |                                                |        |                              |                                   |        |                              |                              |        |                              |  |
| 6. To re-appoint Messrs. Mazars PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.<br><i>Please refer to the Explanatory Note (4)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | <b>Ordinary Resolution 9</b>                  |                              |  |                                               |         |                              |                                |         |                              |                                                |        |                              |                                   |        |                              |                              |        |                              |  |

**Special Business**

To consider and if thought fit, with or without modifications, to pass the following Ordinary Resolutions:-

**7. Ordinary Resolution****Authority to Issue and Allot Shares pursuant to the Companies Act 2016 and Waiver of Pre-Emptive Rights****Ordinary Resolution 10**

**"THAT**, subject always to the Companies Act 2016, the Constitution of the Company and the approvals of the relevant governmental/regulatory authorities, if applicable, the Directors be and are hereby empowered, pursuant to the Companies Act 2016, to issue and allot shares in the Company from time to time at such price and upon such terms and conditions and for such purposes and to such person or persons as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares issued pursuant to this Resolution does not exceed 10 percent (10%) of the total number of issued shares of the Company for the time being, **AND THAT** pursuant to Section 85 of the Act to be read together with Clause 17 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Act, **AND THAT** the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad, **AND FURTHER THAT** such authority shall commence immediately upon the passing of this Resolution and continue to be in force until the conclusion of the next Annual General Meeting of the Company."

**8. Ordinary Resolution****Proposed Renewal of Authority for Share Buy-Back****Ordinary Resolution 11**

**"THAT**, subject to Section 127 of the Companies Act 2016 ("**Act**"), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem and expedient in the interest of the Company, provided that:-

- (i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements of the Company (where applicable) available at the time of the purchase(s).

**THAT** upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

- (i) cancel all or part of the shares so purchased; and/or
- (ii) retain all the shares so purchased as treasury shares; and/or

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING  
(CONT'D)

- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; and/or
- (iv) distribute the treasury shares as share dividends to the shareholders of the Company; and/or
- (v) resell the treasury shares on the market of Bursa Securities in accordance with the relevant rules of Bursa Securities; and/or
- (vi) transfer the treasury shares as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

**THAT** such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;-.

**AND THAT** the Board be and is hereby authorised to do all such acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Authority for Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

9. To transact any other ordinary business for which due notice has been given.

**BY ORDER OF THE BOARD**

OOI LI ANN (SSM PC No.: 201908003060) (MAICSA 7065065)  
CHUA SIEW CHUAN (SSM PC No.: 201908002648) (MAICSA 0777689)  
TAN LEY THENG (SSM PC No.: 201908001685) (MAICSA 7030358)  
Joint Company Secretaries

Selangor Darul Ehsan  
28 April 2023

## NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING (CONT'D)

### NOTES:-

- (1) The 13<sup>th</sup> AGM will be conducted on a virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn Bhd via Securities Services e-Portal's platform at <https://sshsb.net.my/>. Please read carefully and follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities.
- (2) The Broadcast Venue, which is the main venue of the 13<sup>th</sup> AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 81 of the Company's Constitution, which require the Chairman to be present at the main venue of the 13<sup>th</sup> AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 13<sup>th</sup> AGM.

With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the 13<sup>th</sup> AGM.

As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 13<sup>th</sup> AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the 13<sup>th</sup> AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the 13<sup>th</sup> AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded via broadcast by the Chairman, Board of Directors and/or Management during the Meeting.

- (3) In respect of deposited securities, only members whose names appear in the Record of Depositors as of 9 June 2023 shall be eligible to attend the Meeting or appoint proxies to attend and/or vote in his/her stead.
- (4) The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.
- (5) A member of the Company entitled to attend and vote at the Meeting, may appoint more than one (1) proxy to attend and vote in his stead. When a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to speak at the Meeting.
- (6) Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
- (7) Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("omnibus account") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING  
(CONT'D)

- (8) The instrument appointing a proxy must be deposited at the Share Registrar's Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted electronically via Securities Services e-Portal at <https://sshsb.net.my/> not later than forty-eight (48) hours before the time set for holding the 13<sup>th</sup> AGM or any adjournment thereof.

The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the 13<sup>th</sup> AGM should he subsequently decides to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited to Share Registrar's Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the 13<sup>th</sup> AGM or any adjournment thereof, and you register for RPV as guided in the Administrative Guide. Please contact the share registrar at 03-2084 9000 for further assistance.

**EXPLANATORY NOTES:****1. Audited Financial Statements for the financial year ended 31 December 2022**

The Audited Financial Statements in Agenda 1 are meant for discussion purpose only, as the approval of the shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this agenda is not put forward for voting by shareholders.

**2. Re-election of Directors**

Dato' Sri Azizan bin Jaafar and Y.M. Tunku Alizan bin Raja Muhammad Alias who retire in accordance with Clause 119 of the Company's Constitution (collectively referred to as "**Retiring Directors**"), and being eligible, have offered themselves for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at this 13<sup>th</sup> AGM and in line with Practice 5.1 of the Malaysian Code on Corporate Governance 2021, the Nomination Committee ("**NC**") has reviewed and assessed the Retiring Directors through the annual assessment and evaluation of the Board.

The NC had recommended the re-election of Retiring Directors based on the following consideration:-

- (i) satisfactory performance and have met Board's expectation in discharging their duties and responsibilities;
- (ii) met the fit and proper criteria in discharging their roles as directors of the Company;
- (iii) level of independence demonstrated by the independent director; and
- (iv) their ability to act in the best interest of the Company in decision-making.

The Board endorsed the recommendation of the NC on the re-election of the Retiring Directors.

The profiles of the Retiring Directors are stated in the Annual Report 2022 of the Company.

**3. Payment of Directors' Fees and Benefits**

Section 230(1) of the Companies Act 2016 requires that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. The Executive Directors do not receive any fees as Directors, but they are remunerated with salary, benefits and other emoluments by virtue of their contract of service or employment which do not require approval by the shareholders.

**(i) Payment of Directors' Fees**

The proposed Directors' Fees payable to the Non-Executive Directors ("**NEDs**") for the period from 17 June 2023 until the next AGM of the Company to be held in year 2024, are shown below:-

| <b>Description</b>                              | <b>Per Month Basis (RM)</b> |
|-------------------------------------------------|-----------------------------|
| Chairman of the Board                           | 12,000                      |
| Non-Independent Non-Executive Director          | 8,000                       |
| Independent Non-Executive Director (per person) | 5,000                       |

In anticipation of the change in the Company's financial year end from June to December wherein the next AGM shall be held within six (6) months from the year end 31 December pursuant to Section 340 of the Act, it is proposed that the payment of Directors' fees to cover a period of 18 months from July 2023 to December 2024.

This is to facilitate payment of Directors' fees on the current financial year basis and to be payable on a monthly basis in arrears after each month of completed service of the Directors.

If the Directors' proposed fees are insufficient due to the enlarged Board size, approval will be sought at the following AGM in year 2024 for additional fees to meet the shortfall.

**(ii) Payment of Directors' benefits (excluding Directors' fees) from 17 June 2023 until the next AGM of the Company to be held in year 2024**

The estimated amount of Directors' benefits of RM62,500 payable to the NEDs comprises the following:

| <b>Board Committee</b>                       | <b>Chairman<br/>(RM)</b> | <b>Member<br/>(RM)</b> |
|----------------------------------------------|--------------------------|------------------------|
| Audit Committee                              | 1,500                    | 1,000                  |
| Risk Management and Sustainability Committee | 1,500                    | 1,000                  |
| Nomination Committee                         | 1,000                    | 1,000                  |
| Remuneration Committee                       | 1,000                    | 1,000                  |
| <b>TOTAL</b>                                 |                          | <b>62,500</b>          |

The amount is calculated based on the number of scheduled Board Committees' meetings, including a provisional sum as a contingency should there be new appointment of Non-Executive Director and additional Board Committees' meetings to be held from 17 June 2023 until the holding of the next AGM scheduled in December 2024,

**4. Re-Appointment of Auditors**

The Board has at its meeting held on 22 February 2023 approved the recommendation by the Audit Committee on the re-appointment of Messrs. Mazars PLT as Auditors of the Company, having considered several factors including the adequacy of experience and resources of the firm and the professional staff assigned to the audit. The shareholders' approval is sought under **Ordinary Resolution 9.**

## NOTICE OF THIRTEENTH ANNUAL GENERAL MEETING (CONT'D)

### 5. Explanatory Notes on Special Business

#### **Ordinary Resolution 10 - Authority to issue and allot shares pursuant to the Companies Act 2016**

This is the renewal of the mandate obtained from the members at the last Annual General Meeting held on 16 June 2022 ("**the Previous Mandate**"). The Previous Mandate was not utilised and accordingly, no proceeds were raised.

The proposed resolution, if passed, will provide flexibility to the Directors to undertake fund raising activities, including but not limited to placement of shares for the funding of the Company's future investments projects, working capital and/or acquisitions, by the issuance of shares in the Company to such persons at any time, as the Directors may deem fit, without having to convene a general meeting. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next Annual General Meeting of the Company.

Pursuant to Section 85(1) of the Companies Act 2016 be read together with Clause 17 of the Company's Constitution, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities. Thus, a waiver is required.

The following are excerpted from the Companies Act 2016 and the Company's Constitution:

#### Section 85(1) of the Companies Act 2016 - Pre-Emptive Rights to New Shares

Subject to the constitution, where a company issues shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders.

#### Clause 17 of the Company's Constitution - Pre-emption

Subject to any direction to the contrary that may be given by the Company in general meeting and subject always to this Constitution and the Act, all new shares or other Securities shall, before issue, be offered to Members who at the date of the offer are entitled to receive notices from the Company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiry of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may likewise also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Constitution.

#### **Ordinary Resolution 11 - Proposed Renewal of Authority for Share Buy-Back**

The **Ordinary Resolution 11**, if passed, will renew the authority given to the Company to purchase its own shares of up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company. The details of the proposal are set out in Section B of the Statement Accompanying Notice of AGM of this Annual Report.

# STATEMENT ACCOMPANYING NOTICE OF AGM

(PURSUANT TO PARAGRAPHS 8.27(2) AND 12.06(2)(A) OF THE MMLR)

## **SECTION A**

### **DETAILS OF INDIVIDUAL STANDING FOR ELECTION AS DIRECTOR**

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as Director, save for the Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear in the Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Statistics of Shareholdings of this Annual Report.

## **SECTION B**

### **SHARE BUY-BACK STATEMENT**

in relation to the

### **PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")**

#### **THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused this Statement prior to its issuance as it is an exempted document.

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

## **1. INTRODUCTION**

At the Twelfth Annual General Meeting ("**AGM**") of the GBGAQRS held on 16 June 2022, the Board had obtained mandate from the shareholders to enter into a share buy-back exercise of up to a maximum of ten per centum (10%) of its total number of issued shares through Bursa Securities. The shareholders' mandate shall expire at the conclusion of the Company's forthcoming AGM, unless authority for its renewal is obtained.

The Board of Directors of the Company had on 19 April 2023 announced the Company's intention to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority by way of an Ordinary Resolution at the Company's forthcoming Thirteenth AGM.

The purpose of this Statement is to provide you with details pertaining to the Proposed Renewal of Share Buy-Back Authority, together with the Board's recommendation and to seek your approval for the Proposed Renewal of Share Buy-Back Authority to be tabled as Special Business at the forthcoming AGM of the Company to be held virtually via live streaming and online remote voting at a broadcast venue at The Function Room, G-58-3, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 16 June 2023 at 3.00 p.m.. A Notice of the Thirteenth AGM is enclosed in the Annual Report 2022 together with the Administrative Guide are available at the Company's website under the Investor Relations Section.

## 2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

### 2.1 Shareholders' Authority

The Proposed Renewal of Share Buy-Back Authority, if granted, will provide the Company with the renewed authority to purchase up to ten percent (10%) of the total number of issued shares of the Company at the point of purchase through the Company's appointed stockbroker(s) as approved by Bursa Securities. The purchases pursuant to the Proposed Renewal of Share Buy-Back Authority will be effected on Bursa Securities subject to compliance with Section 127 of the Act, the Listing Requirements and the prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.

The actual number of GBGAQRS Shares to be purchased and the timing of such purchase will depend on (among others) the prevailing equity market conditions and sentiments of the stock market as well as the balances in retained profits, and the financial resources available to the Company at the time of the purchase(s).

The Proposed Renewal of Share Buy-Back Authority, if approved, shall be effective upon the passing of the resolution at the forthcoming Thirteenth AGM of GBGAQRS until:-

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting that the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities.

The approval of the shareholders on the Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own shares. However, it will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned time periods.

### 2.2 Maximum Number of Shares to be Purchased

The maximum number of Shares which may be purchased by the Company shall not exceed ten per centum (10%) of the total number of issued shares. For illustrative purpose, we may purchase up to 54,393,711 Shares representing ten per centum (10%) of our total number of issued shares of 543,937,119 (including 1,165,744 treasury shares) as at the LPD.

As at the LPD, the Company has outstanding number of Warrants of 119,394,407 which entitle the warrant holders to subscribe for 119,394,407 new GBGAQRS Shares

Based on the Company's total number of issued shares as at LPD and the assumption that all Warrants are converted into new GBGAQRS Shares, the Proposed Renewal of Share Buy-Back Authority will enable the Company to purchase up to a maximum of 66,333,152 Ordinary Shares, representing ten per centum (10%) of the enlarged total number of issued shares of 663,331,526.

**2.3 Treatment of Shares Purchased**

Section 127(4) of the Act allows the Company to cancel the purchased Shares, to retain the purchased Shares as treasury shares or a combination of both shares that are purchased by the Company shall be deemed to be cancelled immediately on purchase unless it is held in treasury.

If such purchased Shares are held as treasury shares and in accordance to Section 127(7) of the Act, the Board may:-

- (a) cancel all or part of the purchased shares; and/or
- (b) retain the purchased shares as treasury shares; and/or
- (c) retain part of the purchased shares as treasury shares and cancel the remainder; and/or
- (d) distribute the treasury shares as share dividends to shareholders of the Company; and/or
- (e) resell the treasury shares or any of the shares in accordance with the relevant rules of Bursa Securities; and/or
- (f) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme established by the Company; and/or
- (g) transfer the treasury shares, or any of the shares as purchase consideration; and/or
- (h) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe,

or in any other manner as allowed by the Act, the applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Directors.

The decision whether to retain the Purchased Shares as Treasury Shares, or to cancel the Purchased Shares or a combination of both, will be made by the Board at the appropriate time.

If such purchased Shares are held as treasury shares, the rights attached to them as to attending and voting at meetings and any purported exercise of such rights is void. The treasury shares shall not confer the right to receive dividends or other distributions, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding-up of the Company. In addition, the treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of Shares in the Company for any purposes including, without limiting the generality of the provision in the Act or the MMLR on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolutions at meetings of shareholders.

Where treasury shares are distributed as share dividends, the costs of the Shares on the original purchase shall be applied in the reduction of the funds otherwise available for distribution as dividends.

Where the Shares so purchased are cancelled or to cancel any treasury shares, the costs of the Shares shall be applied in the reduction of the profits otherwise available for distribution as dividends. The issued capital of the Company shall be diminished by the Shares so cancelled.

STATEMENT ACCOMPANYING NOTICE OF AGM  
(CONT'D)**2.4 Purchased/Resale Price**

Pursuant to Paragraph 12.17 of the MMLR, the Company may only purchase its own Shares at a price which is not more than fifteen per centum (15%) above the weighted average market price of the Shares for the past five (5) market days immediately preceding the date of purchase.

In the case of resale or transfer of treasury shares, the Company may only resell the treasury shares or transfer treasury shares pursuant to section 127(7) of the Act and Paragraph 12.18 of the MMLR at:

- (a) a price which is not less than the weighted average market price of the Shares for the past five (5) market days immediately prior to the date of resale or transfer; or
- (b) a discounted price of not more than five per centum (5%) to the weighted average market price of the Shares for the past five (5) market days immediately prior to the date of resale or transfer provided that:-
  - the resale or transfer takes place not earlier than 30 days from the date of purchase; and
  - the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

In accordance with Paragraph 12.26 of the MMLR, the Company may purchase its own Shares in odd lots, i.e. any number of its own Shares which is less than the number of Shares prescribed by Bursa Securities as a board lot through direct business transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

**3. RETAINED PROFITS**

In accordance with the MMLR, the Proposed Renewal of Share Buy-Back Authority must be made wholly out of GBGAQRS's retained profits of the Company. The maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority will be limited to the amount of retained profits based on the latest audited and unaudited financial statements of the Company. Based on the audited financial statements of the Company for the financial year ended 31 December 2022, the retained profits of the Company amounted to RM18,689,767.

**4. SOURCE OF FUNDS**

The Proposed Renewal of Share Buy-Back Authority will be funded through internally generated funds and/or bank borrowings or a combination of both. In the event that the Company intends to purchase its own Shares using bank borrowings, the Board shall ensure that the Company shall have sufficient funds to repay the bank borrowings and interest expense and that the repayment would not have any material effect on the cash flow of the Company.

The amount of funds to be utilised will depend on the actual number of Shares to be purchased, the price of the Shares and the availability of funds involved for each purchase(s) will depend on market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Group. In addition, the Board will ensure that the Company satisfies the solvency test as stated in the Section 112(2) of the Act before execution of the Proposed Renewal of Share Buy-Back Authority.

**5. RATIONALE, POTENTIAL ADVANTAGES AND DISADVANTAGES FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

The Proposed Renewal of Share Buy-Back Authority is expected to benefit the Company and its shareholders in the following manners:-

- (a) it is expected to potentially benefit the Company and its shareholders, in terms of stabilising the supply and demand of GBGAQRS Shares as well as the price of the Company's Shares;
- (b) it will enhance the EPS of GBGAQRS, irrespective of whether the purchased Shares are held as treasury shares or cancelled, as it will result in a lower number of Shares being taken into account for the purpose of computing the EPS of the Shares; and
- (c) if the purchased Shares are held as treasury shares, such Shares may potentially be resold in the open market at a higher price and therefore realising a potential gain without affecting the total number of issued Shares. The treasury shares may also be distributed to the shareholders as dividend and if undertaken, would serve as a reward to the shareholders, or to be utilised as purchase consideration by the Company in corporate transactions thereby reducing the financial outflow and/or preserve the working capital of the Company.

The Proposed Renewal of Share Buy-Back Authority, if implemented, would reduce the financial resources of the Group. This may result in the Group having to:-

- (a) forgo future investments or business opportunities;
- (b) increase its interest expense or reduce its interest income accordingly, that may be derived from not utilising such funds to repay bank borrowings or not depositing such funds in income bearing instruments; and/or; and
- (c) reduce the availability of funds for distribution of cash dividends to shareholders.

On the other hand, the financial resources of the Group may increase, if the resale of the purchased Shares (not held as treasury shares) is at prices higher than purchase price.

In this connection, the Board will be mindful of the interests of the Group, the shareholders and stakeholders when implementing the Proposed Renewal of Share Buy-Back Authority and when cancelling and/or reselling the said treasury shares, if any, on Bursa Securities.

**6. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY**

On the assumption that the Proposed Renewal of Share Buy-Back Authority is carried out in full, the effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, net assets, working capital, earnings and dividends are set out below:-

**6.1 Share Capital**

Based on the issued share capital of the Company as at LPD and assuming that the maximum number of GBGAQRS (of up to ten percent (10%) of the issued share capital) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and cancelled, it will result the in the issued share capital of the Company being reduced as follows:

Scenario I : Assuming no further exercise of Warrants

Scenario II : Assuming that all the outstanding Warrants are exercised and converted into Shares

|                                                                     | No. of shares            |                          |
|---------------------------------------------------------------------|--------------------------|--------------------------|
|                                                                     | Scenario I               | Scenario II              |
| Total Issued Shares as at LPD                                       | 543,937,119 <sup>#</sup> | 543,937,119 <sup>#</sup> |
| Shares to be issued upon full exercise of the Warrants <sup>@</sup> | -                        | 119,394,407              |
| Enlarged total number of issued Shares                              | 543,937,119              | 663,331,526              |
| Cancellation of Purchased GBGAQRS Shares                            | (54,393,711)             | (66,333,152)             |
|                                                                     | <b>489,543,408</b>       | <b>596,998,374</b>       |

**Notes:**

# The total number of issued shares is inclusive of the treasury shares held by the Company. As at the LPD, the number of Shares held as treasury shares is 1,165,744, none of which are cancelled.

@ Maximum scenario assumes that all outstanding Warrants are fully exercised prior to the implementation of the Proposed Renewal of Share Buy-back Authority.

However, the Proposed Renewal of Share Buy-Back Authority will have no effect on the total number of issued shares if all the purchased Shares are to be retained as treasury shares, resold or distributed to the shareholders. Nevertheless, certain rights attached to the Ordinary Shares such as voting, dividends and participation in other distribution will be suspended while they are held as treasury shares.

**6.2 NA, NA Per Share and Gearing**

The effect of the Proposed Renewal of Share Buy-Back Authority on the consolidated NA per share of the Group would depend on the purchase prices, number of Shares purchased, treatment of the purchased Shares and the effective funding cost or loss of interest income to GBGAQRS if internally generated funds are utilised.

The Proposed Renewal of Share Buy-Back Authority will reduce the NA per share at the time of purchase if the purchase price exceeds the NA per share and conversely, will increase the NA per share at the time of purchase if the purchase price is less than the NA per share.

If the treasury shares are sold at a gain, the NA per share would increase and, conversely, the NA per share would decrease if the treasury shares are sold at a loss. The quantum of the increase or decrease in NA will depend on the selling prices of the purchased Shares and the number of purchased Shares resold.

The effects of the Proposed Renewal of Share Buy-Back Authority on the gearing of the Group will depend on the proportion of borrowing being utilised to fund the purchase of the Purchased Shares. At this juncture, the Directors have not determined whether to use borrowings for purposes of purchasing its own Shares.

### 6.3 Earnings

The effect of the Proposed Renewal of Share Buy-Back Authority on the EPS of GBGAQRS will depend on the purchase price of the Shares, the number of Shares purchased and the opportunity cost arising from the funds utilised for the Proposed Renewal of Share Buy-Back.

Any cancellation of the Shares purchased is expected to give rise to increase EPS provided the income foregone and/or interest expenses incurred on the share purchased is less than the EPS prior to the Proposed Renewal of Share Buy-Back Authority.

Assuming that the Shares purchased are retained as treasury shares and resold, the effects on the earnings of the Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings from the exercise.

### 6.4 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the Group, the quantum of which will depend on, amongst others, the purchase prices, the number of Shares purchased and the effective funding cost, if any.

However, the cash flow or working capital position of the Company will be restored if the purchased of GBGAQRS Shares are resold at least at the purchase price.

### 6.5 Dividends

The Proposed Renewal of Share Buy-Back Authority may result in a lower amount of cash reserves available for dividends to be declared to shareholders as funds are utilised to purchase Shares. Nonetheless, the treasury shares may be distributed as dividend to the shareholders if the Company so decides.

## 7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the Register of Substantial Shareholders and Directors' Shareholdings as at the LPD, and assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full (i.e. up to 10% of the total number of issued shares) and that the Purchased Shares are from shareholders other than the Directors and Substantial Shareholders, the effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the existing Directors and Substantial Shareholders of the Company by virtue of Section 127 of the Act are as follows:-

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STATEMENT ACCOMPANYING NOTICE OF AGM  
(CONT'D)

**Scenario I** : Assuming that none of the Warrants are exercised and the Proposed Renewal of Share Buy-Back Authority is implemented in full:-

| Directors                                | As at LPD <sup>(a)</sup> |      |               |      | After the Proposed Renewal of Share Buy-Back Authority <sup>(b)</sup> |       |               |       |
|------------------------------------------|--------------------------|------|---------------|------|-----------------------------------------------------------------------|-------|---------------|-------|
|                                          | Direct                   |      | Indirect      |      | Direct                                                                |       | Indirect      |       |
|                                          | No. of Shares            | %    | No. of Shares | %    | No. of Shares                                                         | %     | No. of Shares | %     |
| Y.M Tunku Alizan bin Raja Muhammad Alias | 1,200,492                | 0.22 | -             | -    | 1,200,492                                                             | 0.24  | -             | -     |
| Dato' Sri Azizan bin Jaafar              | 2,935,146                | 0.54 | (1)53,602,938 | 9.87 | 2,935,146                                                             | 0.59  | (1)53,602,938 | 10.94 |
| Dato' Ow Chee Cheoon                     | 33,966,774               | 6.25 | -             | -    | 33,966,774                                                            | 6.93  | -             | -     |
| Dato' Kamisah binti Johan                | 52,484,652               | 9.67 | -             | -    | 52,484,652                                                            | 10.72 | -             | -     |
| Dato' Muraly Daran A/L M. Narayana Menon | -                        | -    | -             | -    | -                                                                     | -     | -             | -     |
| Datuk Ir. Mohd Dom bin Ahmad             | -                        | -    | -             | -    | -                                                                     | -     | -             | -     |
| Masleena binti Zaid                      | -                        | -    | -             | -    | -                                                                     | -     | -             | -     |
| <b>Substantial Shareholders</b>          |                          |      |               |      |                                                                       |       |               |       |
| Dato' Azizan bin Jaafar                  | 2,935,146                | 0.54 | (1)53,602,938 | 9.87 | 2,935,146                                                             | 0.59  | (1)53,602,938 | 10.94 |
| Dato' Ow Chee Cheoon                     | 33,966,774               | 6.25 | -             | -    | 33,966,774                                                            | 6.93  | -             | -     |
| Ganjaran Gembira Sdn Bhd                 | 53,602,938               | 9.87 | -             | -    | 53,602,938                                                            | 10.94 | -             | -     |
| Dato' Kamisah binti Johan                | 52,484,652               | 9.67 | -             | -    | 52,484,652                                                            | 10.72 | -             | -     |

**Notes :-**

- (a) Calculated based on the total number of issued shares of 542,771,375 Ordinary Shares excluding 1,165,744 treasury shares.
- (b) Assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full, i.e. 10% of the total number of issued shares of the Company, the purchased Shares are held as treasury shares under the respective scenarios and that the Directors and substantial shareholders' shareholdings remain unchanged.
- (1) Deemed interested via shareholding in Ganjaran Gembira Sdn Bhd pursuant to Section 8 of the Act.

# STATEMENT ACCOMPANYING NOTICE OF AGM (CONT'D)

**Scenario II** : Assuming that all the outstanding Warrants are exercised and the Propose Share Buy-Back is implemented in full:-

| Directors                                | As at LPD <sup>(a)</sup> |      |                           |      | Assuming full exercise of Warrants <sup>(b)</sup> |      |                           |      | After the Proposed Renewal of Share Buy-Back Authority <sup>(c)</sup> |       |                           |       |
|------------------------------------------|--------------------------|------|---------------------------|------|---------------------------------------------------|------|---------------------------|------|-----------------------------------------------------------------------|-------|---------------------------|-------|
|                                          | Direct                   |      | Indirect                  |      | Direct                                            |      | Indirect                  |      | Direct                                                                |       | Indirect                  |       |
|                                          | No. of Shares            | %    | No. of Shares             | %    | No. of Shares                                     | %    | No. of Shares             | %    | No. of Shares                                                         | %     | No. of Shares             | %     |
| Y.M Tunku Alizan bin Raja Muhammad Alias | 1,200,492                | 0.22 | -                         | -    | 1,374,142                                         | 0.20 | -                         | -    | 1,374,142                                                             | 0.23  | -                         | -     |
| Dato' Azizan bin Jaafar                  | 2,935,146                | 0.54 | <sup>(1)</sup> 53,602,938 | 9.87 | 3,395,721                                         | 0.51 | <sup>(1)</sup> 60,423,438 | 9.12 | 3,395,721                                                             | 0.56  | <sup>(1)</sup> 60,423,438 | 10.12 |
| Dato' Ow Chee Cheoon                     | 33,966,774               | 6.25 | -                         | -    | 42,291,964                                        | 6.38 | -                         | -    | 42,291,964                                                            | 7.08  | -                         | -     |
| Dato' Kamisah binti Johan                | 52,484,652               | 9.67 | -                         | -    | 52,484,652                                        | 7.93 | -                         | -    | 52,484,652                                                            | 8.79  | -                         | -     |
| Dato' Muraly Daran A/L M. Narayana Menon | -                        | -    | -                         | -    | -                                                 | -    | -                         | -    | -                                                                     | -     | -                         | -     |
| Datuk Ir. Mohd Dom bin Ahmad             | -                        | -    | -                         | -    | -                                                 | -    | -                         | -    | -                                                                     | -     | -                         | -     |
| Masleena binti Zaid                      | -                        | -    | -                         | -    | -                                                 | -    | -                         | -    | -                                                                     | -     | -                         | -     |
| <b>Substantial Shareholders</b>          |                          |      |                           |      |                                                   |      |                           |      |                                                                       |       |                           |       |
| Dato' Azizan bin Jaafar                  | 2,935,146                | 0.54 | <sup>(1)</sup> 53,602,938 | 9.87 | 3,395,721                                         | 0.51 | <sup>(1)</sup> 60,423,438 | 9.12 | 3,395,721                                                             | 0.56  | <sup>(1)</sup> 60,423,438 | 10.12 |
| Dato' Ow Chee Cheoon                     | 33,966,774               | 6.25 | -                         | -    | 42,291,964                                        | 6.38 | -                         | -    | 42,291,964                                                            | 7.08  | -                         | -     |
| Ganjaran Gembira Sdn Bhd                 | 53,602,938               | 9.87 | -                         | -    | 60,423,438                                        | 9.12 | -                         | -    | 60,423,438                                                            | 10.12 | -                         | -     |
| Dato' Kamisah binti Johan                | 52,484,652               | 9.67 | -                         | -    | 52,484,652                                        | 7.93 | -                         | -    | 52,484,652                                                            | 8.79  | -                         | -     |

Notes:-

- Calculated based on the total number of issued shares of 542,771,375 Ordinary Shares excluding 1,165,744 treasury shares
  - Calculated based on the total number of issued shares and warrants converted of 662,165,779 Ordinary Shares excluding 1,165,744 treasury shares.
  - Assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full, i.e. 10% of the total number of issued shares of the Company, the purchased Shares are held as treasury shares under the respective scenarios and that the Directors and substantial shareholders' shareholdings remain unchanged.
- (1) Deemed interested via shareholding in Ganjaran Gembira Sdn Bhd pursuant to Section 8 of the Act.

STATEMENT ACCOMPANYING NOTICE OF AGM  
(CONT'D)**8. PUBLIC SHAREHOLDING SPREAD**

Pursuant to Paragraph 8.02(1) of the MMLR, a listed issuer must ensure that at least 25% of its total listed Shares (excluding treasury shares) are in the hands of public shareholders.

The public shareholding spread of the Company as at LPD is 63.51%. In implementing the Proposed Renewal of Share Buy-Back Authority, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

**9. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS**

The Company has no purchase, resale or cancellation of treasury shares in the preceding twelve (12) months.

As at the LPD, the balance of 1,165,744 Purchased Shares is retained as Treasury Shares.

**10. HISTORICAL SHARE PRICES**

The monthly high and low prices of the Company as traded on Bursa Securities for the last twelve (12) months from March 2022 to March 2023 are as follows:-

|             | Shares         |               |
|-------------|----------------|---------------|
| <b>2022</b> | <b>High RM</b> | <b>Low RM</b> |
| March       | 0.400          | 0.315         |
| April       | 0.455          | 0.390         |
| May         | 0.405          | 0.310         |
| June        | 0.360          | 0.285         |
| July        | 0.320          | 0.295         |
| August      | 0.340          | 0.305         |
| September   | 0.325          | 0.280         |
| October     | 0.285          | 0.255         |
| November    | 0.285          | 0.255         |
| December    | 0.305          | 0.260         |
| <b>2023</b> |                |               |
| January     | 0.290          | 0.255         |
| February    | 0.285          | 0.340         |
| March       | 0.285          | 0.320         |

Last transacted market price of GBGAQRS Shares on 3 April 2023 was RM0.320 (being the last practicable date prior to the printing of this Statement).

**11. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY IN RELATION TO THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS, 2016**

The Company also intends to implement the Proposed Renewal of Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Rules. In this respect, the Board will be mindful of the requirement of the Rules when implementing the Proposed Renewal of Share Buy-Back Authority.

As the Board has no intention for the Proposed Renewal of Share Buy-Back Authority to trigger the obligation to undertake a mandatory general offer under the Rules by any of its substantial shareholders and/or parties acting in connect with them, the Board will ensure that only such number of Ordinary Shares are purchased, retained as treasury share, cancelled or distributed such that the Rules will not be triggered.

**12. DIRECTORS' RESPONSIBILITY STATEMENT**

This Statement has been seen and approved by the Board and they individually and collectively accepted full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

**13. DIRECTORS' RECOMMENDATION**

The Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority are of the opinion that it is in the best interests of the Company and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Thirteenth AGM.

**14. DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the Company's Registered Office at G-58-3, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810, Petaling Jaya, Selangor Darul Ehsan, Malaysia, during normal business hours and on Mondays to Fridays (except public holidays) from the date of this Statement to the date of the forthcoming AGM:

- (i) the Constitution of the Company; and
- (ii) the audited consolidated financial statements of GBGAQRS for the two financial years ended 31 December 2021 and 31 December 2022.

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# ABBREVIATIONS

|                           |                                                                                                                                                            |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| AGM                       | Annual General Meeting                                                                                                                                     |
| Board                     | Board of Directors of the Company                                                                                                                          |
| Bursa                     | Securities Bursa Malaysia Securities Berhad                                                                                                                |
| CEO                       | Chief Executive Officer                                                                                                                                    |
| CFO                       | Chief Financial Officer                                                                                                                                    |
| Company                   | Gabungan AQRS Berhad                                                                                                                                       |
| CSR                       | Corporate social responsibility                                                                                                                            |
| dB(A)                     | Weighted Decibel                                                                                                                                           |
| DO                        | Dissolved Oxygen                                                                                                                                           |
| DOE                       | Department of Environment Malaysia                                                                                                                         |
| EBITA                     | Earnings before interest, taxes and amortization                                                                                                           |
| EBITDA                    | Earnings before interest, taxes, depreciation and amortization                                                                                             |
| ED/EDs                    | Executive Director or its plural                                                                                                                           |
| EES                       | Economic, Environmental and Social                                                                                                                         |
| EPS                       | Earnings Per Share                                                                                                                                         |
| ESG                       | Environmental, Social and governance                                                                                                                       |
| FYE                       | Financial year ended                                                                                                                                       |
| GBGAQRS Share(s) / Shares | Ordinary share(s) in the Company                                                                                                                           |
| GDV                       | Gross Development Value                                                                                                                                    |
| GRI                       | Global Reporting Initiative                                                                                                                                |
| Group/GBG/GBGAQRS         | Gabungan AQRS Berhad and/or its group of companies                                                                                                         |
| HSE                       | Health, Safety and Environment                                                                                                                             |
| IBS                       | Industrialised Building System                                                                                                                             |
| IFRS                      | International Financial Reporting Standards                                                                                                                |
| ISO                       | International Organization for Standardization                                                                                                             |
| IUCN                      | International Union for Conservation of Nature                                                                                                             |
| KPI                       | Key performance indicators                                                                                                                                 |
| KRA                       | Key results area                                                                                                                                           |
| LPD                       | Latest practicable date prior to the printing of this statement                                                                                            |
| LTi                       | Loss time incidents                                                                                                                                        |
| MCCG                      | Malaysian Code on Corporate Governance                                                                                                                     |
| MMLR                      | Main Market Listing Requirements of Bursa Securities including any amendment(s) thereto which may be made from time to time                                |
| MRCB                      | Malaysian Resources Corporation Berhad                                                                                                                     |
| MRCBGK                    | MRCB George Kent                                                                                                                                           |
| MRT                       | Mass Rapid Transit                                                                                                                                         |
| NA                        | Net Assets                                                                                                                                                 |
| NCI                       | Non-controlling interest                                                                                                                                   |
| NED/NEDs                  | Non-Executive Director or its plural                                                                                                                       |
| NGO/NGOs                  | Non-Governmental Organisations                                                                                                                             |
| NH3-N                     | Ammonia-Nitrogen                                                                                                                                           |
| N/A                       | Not Applicable                                                                                                                                             |
| NIA                       | No Information Available                                                                                                                                   |
| NYSE                      | New York Stock Exchange                                                                                                                                    |
| OSH                       | Occupational Safety and Health                                                                                                                             |
| PR1MA                     | Perumahan Rakyat 1 Malaysia                                                                                                                                |
| Prevailing Laws           | Any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the Proposed Share Buy-Back |
| RM and sen                | Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia                                                                               |
| SDG                       | Sustainable Development Goals                                                                                                                              |
| sq.ft                     | square feet                                                                                                                                                |
| TSP                       | Total Suspended Particulate                                                                                                                                |
| TSS                       | Total Suspended Solids                                                                                                                                     |
| UN                        | United Nations                                                                                                                                             |





# FORM OF PROXY

| CDS account no. | Number of shares held |
|-----------------|-----------------------|
|                 |                       |

\*I/We, \_\_\_\_\_ NRIC/Passport/Registration No. \_\_\_\_\_  
(full name as per NRIC/Passport/Certificate of Incorporation in capital letters)

\_\_\_\_\_ of \_\_\_\_\_  
(full address)

being a member of **GABUNGAN AQRS BERHAD ("Company")** hereby appoint:

| Full Name (IN BLOCK LETTERS) |             | NRIC/Passport No. | Proportion of Shareholdings |   |
|------------------------------|-------------|-------------------|-----------------------------|---|
|                              |             |                   | No. of Shares               | % |
| Full Address                 |             |                   |                             |   |
|                              |             |                   |                             |   |
| Email Address                | Contact No. |                   |                             |   |

or failing him/her,

| Full Name (IN BLOCK LETTERS) |             | NRIC/Passport No. | Proportion of Shareholdings |   |
|------------------------------|-------------|-------------------|-----------------------------|---|
|                              |             |                   | No. of Shares               | % |
| Full Address                 |             |                   |                             |   |
|                              |             |                   |                             |   |
| Email Address                | Contact No. |                   |                             |   |

or failing him/her the Chairman of the Meeting as \*my/our proxy, to vote for \*me/us on \*my/our behalf at the Thirteenth ("**13<sup>th</sup>**") Annual General Meeting ("**AGM**") of GABUNGAN AQRS BERHAD ("**Company**") to be held virtually via live streaming and online remote voting at the broadcast venue at The Function Room, G-58-3, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Friday, 16 June 2023 at 3.00 p.m. and at any adjournment thereof.

(Please indicate with an "X" in the appropriate box against each Resolution on how you wish your vote to be cast. If no specific direction as to how the proxy shall vote, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.)

\* Strike out whichever is inapplicable.

| NO. | ORDINARY RESOLUTION                                                                                                                                                                        | FOR | AGAINST |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----|---------|
| 1.  | To re-elect Dato' Sri Azizan bin Jaafar who retires in accordance with Clause 119 of the Company's Constitution                                                                            |     |         |
| 2.  | To re-elect Dato' Y.M. Tunku Chairman bin Raja Muhammad Alias who retires in accordance with Clause 119 of the Company's Constitution                                                      |     |         |
| 3.  | To approve the payment of Director's Fees to Y.M. Tunku Alizan bin Raja Muhammad Alias                                                                                                     |     |         |
| 4.  | To approve the payment of Director's Fees to Dato' Kamisah binti Johan                                                                                                                     |     |         |
| 5.  | To approve the payment of Director's Fees to Dato' Muraly Daran A/L M Narayana Menon                                                                                                       |     |         |
| 6.  | To approve the payment of Director's Fees to Datuk Ir. Mohd Dom bin Ahmad                                                                                                                  |     |         |
| 7.  | To approve the payment of Director's Fees to Puan Masleena binti Zaid                                                                                                                      |     |         |
| 8.  | To approve the payment of Directors' benefits (excluding Directors' fees) up to an amount of RM62,500 from 17 June 2023 until the next Annual General Meeting of the Company in year 2024. |     |         |
| 9.  | To re-appoint Messrs. Mazars PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration.                                         |     |         |
| 10. | Authority to Issue and Allot Shares pursuant to the Companies Act 2016 and Waiver of Pre-Emptive rights                                                                                    |     |         |
| 11. | Proposed Renewal of Authority for Share Buy-Back.                                                                                                                                          |     |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2023

\_\_\_\_\_  
Signature of Member(s) / Common Seal

#### NOTES:-

1. The 13<sup>th</sup> AGM will be conducted on a virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn. Bhd. via Securities Services e-Portal's platform at <https://sshsb.net.my/>. Please read carefully and follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue, which is the main venue of the 13<sup>th</sup> AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 81 of the Company's Constitution, which require the Chairman to be present at the main venue of the 13<sup>th</sup> AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 13<sup>th</sup> AGM.

With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the 13<sup>th</sup> AGM.

As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 13<sup>th</sup> AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the 13<sup>th</sup> AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to [eservices@sshsb.com.my](mailto:eservices@sshsb.com.my) during the 13<sup>th</sup> AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded via broadcast by the Chairman, Board of Directors and/or Management during the Meeting.

3. In respect of deposited securities, only members whose names appear in the Record of Depositors as of 9 June 2023 shall be eligible to attend the Meeting or appoint proxies to attend and/or vote in his/her stead.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.

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Stamp

The Share Registrar  
**Securities Services (Holdings) Sdn Bhd**  
**[Registration No. 197701005827 (36869-T)]**  
Level 7, Menara Milenium, Jalan Damanlela,  
Pusat Bandar Damansara, Damansara Heights,  
50490 Kuala Lumpur

*Please fold here*

5. A member of the Company entitled to attend and vote at the Meeting, may appoint more than one (1) proxy to attend and vote in his stead. When a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to speak at the Meeting.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. The instrument appointing a proxy must be deposited at the Share Registrar's Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted electronically via Securities Services e-Portal at <https://sshsb.net.my/> not later than forty-eight (48) hours before the time set for holding the 13<sup>th</sup> AGM or any adjournment thereof.

The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the 13<sup>th</sup> AGM should he subsequently decides to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited to the Share Registrar's Office at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the 13<sup>th</sup> AGM or any adjournment thereof, and you register for RPV as guided in the Administrative Guide. Please contact the Share Registrar at 03-2084 9000 for further assistance.

**[www.gbg.com.my](http://www.gbg.com.my)**

**Gabungan AQRS Berhad**

[Registration No : 201001028608 (912527-A)]

G-58-3, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota  
Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan

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Email: [enquiries@gbg.com.my](mailto:enquiries@gbg.com.my)