JAKS RESOURCES BERHAD

Registration No. 200201017985 (585648-T)

TOWARDS BETTER PERFORMANCE

ANNUAL REPORT 2022

CONTENTS

JAKS
AT A GLANCE

The business of JAKS was started by our founder Datuk Ang Ken Seng in the 60's from the humble beginning as a plumber providing services to residential premises. Datuk Ang's vision to be a major player in the water reticulation works eventually led to the incorporation of JAKS Sdn Bhd in 1987, which eventually became the core business and subsidiary of JAKS Resources Berhad ("JAKS") for its listing on the Main Market of Bursa Malaysia Securities Berhad on 1 July 2004 under the Construction Sector (Name & Code: JAKS & 4723). JAKS was registered with Construction Industry Development Board with a Grade 7 certification and the National Water Services Commission with Permit In-Principal Approval for water supply and sewerage.

JAKS Group of Companies was initially involved in the water supply and infrastructure of construction projects, supply and trading of building materials and steel related products. The Group, thereafter, in 2011 entered into an independent power project in Vietnam to develop a 2 x 600-megawatt coal-fired build-operate-transfer ("BOT") thermal power plant in Hai Duong Province, Vietnam ("Hai Duong BOT thermal power plant") under a 25-year concession power purchase agreement with Vietnam Electricity. Subsequently JAKS formed a joint venture with China Power Engineering Consulting Group Co Ltd to jointly build and run the Hai Duong BOT thermal power plant valued at US$1.87 billion. This was a significant milestone for JAKS as it is the Group's first foray into the power generation sector, as well as its maiden footprint internationally. Leveraging on the experience and capabilities gained in the construction business, the first unit of the Hai Duong BOT thermal power plant was successfully completed in November 2020, while the second unit was completed in January 2021. The investment in Hai Duong BOT thermal power plant has proven to be a rewarding venture for the Group, and is expected to continue generating strong returns to the Group. In tandem with this significant milestone, on the local front, JAKS was one of the companies that successfully secured the Large Scale Solar ("LSS4") programme under Package 2 for 50-megawatt. This will be the launchpad for the Group to grow its business and invest in the renewable energy segment.

The Group also ventured into property development of mixed residential and commercial development projects at Ara Damansara and Section 13 in Petaling Jaya, Selangor in 2013.

Today, JAKS has monetised its non-core assets whilst streamlining its core businesses to 2 key sectors in Construction sector (both locally and overseas) and Power and Renewable Energy Sector. Concurrently, the strategic move to invest internationally is to provide diversification in event of any adverse effects of the cyclical local business activities, especially the construction sector.

OUR VISION

To be an innovative regional leader in the utilities, construction and infrastructure engineering industry.

OUR MISSION

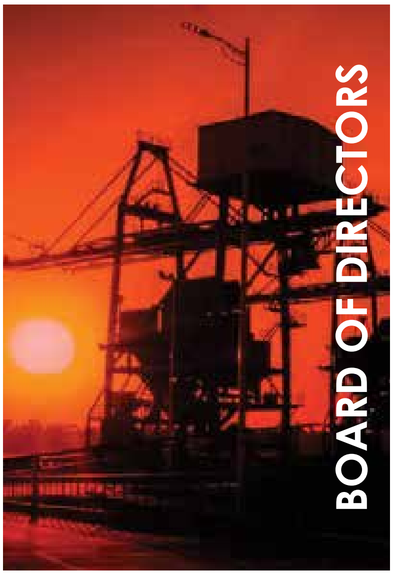
We will strive for excellence in providing highly reliable and cost-efficient service to our customers, without compromising in quality and safety

We will deliver our promises in building value for our organisation in order to contribute sustainable financial achievement and achieve optimum growth

We will take the lead to adopt continuous innovation and best practices to gain market competitiveness

We will provide a nurturing environment for our employees by striking a balance between rewarding performance and allowing for personal enrichment

CORPORATE INFORMATION



TAN SRI DATUK HUSSIN BIN HAJI ISMAIL
(Chairman)
(Independent Non-Executive Director)

ANG LAM POAH
(Chief Executive Officer)

DATO' RAZALI MERICAN BIN NAINA MERICAN
(Executive Director)

ANG LAM AIK
(Executive Director)

DATO' AZMAN BIN MAHMOOD
(Independent Non-Executive Director)

LIEW JEE MIN @ CHONG JEE MIN
(Independent Non-Executive Director)

TAN SRI DATO' HJ. ABD. KARIM B. SHAIKH MUNISAR
(Independent Non-Executive Director)

KHOR HUN NEE
(Independent Non-Executive Director)

SECRETARY

Leong Oi Wah
(MAICSA 7023802)
SSM Practicing Certificate No. 201908000717

REGISTERED OFFICE

802, 8th Floor,
Block C, Kelana Square,
17, Jalan SS7/26,
47301 Petaling Jaya,
Selangor Darul Ehsan
Tel No : 603-7803 1126
Fax No : 603-7806 1387
Email : info@jaks.com.my

SHARE REGISTRAR

Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A,
Vertical Business Suite,
Avenue 3, Bangsar South,
No. 8, Jalan Kerinchi,
59200 Kuala Lumpur,
Wilayah Persekutuan.
Tel No : 603 -2783 9299
Fax No : 603 -2783 9222
Email : is.enquiry@my.tricorglobal.com

AUDITORS

UHY
Suite 11.05, Level 11,
The Gardens South Tower,
Mid Valley City,
Lingkaran Syed Putra,
59200 Kuala Lumpur.

PRINCIPAL PLACE OF BUSINESS

Unit B-09-28, Tower B,
Pacific Towers,
Jalan 13/6, Section 13,
46200 Petaling Jaya,
Selangor Darul Ehsan.
Tel No : 603-7660 3333
Fax No : 603-7660 8993
Website : www.jaks.com.my

PRINCIPAL BANKERS/FINANCIERS

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
Great Eastern Life Assurance (Malaysia) Berhad
AmBank (M) Berhad
Al Rajhi Banking & Investment Corporation (Malaysia) Bhd

STOCK EXCHANGE LISTING

Bursa Malaysia Securities Berhad (Main Market)
Stock Name : JAKS
Stock Code : 4723

CORPORATE STRUCTURE

JAKS RESOURCES BERHAD
200201017985 (585648-T)

LOCAL

- 98.05% JAKS Steel Industries Sdn Bhd
- 70% Pipe Technology System Sdn Bhd
- 100% Empire Deluxe Sdn Bhd
  - 100% Wing Tiek Ductile Iron Pipe Sdn Bhd
- 51% JAKS Offshore Sdn Bhd
- 100% JAKS Sdn Bhd
  - 100% JAKS Power Sdn Bhd
  - 100% JAKS Marketing Sdn Bhd
  - 100% JAKS Consortium Sdn Bhd
    - 100% Integrated Pipe Industries Sdn Bhd
  - 51% Fortress Pavilion Sdn Bhd
- 100% Harbour Town Sdn Bhd
  - 51% MNH Global Assets Management Sdn Bhd
    - 100% Evolve Concept Mall Sdn Bhd
- 100% Premier Place Property Sdn Bhd
- 100% Harbour Front Development Sdn Bhd
- 100% JAKS Solar Power Holdings Sdn Bhd
  - 100% JAKS Solar Land Sdn Bhd
  - 100% JAKS Solar Power Sdn Bhd
    - 100% JAKS Solar Nibong Tebal Sdn Bhd

OVERSEAS

- 100% Gain World Trading Limited
- 100% Golden Keen Holdings Limited
- 100% JAKS Power Holding Limited
  - 100% JAKS-MPC (HD) Limited
  - 30% JAKS Pacific Power Limited
    - 100% JAKS Hai Duong Power Company Limited

<u>Jointly Controlled Operations</u>

- 50% KACC-JAKS Joint Venture
- 50% JAKS-KACC Joint Venture
- 50% JAVEL-JAKS Joint Venture

Construction

Manufacturing

Trading

Investment Holding

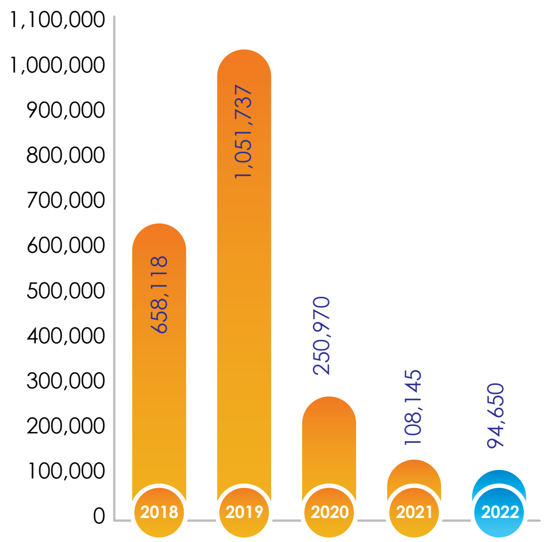
Property Investment

Investment, implementation & operation of project

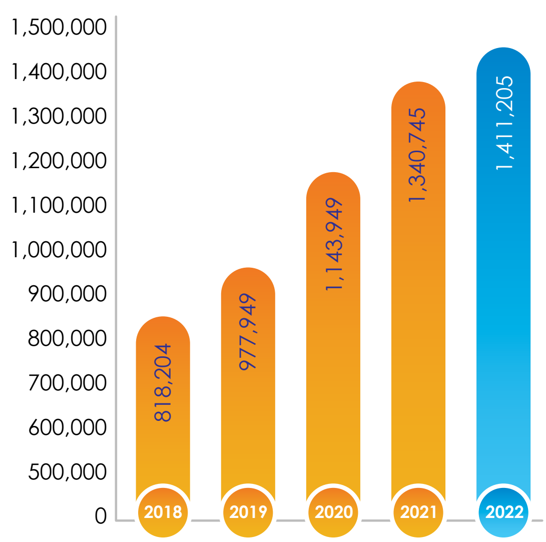
5 YEARS FINANCIAL HIGHLIGHTS

	<< -------------- Financial Year Ended --------------->>				
Group Five Years Summary	**2018 RM'000**	**2019 RM'000**	**2020 RM'000**	**2021 RM'000**	**2022 RM'000**
Revenue	658,118	1,051,737	250,970	108,145	94,650
Profit / (Loss) before tax	(43,203)	52,630	(110,306)	30,294	37,417
Profit / (Loss) attributable to owners of the Company	15,351	108,050	(84,561)	51,759	53,778
Share Capital	598,975	659,642	924,998	1,061,612	1,074,143
Shareholders' funds	818,204	977,949	1,143,949	1,340,745	1,411,205
Number of Shares (units)	545,943	643,118	1,755,167	2,042,318	2,090,318
Net assets per share (RM)	1.50	1.52	0.65	0.66	0.68

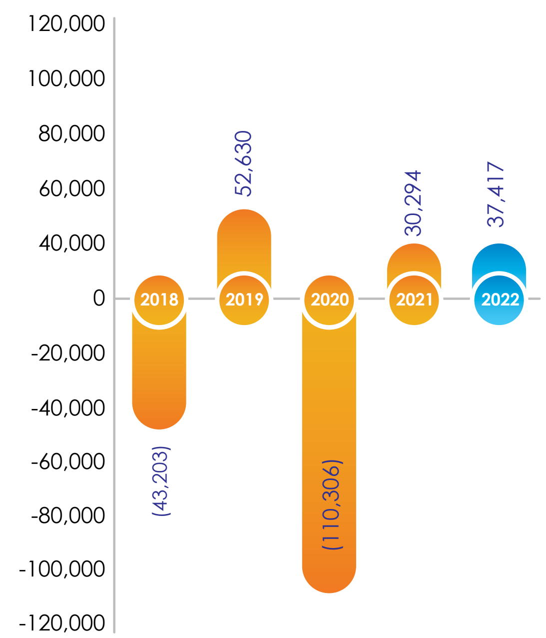
Revenue (RM'000)



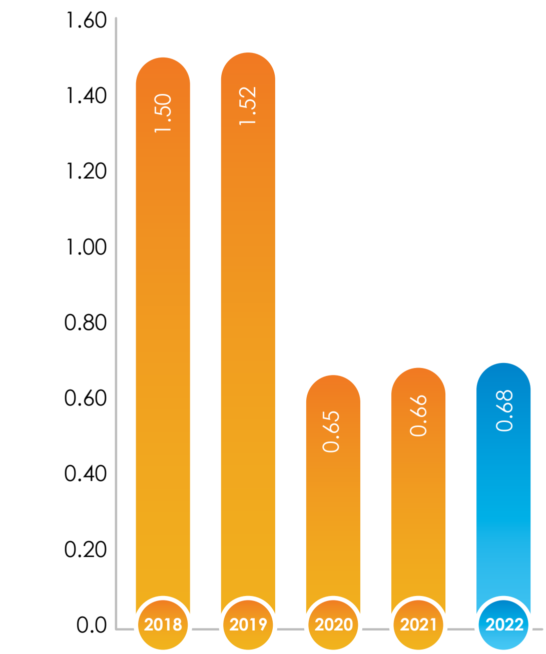
Shareholders' funds (RM'000)



Profit / (Loss) before tax (RM'000)



Net assets per share (RM)



BOARD OF DIRECTORS

Tan Sri Datuk Hussin Bin Haji Ismail

A Malaysian, aged 70, was appointed to the Board on 28 June 2011 as an Independent Non-Executive Director of the Company and on 28 September 2012, he was appointed as Chairman of the Company.

Tan Sri Hussin holds a Diploma in Police Science from Universiti Kebangsaan Malaysia and a Master's Degree of Occupational Safety and Health Risk Management from Open University Malaysia, and is a former Deputy Inspector General of Police in Royal Malaysian Police ("RMP"). His excellent achievements are attributed to 39 years of working experience in various senior positions in RMP. The exposure of managing at various levels in RMP are added values to extensive policing knowledge and skills which have further enhanced personal capabilities and credibility in managing the Force in the higher position. Currently, Tan Sri Hussin is the Deputy Chairman of Yayasan Pengaman Malaysia.

Tan Sri Hussin also sits on the board of Ecomate Holdings Berhad and SKP Resources Berhad, both public companies listed on Bursa Malaysia Securities Berhad.

Tan Sri Hussin does not have any family relationship with any other Director and/or major shareholder of the Company and has no other conflict of interest with the Company. He has no convictions for offence within the past five years.

Ang Lam Poah

A Malaysian, aged 55, was appointed to the Board on 23 December 2003. He is the Chief Executive Officer ("CEO") of the Company and a member of the Sustainability Committee.

He holds a Diploma in Business Administration from Toronto School of Business. Upon obtaining his diploma in 1990, he started his career with JAKS.

As the CEO of the Group, Mr Ang is instrumental in providing the leadership, business strategy and direction for the Group. He brings valuable entrepreneurship experience and business acumen to the Group.

He has been actively involved in the day-to-day operations and management of the Group's business activities that encompass the water and infrastructure construction projects and power plant and renewable energy projects. He also has experience in property development and the setting up of manufacturing plant for mild steel pipes and common clay bricks. He also holds directorships in several other private limited companies.

Ang Lam Poah is the brother to the Director, Ang Lam Aik. Save as disclosed, he does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

Board of Directors
(cont'd)

Dato' Razali Merican Bin Naina Merican

A Malaysian, aged 52, was appointed to the Board on 23 December 2003. He is an Executive Director of the Company and a member of the Sustainability Committee.

He has been actively involved in various businesses after the completion of his University Degree in 1995. Since then, he has acquired extensive experience and expertise especially in water, property construction and steel manufacturing industries.

Dato' Razali does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

Ang Lam Aik

A Malaysian, aged 49, was appointed to the Board on 23 December 2003. He is an Executive Director of the Company.

He holds a Diploma in Computer Science from Canada and has been involved in project management and construction related fields since 1995.

Ang Lam Aik is the brother to the Director/Chief Executive Officer, Ang Lam Poah. Save as disclosed, he does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

Board of Directors
(cont'd)

Dato' Azman Bin Mahmood

A Malaysian, aged 72, was appointed to the Board as Director on 23 December 2003. He is an Independent Non-Executive Director of the Company and the Chairman of the Audit Committee. He is also a member of Remuneration Committee.

Dato' Azman is a member of the Institute of Chartered Accountants in England and Wales. He has vast experience working in a number of auditing firms in London, United Kingdom and Johor Bahru, Malaysia.

He joined Kumpulan Perangsang Selangor Berhad in 1983 and left in 1990 to become the Managing Director of Worldwide Holdings Berhad, a public listed company in Bursa Malaysia Securities Berhad until 1996.

Presently, Dato' Azman is the Executive Chairman of Fine Access Sdn Bhd, a company involved in property development and property investments. He is also Chairman of Crystalville Sdn Bhd, a company involved in property development in Kuala Lumpur and Klang Valley.

Dato' Azman does not have any family relationship with any other Director and/or major shareholder and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

Liew Jee Min @ Chong Jee Min

A Malaysian, male, aged 64, was appointed to the Board on 23 December 2003 as an Independent Non-Executive Director. He is the Chairman of the Remuneration Committee, and a member of the Audit Committee, Nomination Committee and Risk Management Committee.

Mr Chong graduated from the University of Leeds, England in 1984 with an Honours degree in Law. He obtained his Certificate of Legal Practice, Malaya in 1985 and was admitted as an advocate and solicitor to the High Court of Malaya in 1986. He established the firm Messrs J.M. Chong, Vincent Chee & Co. Advocates & Solicitors in December 1986 and has been practising since, concentrating on banking, corporate, commercial and real estate matters. He is the managing partner of the firm.

Mr Chong is the Vice President of the Klang Chinese Chamber of Commerce and Industry ("KCCCI"); the Chairman of the Legal Affairs Committee of the KCCCI and The Associated Chinese Chamber of Commerce & Industry of Coastal Selangor; a council member of The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor, and also the Chairman of its Legal Affairs Committee; and a member of the Legal Affairs Committee of The Associated Chinese Chambers of Commerce and Industry of Malaysia. He is a legal advisor of Malaysia Used Vehicle Autoparts Traders Association, Kuala Lumpur & Selangor Furniture Association and Sekolah Menengah Chung Hua ("PSDN") Klang.

Mr Chong is also the Chairman of YKGI Holdings Berhad and Hextar Healthcare Berhad (formerly known as Rubberex Corporation (M) Bhd), and a Director of Parkson Holdings Berhad and Hextar Global Berhad, all public listed companies.

Mr Chong does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

Board of Directors
(cont'd)

Tan Sri Dato' Hj. Abd Karim Bin Shaikh Munisar

A Malaysian, aged 72, was appointed to the Board on 17 April 2019 as an Independnet Non-Executive Director. He is also the Chairman of the Nomination Committee and Risk Management Committee, and a member of the Audit Committee and Remuneration Committee of the Company.

He holds a Master in Business Administration (Business Finance) from University of Edinburgh, Advanced Diploma in Economic Development (with Distinction) from University of Manchester, United Kingdom and Bachelor of Economics (Hons) from University of Malaya. He also attended an Advance Course in Urban Planning JICA in Tokyo, Japan.

In 1974, Tan Sri Dato' Hj. Abd Karim was the Assistant Director at the Ministry of Finance, Malaysia. Between 1975 to 1980, he held different position in various districts in the state of Perak as Assistant District Officer, Kinta; Chairman of Kinta District Council; Assistant District Officer 1, Kampar; Chairman of Kampar/ Gopeng Municipal Council and also Assistant State Secretary of Perak ("UPEN").

He was the Chief Assistant District Officer 1 (Land) of Kuantan District Office and Chief Assistant State Secretary of Pahang (Housing Division) in 1980; Deputy Director of Klang Valley Planning Secretariat, Prime Minister Department in 1982; Chief Assistant State Secretary of Selangor (Local Authority Division) in 1987.

He also served as the President of Ampang Jaya Municipal Council from 1992 to 1996. He had an outstanding career in the government sector and was the President of Petaling Jaya Municipal Council in 2003 and 2004. Prior to that, he was the District Officer cum President of Sepang District Council from 1998 to 2003. In 2005, he opted to join the corporate sector and was appointed as President of Kumpulan Darul Ehsan Berhad. Tan Sri Dato' Hj. Abd Karim was previously the Executive Chairman of various companies listed in Bursa Malaysia such as Kumpulan Perangsang Selangor Berhad, Kumpulan Hartanah Selangor Berhad and Chairman of Taliworks Corporation Berhad from 2004 to 2011.

He was also Chairman of various other companies namely Konsortium Abass Sdn Bhd, Titisan Modal Sdn Bhd, Central Spectrum Sdn Bhd, Cekal Tulin Development Sdn Bhd, JAKS-KDEB Consortium Sdn Bhd, Hydrovest Sdn Bhd and Perangsang Hotel & Properties Sdn Bhd. In addition, Tan Sri Dato' Hj. Abd Karim was also a member of the Board of Directors for Syarikat Bekalan Air Selangor Sdn Bhd ("Syabas"), Syarikat Pengeluaran Air Selangor Holdings Berhad ("Splash"), Cyberview Sdn Bhd and Alam Flora Sdn Bhd.

He currently sits on the Board of Lim Posim Berhad (formerly known as Lion Forest Industries Berhad).

He does not have any family relationship with any other Director and/or major shareholder of the Company and has no conflict of interest with the Company. He has no convictions for offence within the past five years.

Board of Directors
(cont'd)

Khor Hun Nee

A Malaysian, aged 45, was appointed to the Board on 2 December 2019 as an Independent Non-Executive Director of the Company. She is the Chairman of the Sustainability Committee and a member of the Audit Committee, Risk Management Committee and Nomination Committee

Ms Khor Hun Nee has her professional qualifications from the Malaysian Institute of Accountants and the Association of Chartered Certified Accountants. She is also holding the Capital Markets Services Representative's License issued by the Securities Commission Malaysia.

Ms Khor Hun Nee started her career in 2000 in the audit field for about four years. She then moved to various senior finance positions in Intel Technology Sdn Bhd, Computer Systems Adviser and Airbus Helicopters Malaysia Sdn Bhd. She has more than 17 years of experience in finance management, financial reporting, corporate finance, auditing and taxation. She is currently self-employed as a licensed financial planner.

She sits on the Board of Fiamma Holdings Berhad, SWS Capital Berhad and YKGI Holdings Berhad, all public companies listed on the Main Market of Bursa Malaysia Securities Berhad.

Ms Khor Hun Nee does not have any family relationship with any other Director and/or major shareholder of the Company and has no other conflict of interest with the Company. She has no convictions for offence within the past five years.

Notes:

- *The Executive Directors form the Senior Management and their profile are not presented separately*

CHAIRMAN'S STATEMENT

On behalf of the Board, it is my privilege to present to you JAKS Resources Berhad's ("JAKS") Annual Report and Audited Financial Statements of the Group and Company for the financial year ended 31 December 2022 ("FYE2022").

CONTINUED IMPROVEMENT IN RESULTS

I am happy to report that for FYE2022, the Group saw continued improvement in results as it closed the financial year 2022 with a profit before tax of RM37.4 million, an increase of 24% from the profit before tax in the financial year 2021 of RM30.3 million. This was despite the lower revenue achieved of RM94.6 million in FYE2022, 12% lower than the revenue recorded in FYE2021 of RM108.1 million. The increase in profitability arose from the higher share of profit from the Group's JAKS Hai Duong Vietnam joint venture that rose by 11.00% to RM156.2 million, as compared to the previous financial year. The drop in revenue was due to the far from ideal macroeconomics and general operating condition throughout FYE2022 as the Group's Construction faced softer market, disruptions in the supply chain, inflationary pressure and tightening of financial conditions.

The Group's basic earnings per share for FYE2022 at 2.62 sen was lower than the basic earnings per share in FYE2021 of 2.73 sen due to the higher weighted average number of ordinary shares in issue of 2,055,316,511 shares as compared to 1,897,304,043 shares in the preceding year. On 14 September 2022, the Company had granted 45,000,000 ordinary shares under the Restricted Share Plan of the Company's Long-Term Incentive Plan to eligible directors and employees of the Group ("LTIP Share Issue"). Net assets per share improved by 2 sen from RM0.66 as at 31 December 2021 to RM0.68 as at 31 December 2022 due to the profits achieved in the year and taking into effect, the enlarged share capital base arising from the LTIP Share Issue.

Full details and further analysis of our financial performance are available in the Management Discussion and Analysis segment of this Annual Report.

DIVIDEND

The Company had on 13 February 2023 announced that the Company is proposing to undertake the establishment of a dividend reinvestment plan ("DRP") which will provide shareholders of the Company with an option to elect to reinvest in whole or in part, their cash dividend(s) as may be declared, which includes any interim, final, special or other types of cash dividend in new ordinary shares ("New Shares") the Company ("Proposed DRP"). The establishment of the Proposed DRP is intended to provide our Shareholders with an opportunity to enhance and maximise the value of their shareholdings in the Company by investing in New Shares that may be issued at a discount to the prevailing market prices and potentially improve the liquidity of JAKS Shares on the Main Market of Bursa Securities Malaysia Berhad. It will also give the Company flexibility in managing its capital position as well as strengthen its capital position as any cash so retained within the Company, that would otherwise be made payable by way of Dividend, will be preserved as capital to fund working capital requirements of the Group. The resolutions on the Proposed DRP will be tabled at the forthcoming Annual General Meeting for your approval. The Board is looking forward to announcing the Company's maiden dividend payment to reward our Shareholders.

Chairman's Statement
(cont'd)

RE-FOCUSING TO THE POWER SECTOR

The joint venture in JAKS Hai Duong Vietnam power plant has since the fourth quarter of 2020 generated a steady income stream to the Group on the 25-year concession period. Amid consistent and recurring contributions from the Group's Power-Energy division vide its 30% stake in the coal-fired thermal power plant in Vietnam, the Group has become more active in the energy space. Notably, being among the 10 companies that were selected for the LSS4 projects in 2021. The Group targets to achieve commercial operation of the LSS4 project by the second quarter of 2023, approximately 6 months ahead of the scheduled commercial operation date of 31 December 2023, after which this project will start contributing additional stream of stable recurring income with a 25-year concession period. The profits to be generated from the Power-Energy division will cushion the current soft construction outlook and the highly competitive draw on footfall to the retail malls.

The Group is actively exploring to invest and expand operations in overseas markets, particularly Vietnam and possibly within Southeast Asia region. The JAKS Hai Duong power plant bodes well for the Group to venture into other energy offerings such as Liquefied Natural Gas ("LNG") and Renewable Energy as Vietnam is looking to wean off its dependency on carbon-intensive coal in line with growing regional trends that could possibly intensify competition for the fuel. Energy demand in Vietnam is expected to increase to 572–632 terrawatt-hours ("TWh") in 2030 from 265–278 TWh in 2020 in line with growing industrialisation and economic modernisation. To meet the growing demand, the country needs to increase its installed capacity by 6,000MW–7,000MW annually and spend close to USD148 billion by 2030. This represents a lot of opportunity for JAKS to venture into other renewable energy projects especially in Vietnam. Currently, the Group is exploring potential renewable energy projects, including solar farms, hydroelectric dams and LNG facilities, in both Malaysia and Vietnam.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to express my utmost gratitude to our shareholders for the steadfast trust and confidence in JAKS. I also wish to convey my deep appreciation to our employees, as well as the management team and the Boards of all the companies under our Group, for their worthy sacrifices, hard work and loyalty. My sincere thanks to the many external partners that worked with or alongside us. Our heartfelt appreciation also to our valued customers and clients, business associates, bankers, government departments and agencies, vendors, suppliers and all others who have lent us their unwavering confidence, support and cooperation.

I would also like to take this opportunity to thank my fellow Board members for their guidance and counsel. I am grateful that JAKS has a formidable Board with the vision, expertise and experience to provide sound counsel and corporate strategies to propel our Group to greater heights.

This will be the last report from me as your Chairman as I will be stepping down from the Board soon after serving as Chairman of the Company for more than 10 years. I feel that now is the right time to pass the responsibility of the Company into new hands. In this connection, I would like to express my sincere thanks to you, our valued shareholders, Board of Directors and employees of the JAKS Group for the support, trust and confidence which you have given to me over the years as Chairman. It has been a great honour and privilege for me to serve this esteemed Company and I am proud of what has been achieved in the past decade. I wish all shareholders, employees, business partners and not least my fellow colleagues on the Board of Directors and the entire management team all the best for a successful future.

Tan Sri Datuk Hussin Bin Haji Ismail
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

Forward-Looking Statement

This Management Discussion and Analysis ("MD&A") contains forward-looking statements with respect to expected financial performance, strategy and business conditions. The words "believe", "estimate", "plan", "expect", "intend", "will" and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. These statements reflect management's current beliefs with respect to future events and are based on information currently available to the management. Forward-looking statements involve significant known and unknown risks and uncertainties. Many factors could cause actual results, performances or achievements to be materially different from any future forward-looking statements. The Company and management assume no obligation to update or revise them to reflect new events or circumstances except as required by securities laws. The Company and management caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date made.

Introduction

This MD&A dated 28 April 2023, was approved by the Board of Directors of JAKS Resources Berhad ("JAKS" or "Company") and reflects all material events for the financial year 2022. It should be read in conjunction with the Audited Financial Statements of the Group and the Company, including the notes thereof, for the financial year ended 31 December 2022 ("FYE2022").

Group Financial Review

For FYE 2022, the Group delivered respectable financial performance in line with the recoveries in the economies in Malaysia and Vietnam, where the Group predominantly operates its business. Malaysia's economy recorded an encouraging performance with the Gross Domestic Product ("GDP") growth for 2022 recording 8.7% and this growth performance also far exceeds the 3.1% economic growth achieved in 2021. This was driven by pent-up domestic demand following the reopening of the economy in April 2022 and resilient export performance. However, the Malaysian economy is still tethering on the path of recovery with numerous challenges still plaguing the stabilisation of its economy even when the shift to the endemic phase has increased domestic economic activities. In particular, is the Construction and Investment Property sectors which the Group's operates within Malaysia. Softer market conditions, rising interest rates, escalating material costs and labour shortage are the factors that has weighed down on the performance of these sectors, significantly affecting profitability in both the construction and investment property sectors.

The Group achieved lower revenue of RM94.6 million in FYE2022, a drop of 12% from the revenue recorded in FYE 2021 of RM108.1 million. The decrease was mainly due to the lower revenue recognised from the Construction division. Revenue from the domestic construction works reduced to RM41.6 million in FYE2022 as compared to RM54.5 million in the previous year due to works delay in the ongoing projects. The Vietnam EPC construction works contributed a lower revenue of RM42.8 million in FYE2022 as compared to RM46.4 million in the previous year.

For FYE2022, the Group achieved profit before tax of RM37.4 million, an increase of 24% from its position in the previous year of RM30.3 million. The improvement was mainly attributed to the 11% increase in the share of profit in the Vietnam joint venture to RM156.2 million in FYE2022 as compared to RM140.7 million in the previous year. The Property Investment division performed better as it trimmed its losses from RM42.4 million in FYE2021 to losses of RM34.0 million in FYE2022.

Management Discussion And Analysis
(cont'd)

Assets and Liabilities

The Group's total asset in FYE2022 increased by 9% to RM2,378.8 million as compared to RM2,185.2 million in FYE2021. The increase in total assets was mainly due to the net increase in Investment in joint ventures of RM86.1 million and increase in property, plant and equipment of RM138.2 million. However, the increase in total asset would have been higher if not for the following:

(i) the net decrease in investment properties of RM8.4 million following the current year's depreciation charge of RM13.6 million and RM5.1 million reversal of impairment loss provided in previous year;

(ii) the decrease in goodwill on consolidation as an impairment of RM29 million was necessitated; and

(iii) the decrease in cash and bank balances.

For the FYE2022, the total liabilities increased by RM140.4 million from RM883.8 million in FYE2021 to RM1,024.2 million in FYE2022. The increase was mainly due to higher bank borrowings of RM129.6 million in FYE 2022.

Total equity for FYE2022 was higher by RM53.2 million with the profit achieved during the year.

The Group's basic earnings per share for FYE2022 at 2.62 sen was marginally lower than the basic earnings per share in FYE2021 of 2.73 sen due to the higher weighted average number of ordinary shares in issue of 2,055,316,511 shares as compared to 1,897,304,043 shares in the preceding year. On 14 September 2022, the Company had granted 45,000,000 ordinary shares under the Restricted Share Plan of the Company's Long-Term Incentive Plan to eligible directors and employees of the Group ("LTIP Share Issue").

The Group's net assets per share improved by 2 sen from RM0.66 as at 31 December 2021 to RM0.68 as at 31 December 2022 due to the profits achieved in the year and taking into effect, the enlarged share capital base arising from the LTIP Share Issue.

Sustainability

The Group remains steadfast in its commitment to sustainability which are the fundamental to how we maintain a healthy momentum of the company's effort to accord value for our stakeholders. In line with global shifts in how Environmental, Social and Governance ("ESG") issues are discussed and in order to further strengthen our commitment, the Group has put in place a cohesive and holistic sustainability programme. The programme is also aligned with the Group's commitment towards the United Nations' Sustainable Development Goals.

Given that the Group together with many other companies globally are still recovering from the impact of the COVID-19 pandemic and resources are being allocated to focus on existing and new business activities, the Group has yet to include Task-Force on Climate-Related Disclosure ("TCFD") in the sustainability reporting this year. Despite that, there is continuing efforts to gather and analyse the necessary data to include TCFD in future sustainability reports and when the TCFD reporting is made mandatory by 2025.

Please refer to the Sustainability Statement included in this Annual Report on the specific sustainability targets that we have embraced to measure progress.

Management Discussion And Analysis
(cont'd)

Liquidity and Capital Resources

At the end of FYE2022, the Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, stood at 1.21 times (FYE2021: 1.22 times). A current ratio of more than 1 indicates the Group's ability to meet its short-term obligations. The table below highlights the major cash flow components for FYE2022 and FYE2021.

	FYE2022 RM'000	FYE2021 RM'000	Change RM'000
Cash flows used in operating activities	(80,946)	(31,394)	(49,552)
Cash flows (used in) / from investing activities	(73,445)	(106,208)	32,763
Cash flows from financing activities	103,574	100,252	3,322
Decrease in cash and cash equivalents	(50,817)	(37,350)	(13,467)

The higher cash used in operating activities in FYE2022 was due to lower revenue recorded and slower collections of receivables by the Group.

The lower cash used in investing activities in FYE2022 was mainly due to dividends received from the Vietnam joint venture, amounting to RM70.1 million. This was in spite of the capital expenditure totalling RM140.3 million incurred for the LSS4 project.

The Group's net cashflow from financing activities increased slightly by RM3.3 million to RM103.6 million in FYE2022. The increase was mainly due to the additional term loan drawdown to finance the LSS4 project.

Borrowings

The Group's total borrowings increased to RM501.6 million as at 31 December 2022, a RM129.6 million higher than as at 31 December 2021 of RM372.0 million. Consequently, the gearing ratio increased from 0.29 times to 0.37 times. The increased in gearing was mainly due to higher loan drawdown for the LSS4 project financing.

Review of Operating Activities - Power Division

The build-operate-transfer ("BOT") thermal power plant in Hai Duong province cost USD1.87 billion and JAKS holds 30% equity interest in the joint venture company with China Power Engineering Consulting Group Company Limited. The estimated annual output of the Power Plant is 7.5 billion kilowatt-hours, with an installed capacity of 1,200 megawatt. Under the power purchase agreement, the joint-venture company, namely JAKS Hai Duong Power Company Limited, will be guaranteed with fixed capacity payments by the Vietnamese government and will be backed by energy payment to cover variable costs, including fuel and variable operating costs, and therefore contributing to a sustainable income contribution during the 25-years tenure. For FYE2022, the share of profit from the joint venture was RM156.2 million, as compared to RM140.7 million achieved in the previous year.

JAKS Solar Power Sdn Bhd, a wholly-owned subsidiary of JAKS, was awarded the fourth cycle of the large scale solar under Package 2 for the capacity of 50 MW ("LSS4") in March 2021 by the Energy Commission ("EC") of Malaysia. Financial close for this LSS4 project in Seberang Perai, Pulau Pinang, was achieved in March 2022, having signed the solar power purchase agreement with Tenaga Nasional Berhad in August 2021 with a 21-year concession period. In early August 2022, the EC extended the solar power purchase agreements ("PPAs") for the Large Scale Solar Mentari ("LSS4") projects to 25 years as soaring solar panel prices threatened the viability of the projects. This LSS4 project represents the Group's maiden project within the Renewable Energy ("RE") segment. As at the end of 2022, the project has achieved 77% completion.

The LSS4 project is expected to be completed by the first half of 2023, approximately 6 months ahead of the scheduled commercial operation date of 31 December 2023, after which this project will start contributing to our Group.

Management Discussion And Analysis
(cont'd)

Power Division – Trend and Outlook

With growing industrialization and economic modernization, energy demand is predicted to increase by over 8% per annum during the 2021-2030 period in Vietnam. To meet the growing demand, Vietnam needs 96,500MW by 2025, and 129,500MW by 2030. To do so, the country needs to increase its installed capacity by 6,000MW – 7,000MW annually and spend close to US$148 billion by 2030. As for the renewable energy sector, the funding required would be around US$23.7 billion by 2030. For energy efficiency, a further US$1.5 – US$3.6 billion would be required during the same period, according to a report by the United Nations Development Programme.

The above information gives an indication that the Company's investment in Vietnam will continue to bring recurrent concession-type earnings from the generation and sale of power throughout the concession period until 2046. With the global shift towards more sustainable development, our Group is strategically aligned to capture more opportunities in the Environmental Social and Governance ("ESG") related business, particularly in the renewable energy space.

Malaysia is targeting to achieve the national aspiration whereby renewable energy accounts for 31% of the energy capacity by 2025 and 40% by 2035 through the implementation of the Malaysia Renewable Energy Roadmap ("MyRER"). As a result of the MyRER, the renewable energy capacity (2020: 8,450-megawatt) is projected to increase by 4,466-megawatt to 12,916-megawatt by 2025, and a further 5,080-megawatt to 17,996-megawatt by 2035. The targeted increase in renewable energy capacity is the commitment of the Ministry of Energy and Natural Resources to achieve net-zero greenhouse gas emissions as early as 2050 and to contribute to the nation's climate change commitment under the Paris Agreement. The Malaysian Government's recent announcement to impose a 20 sen/kilowatt-hour (kWh) imbalance cost pass-through mechanism surcharge from the previous 3.7 sen/kWh on medium voltage (MV) and high voltage (HV) commercial and industrial (C&I) users will serve as a positive catalyst for the solar industry.

With the experience garnered from both the Vietnam and LSS4 project, the Group will continue to expand its' renewable energy segment through various means, including participation in local projects, strategic collaborations, mergers and acquisitions to provide substantial long-term growth for its stakeholders.

Review of Operating Activities - Construction Division

As the key contributor to the Group, the construction division registered revenue of RM84.4 million, a decrease of 16% as compared to RM101.0 million in FYE2021. JAKS's wholly-owned subsidiaries, JAKS Sdn Bhd, which predominantly carried out local construction projects contributed lower revenue of RM41.6 million compared to revenue of RM54.5 million in the previous year. The other construction arm, Golden Keen Holdings Limited, which largely managed the EPC Contract 2 in Vietnam, also contributed lower revenue of RM42.8 million in FYE2022 compared to revenue of RM46.4 million in the previous year. The reduced contributions from both the local and Vietnam EPC Contract works were due to lower progress billings since the projects are almost at the tail end. The local construction works has also been adversely affected by the delays in work progress due to supply chain disruption as well as shortage of labour and materials.

The Malaysian construction sector contracted by 2.1% in the first half of 2022, mainly due to lower construction activities in civil engineering and residential buildings subsectors. The sector turned around in the second half with an expansion rate of 6.9%, supported by positive growth in all subsectors. The Group could not mirror the sector's improvement as it faced competitive bidding.

The construction division provides construction management, with a large portion of the work in FYE2022 focused on infrastructure construction, construction of sewerage treatment plant as well as, power and water related facilities. The current on-going construction projects in Malaysia includes four wastewater and water-related facilities projects with a total contract sum of RM684.5 million.

Whilst the construction division booked in RM8.8 million profit before tax from the Vietnam EPC Contract 2, the losses from local projects recorded an overall net loss before tax of RM40.0 million in FYE2022. The local construction projects faced margins compression as well as escalating overheads and project costs. The higher operating expenses for the local construction work included the provision for impairment on the carrying value of the goodwill and trade receivables. The year 2022 continued to see disruption in supply chains of building materials, equipment and manpower shortages.

Management Discussion And Analysis
(cont'd)

Construction Division – Trend and Outlook

While output year-on-year ("y-o-y") growth for the Malaysian construction sector has been the largest among all economic sectors for the quarter ended 31 December 2022, the absence of new infrastructure projects in the pipeline, aside from the Mass Rapid Transit 3 ("MRT3"), may continue to be a dampener to the sector's sentiment moving forward. For the full year of 2022, overall construction work done in the country expanded by 8.8% y-o-y after two years in contraction, thanks to the transition to "endemicity" as lockdowns ceased. On the other hand, the lack of new projects being announced and awarded may contribute to a negative outlook on the sector.

The monthly total value of projects awarded to contractors has seen three consecutive months of y-o-y declines from December 2022 to February 2023. There has been a relatively slower pace of contract rollout as there was only RM3.1 billion worth of projects awarded to contractors, presenting a 64.7% y-o-y decrease. Moreover, rising building material costs could also be a decelerating factor in the sector's attempt to continue its recovery. The price of bulk cement incurred by contractors jumped to another record high of RM390 per tonne, a 42% y-o-y jump, in January 2023 and remained at this level in February 2023, largely due to the rise in raw material costs for cement which is coal. The price of steel bars exhibited the third month-on-month increase, reaching RM2,968 per tonne in February 2023 – the highest since June 2022 – signalling that the overall downward price trend was short-lived.

Despite the lack of new mega projects being announced in the National Budget 2023, the sizable development budget for 2023 will provide much-needed support for the construction sector. As the road ahead for the construction sector remains challenging, The Group will target higher margin projects to replenish its order book for the local construction division to accommodate inflationary pressures, and this should contribute positively to the Group in the future. The Group is optimistic and looking forward to the revival with roll-out of constructions jobs to replenish its order book with good and profitable infrastructure projects.

Review of Operating Activities - Property Investment Division

When the country exited the pandemic phase and loosened the strict SOPs put in place during the various MCOs and domestic and international travel was allowed, shopping traffic recovered in the malls and the retail industry was able to move out of the worst performing period of its history. Nevertheless, although footfalls in malls have improved significantly, occupancy and rental rates of malls have yet to get back to pre-covid levels.

The Property Investment division contributed revenue of RM10.3 million in FYE2022, an increase of 43%, as compared to the revenue achieved of RM7.2 million in the previous year. The higher revenue was due mainly to the higher occupancy rate and additional revenue recognised from the utilities charged to tenants. This aided the division to lower its loss before tax of RM42.4 million in FYE2021 to a loss before tax of RM34.0 million in FYE2022, an improvement of 20%. The lower losses was also due to the reversal of provision for impairment loss on the property value amounting to RM5.1 millon in the current reporting year.

The Group's investment properties consist of:

(i) Pacific Towers Business Hub is a 4-storey retail and office lots building located in Section 13, Petaling Jaya, Selangor, with a total net lettable area ("NLA") of approximately 295,000 square feet.
(ii) Evolve Concept Mall, a 4-storey shopping mall with a total NLA of approximately 368,000 square feet.

Management Discussion And Analysis
(cont'd)

Property Investment Division – Trend and Outlook

The biggest challenges facing the retail industry are the substantial rise in prices of goods and services, the shortage of staff, and the increase in the supply of retail floor space with the completion and impending completion of several new malls, especially in the Klang Valley and the possibility of a global economic slowdown which will hurt the country's economy and lead to consumers turning cautious in their spending. The lifting of travel restrictions after China relaxed its zero covid policy is good news as it could increase tourist arrivals to the country which in turn, could lead to more footfalls and sales recorded by malls in the main cities visited by Chinese tourists. Overall, the retail sector should continue to see an improvement in 2023 but the pace of growth could be affected by the global recession depending on its severity and duration if it does happen. However, it must be noted that higher retail sales may not translate to better profit margins for the tenants in shopping malls, as overall costs of doing business are expected to increase in 2023 due to the impact of the revision of the Employment Act, tight labour market, supply chain disruption, as well as the increase of electricity tariff.

Footfall at shopping malls across the country has picked up since the re-opening of the economy. This will augur well for the Group's investment properties at Evolve Concept Mall and Pacific Towers Business Hub and enable the division to attract new tenants to fill the lettable space. The Group is hopeful that this will spur recovery in the retail and commercial sector, and will continue our efforts to improve the occupancy rate and rental yield of these two investment properties. The Group also has plans to capitalise on the right market and consumer groups and putting effective mall management in place to improve the business of the investment properties of the Group.

Review of Operating Activities – Investment Holding & Others Division

The revenue derived from the investment holding & others division relates mainly to management fees charged by JAKS to the subsidiary companies amounting to RM7.8 million and the dividend income from JAKS Pacific Power Limited of RM70.1 million in FYE2022. These amounts are eliminated on consolidation at the Group level. This division contributed a profit before tax of RM36.0 million in FYE2022.

Future Growth

Malaysia's GDP growth is however expected to moderate in 2023, in line with the latest global economic outlook by the International Monetary Fund (IMF) and the World Bank which estimates world economic growth to decrease from 3.4% in 2022 to 2.9% in 2023. Growth is projected to moderate to about 4.5% in 2023, driven by external headwinds. Inflation is projected to remain elevated at about 3.25% percent, with likely persistence in core inflation, amid a positive output gap, and evidence of a build-up of demand-side pressures. Downside risks are mostly external, including an abrupt global slowdown and larger than envisaged monetary policy tightening by major central banks. In line with the softening global economic outlook, Malaysia's economy is expected to moderate in 2023. Strong economic fundamentals, further improvement in employment prospects, sustained consumer and business confidence as well as continuous policy support for vulnerable households are projected to stimulate domestic demand. On the supply side, all economic sectors are projected to expand, with the services and manufacturing sectors remain as the major contributors to the economy. The economy is expected to remain resilient with domestic demand continues to drive growth amid softening global environment.

Vietnam's economic growth is projected to ease to 6.3% in 2023 from a robust 8% last year, as services growth moderates and higher prices and interest rates weigh on households and investors, according a recent World Bank report. Growth is expected to pick up to 6.5% in 2024 as the economies of Vietnam's main export markets gain strength, the report says. The outlook for Vietnam reflects heightened uncertainty in the global economy. Downside risks include weaker-than-expected growth in Vietnam's major export markets, which include the United States, China and the eurozone, tightening financial conditions, higher domestic inflation, weaknesses in the balance sheets of corporate, banking and household sectors, and financial sector vulnerabilities. The report also said that domestic and external headwinds warrant increased vigilance and data-driven policy responses. These include managing the trade-off between growth and inflation and strengthening the supervisory framework for the financial sector. On the upside stronger than expected recovery of global growth could lift exports and hence growth above the baseline projection.

The Group will continue to focus its core strategies in growing and diversifying the Power division particularly in the renewable energy space. Simultaneously, the Group with its track record in infrastructure construction projects, will explore and secure new infrastructure projects to replenish its order book with emphasis on power infrastructure projects. Apart from Malaysia, the Group is also targeting the Vietnam, which has huge potential for its infrastructure expansion plans.

Management Discussion And Analysis
(cont'd)

Risk Management

BNM announced that Malaysia's economic recovery in 2023 was expected to continue in line with improved global and domestic demand. The downside relates to concerns over "severe and vaccine-resistant COVID-19 variants" that could trigger new containment curbs "globally and domestically," as Malaysia has seen a resurgence in COVID-19 cases in recent month, mostly from the highly transmissible Omicron variant of the coronavirus. These uncertainties and its impact has put the Group into preparatory mode to face the challenges and the Group is optimistic that this crisis will be mitigated over time as vaccines are rolling out as well as various financial aid stimulus offered by the Malaysian Government. In the continuous commitment to optimise shareholders' value, the Enterprise Risk Management ("ERM") Framework adopts a risk assessment process which is in line with ISO 31000:2009. The Company remains focused on the risk profiles of potential vendors and contractors, monitored via an internal vendor risk rating mechanism. This is to ensure smooth implementation of projects and avoid risks due to any third-party dependence. The Company understands the risk environment encompassing its business which are classified broadly below with the risk description together with information on key mitigation strategies and efforts.

Operational Risks

Risks arising out of inefficiencies, internal failures and/or collusion from regular operations, such as:

(i) Project opportunity risk through erroneous omission and inadequate or inappropriate assessment of a project opportunity available for development;
(ii) Bidding risk on account of inadequate or erroneous assumptions made while arriving at the financial bid variable;
(iii) Financing risk on account of the high capital commitment on the power plant projects;
(iv) Project implementation risk on account of not meeting the project schedule, quality or budget; and
(v) Ownership & maintenance risk on account of several risks faced during the operations and maintenance phase of a project.

Operational Risks – Mitigation Strategies and Efforts

A careful selection and thorough evaluation of prospective projects will minimise the chances of getting into non-profitable projects. The Company undertakes review of project feasibility ("technical review") and project financial viability ("financial review"). Further, the Company follows a risk specific bid/project risk assessment framework to identify key risks associated with various opportunities and projects, along with their mitigation planning and continuous monitoring. The Company has laid down standard operating procedures at the function and department levels to ensure business process productivity, responsibility and accountability at various levels. The standard operating procedures are being further strengthened and supported by adequate checks and balances, including risk-based internal audit, documentation management systems and the introduction of delegation of financial and nonfinancial powers. This will ensure that a culture of proactive risk management is embedded in all levels of the organisation with required support systems in place.

External Risks

Risks arising out of changes in the external environment, such as:

(i) Interest rate risk on account of the capital markets' volatile interest rates on outstanding project debts;
(ii) Competition risk on account of strategies adopted by existing and new entrants in the infrastructure development business; and
(iii) Natural calamities (Act of God), civil disturbance etc.

External Risks – Mitigation Strategies and Efforts

The Company pro-actively identifies each significant 'external change' and prepares to deal with it with forward planning. The Company continues to build strategies not only to sustain but thrives owing to its meticulous processes. The Company understands its competition and keeps an update of its contemporaries to stay a notch above them. The Company has a focused strategy for clients, partners, vendors and contract management to mitigate and avoid (if possible) various possible external risks. Though the Company cannot prevent natural calamities, it is adequately geared up with appropriate insurance covers to minimise losses and restore normalcy within a short time.

SUSTAINABILITY STATEMENT

About This Sustainability Statement

JAKS Resources Berhad ("JAKS" or "the Company") and its subsidiaries ("the Group", "we" or "our") are committed in building sustainable and responsible infrastructure that improves the lives of communities across Malaysia. As a leading player in the power and construction industry, we understand the vital role we play in shaping the environment and impacts our projects have on the society and environment.

This Sustainability Statement ("the Statement") aims to disclose our commitment in reporting the sustainability efforts that has been implemented in all aspects of our operations. We strive to create a positive and lasting impact on the communities we serve and to make real contribution towards a more sustainable future of the Company.

Reporting Standards

This Statement was prepared in accordance with the following regulatory and guidance:

- Practice Note 9 of the Main Market Listing Requirements
- Sustainability Reporting Guide, 2nd Edition ("SRG") issued by Bursa Malaysia Security Berhad ("Bursa Malaysia"), 2018

- Global Reporting Initiative ("GRI"), 2021

- Malaysia Code of Corporate Governance, Updated April 2021

Reporting Scope and Boundary

Our reporting provides information for the financial year ("FY") ended 31 December 2022 ("FY2022") from 1 January 2022 to 31 December 2022 on the following business divisions:

POWER DIVISION

CONSTRUCTION DIVISION

PROPERTY INVESTMENT DIVISION

**Note: The reporting scope includes the overseas entity from Power Division to the extent possible in which, the Group holds a 30% stake and does not have any significant control.*

Task Force on Climate-Related Financial Disclosures ("TCFD")

As the Company is still recovering from the impact of COVID-19 pandemic, and resources being allocated to focus on business activities, we were not able to include Task-Force on Climate-Related Disclosure ("TCFD") in our sustainability reporting this year. Despite that, we are committed to continuing our efforts to gather and analyse the necessary data to include TCFD in future sustainability reports. We understand the importance of providing transparent and comprehensive information on our efforts to address climate-related risks and opportunities, and we will continue to work towards this goal as TCFD reporting shall be mandatory by FY2025.

Feedback

We value your feedback on this Report and any matters described herein. Please feel free to send inquiries, comments and suggestions regarding this content of this Report to us at ir@jaks.com.my.

Sustainability Statement
(cont'd)

Sustainability Governance

The Group acknowledges the importance of maintaining sustainable development through effective sustainability governance. We realise that it is crucial to balance the economic, social and environmental considerations in our decision-making processes. Our governance systems are inclusive as it involves the participation from Board of Directors, Sustainability Committee and Management of JAKS.

The three-tier sustainability governance was established in 2019 and the following diagram highlights the roles and responsibilities of the structure governing sustainability-related matters:

Board of Directors

- Comprises of five (5) Independent Non-Executive Director, two (2) Executive Director and Chief Executive Officer
- Ensure that sustainability efforts align with the overall strategic goals of the Group and provide final approval for proposed sustainability initiatives and relevant material sustainability matters

Sustainability Committee

- Consists of one (1) Independent Non-Executive Director, Chief Executive Officer, and one (1) Executive Director
- Overseeing and managing all sustainability matters across the business and aligning them with the Group's strategies
- Monitoring communication and awareness efforts relating to sustainability
- Provide recommendations to Management and reporting on plans and progress related to sustainability matters to the Board of Directors

Management

- Represented by various department heads
- Execute and implement strategies on the day-to-day basis and report all sustainable activities to the Sustainability Committee
- Analyse data available to assess the Group's sustainability progress

Sustainability Statement
(cont'd)

Sustainability Policy

The Sustainability Policy that has been established since 2020 reflects our commitment to govern various aspects of ethical business practices and set specific goals for reducing our environmental impact, promoting social responsibility and ensuring the economic viability. The objective of this policy includes:

Sustainability Policy Objectives

- Integrate the principles of sustainability into the Group's strategies, policies, and procedures.
- Ensure that the Board and the Management are involved in the implementation of this policy and review the sustainability performance.
- Develop and promote sustainable practices within the Economic, Environmental and Social ("EES") framework.
- Create a culture of sustainability within the Group, and the community, with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

There following lists of policies and guidelines represents the integration of JAKS business activities in managing the economic, environmental and social matters.

	Anti-Bribery & Anti-Corruption Policy
	Whistleblowing Policy
	Code of Conduct
	Employee's Handbook
	Health & Safety Manual

Sustainability Statement
(cont'd)

Stakeholder Engagement

We value our stakeholders as they play important roles in achieving our sustainability goals as they are directly or indirectly impacted by our business operations. JAKS aims to understand the stakeholders' needs and concerns and to create mutually beneficial outcome that promote the economic, social and environmental sustainability.

The Group engages with stakeholders through a variety of channels which includes:

Key Stakeholders	Methods of Engagement	Frequency
SHAREHOLDERS / INVESTORS / BOARD OF DIRECTORS		
We aim to maximise shareholders' returns without compromising transparency and timely communication.	• Annual general meetings	Annually
	• Bursa Malaysia announcements • Financial performance announcement • Website • Ongoing media release • Investor relation email	On-going
CUSTOMERS		
We value our customers and aim to provide highly reliable and cost-efficient service and products to customers, without compromising on quality and safety.	• Monthly progress meetings and progress reports	Monthly
	• Corporate events • Correspondences • Brochures • Media announcement, social media and advertisement	On-going
FINANCIERS / BANKS / ANALYSTS		
The Group seeks various funding methods to finance its operation.	• Annual General Meetings	Annually
	• Extraordinary General Meetings • Media and Bursa Malaysia announcements • Corporate interviews and meetings • Banking facility review	On-going
LOCAL AUTHORITIES/REGULATORS/GOVERNMENT MINISTRIES		
We aim to strictly comply with the legislation set out by the government which governs the Group's operation.	• Compliance with rules and regulations • Seminar and training	On-going
	• Submission of reports required under regulations • Periodic visits and inspections	Quarterly and annually
SUB-CONTRACTORS/ SUPPLIERS		
We engage with sub-contractors / suppliers who adhere to environmental protection and social ethics in the execution and completion of construction projects and purchases of construction materials	• Suppliers' audit and reviews	Annually
	• Tenders' exercises and meetings • Emails and phone calls communication • Suppliers' briefing and meetings	On-going
EMPLOYEES		
We prioritise our employee's welfare as their contribution to the Group's objective is highly appreciated. We provide them with a conducive working environment enabling them to prosper with the Group	• Townhall sessions	Monthly
	• Performance management	Annually
	• Emails newsletter • Involvement in community activities • Company annual dinner / festival functions and celebrations • Informal periodic departmental meeting • Training and development	On-going

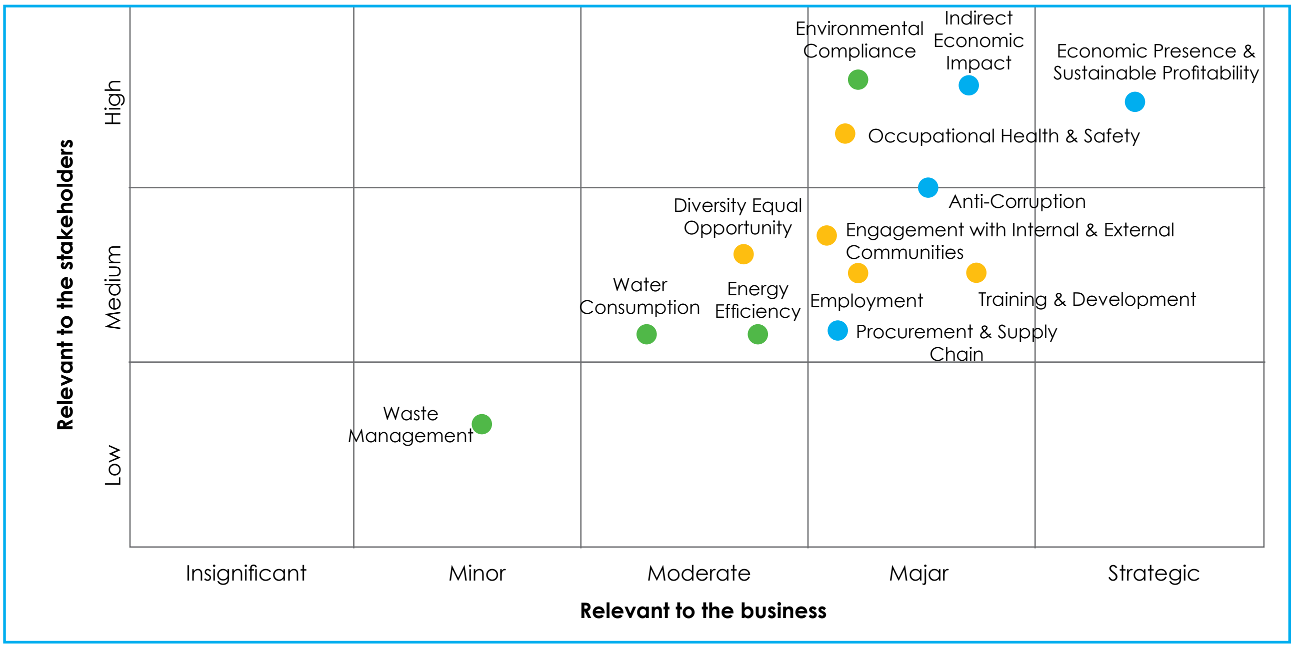
Sustainability Statement
(cont'd)

Key Stakeholders	Methods of Engagement	Frequency
MEDIA		
We aim to reach out to the general public on new development for public knowledge/ promotion	• Interviews • Advertisements • New project launches	On-going
LOCAL COMMUNITIES/ NON-GOVERNMENTAL ORGANISATIONS ("NGOs")		
As a socially responsible corporate citizen, JAKS aims to support and contribute to community investment, development and impact.	• Donations and Financial Aid • Contributions to social enhancement	Ad-hoc

Materiality Assessment and Key Sustainability Matters

At JAKS, we understand the importance of engaging with different stakeholder groups to manage sustainability matters that are crucial to our business. We use various communication channels, which includes both hard copies and electronic documents and web-based media platforms to identify and address sustainability concerns. We are committed to maintaining open and transparent communication with all our stakeholders and welcome their feedback and input in shaping our sustainability strategy.

In FY2022, we reviewed the key sustainability matters to ensure the continuous relevance and alignment of the materiality topics to JAKS's strategies, risk and opportunities and stakeholder concerns.



Legend:

● Economic ● Environment ● Social

We aim to achieving our sustainability goals by FY2030 through defined sustainability strategies and key performance indicators ("KPIs"). We track and evaluate our sustainability performance continuously to ensure effective progress towards meeting our goals. Aligned with the three (3) pillars: Economic & Governance, Environment and Social, we have identified and are supported by relevant initiatives to ensure that we are progressing towards meeting these KPIs effectively.

Sustainability Statement
(cont'd)

Key Performance Indicators ("KPI")

We have set our sustainability strategies and KPIs in relation to the 3 Sustainability Pillars – Economic & Governance, Environment and Social, anchored by the initiatives to ensure that we are on track in meeting these KPIs, tabled below.

Pillars	Strategies	Material Topics
Economics & Governance	• Through upholding the highest business integrity and ethics, it would create long-term sustainable economic value for its stakeholders	• Indirect Economic Impact • Anti-Corruption
	• To provide highly reliable and cost-efficient services to our customers without compromising in quality and safety	• Economic Presence and Sustainable Profitability • Procurement and Supply Chain
Environment	• To reduce consumption of non-renewable, non-recycled materials • To pursue and encourage the use of renewable resources	• Waste Management
	• To minimize the level of pollutants generated and the overall level of its carbon footprint entering into the air and water from daily business operations.	• Energy Efficiency • Water Consumption
	• To comply with environmental regulatory and legal requirements.	• Environmental Compliance
Social	• To maintain a safe and healthy workforce.	• Occupational Health and Safety
	• To recruit and retain potential and performing employees.	• Employment
	• To use training and development as a strategic investment and a way of shaping culture and behaviour in the Group.	• Training and Development
	• To prevent sexual harassment and other forms of violence against women.	• Diversity and Equal Opportunity
	• To align our charitable giving with the Group's activities. • To actively encourage our people to get involved in charity work.	• Engagement with employees internal and external communities

Sustainability Statement
(cont'd)

Although we acknowledge the updates on sustainability focus as outlined in MCCG 2021, we are still in the process of reviewing, gathering information and analysing to support the setting of the future sustainability targets. In the meantime, we would like to highlight the Group's key achievement for FY2022 as tabled below.

ESG Area	Sustainability Target	Progress from FY2021	FY2022 Performance
Economic & Governance	All construction projects must meet the project timeline	The timeline for all construction projects was revised due to the pandemic	We have met all required milestones for each construction project
	Zero Liquidated Ascertained Damages ("LAD") charged on construction projects	RM5.16 million LAD was imposed for a water treatment plant project	The amount of LAD imposed in FY2021 has been revised to RM3.6 million*. There is no new LAD imposed in FY2022. **Note: The LAD imposed is subject to the same project as stated in FY2021 and was imposed due to the delay caused by pandemic.*
	Participate in RM50 million worth per project tender	• 3 out of 6 construction projects participated worth RM50 million and above. • Secured one (1) construction project worth RM9.15 million.	Participated in tender for multiple construction projects totalling more than RM100 million.
	Participate in Renewable Energy construction project tender	JAKS still sourcing for suitable renewable energy construction project tender opportunities.	JAKS continues to source for suitable renewable energy project tender opportunities.
	Maintain zero corruption cases	Zero corruption cases were reported in FY2021	Zero corruption cases were reported in FY2022
	Promote awareness by providing anti-corruption awareness training to the Board of Directors ("BOD") and employees	A total of 4 hours of anti-corruption awareness training was provided to BOD in FY2021	A total of 4 hours of anti-corruption awareness training was provided to all employees in FY2022
Environmental	Reduce 2% of electricity consumption and diesel consumption as compared to the previous year	5% of electricity consumption and diesel consumption reduction in FY2021 as compared to the previous year, FY2020	• Electricity consumption in FY2022 increased by 1% compared to FY2021, following the recommencement of work after Covid-19 lockdown *Action Plan: Management will identify other initiatives to reduce / control electricity consumption* • No diesel consumption in FY2022

Sustainability Statement
(cont'd)

ESG Area	Sustainability Target	Progress from FY2021	FY2022 Performance
Environmental	Implement energy-saving initiatives: • Switch off lights during non-operating hours in the office • Installation of LED lights within Evolve Mall	• Lights switch off during non-operating hours • Project on hold in FY2021 due to the cost-saving initiatives. Target timeline revised to be completed by FY2022	• Lights switch off during non-operating hours • Installation of LED lights is within the parking area
	Reduction 10% of water consumption as compared to the previous year	Water consumption in FY2021 decreased by 36% as compared to previous year	Water consumption in FY2022 decreased by 29% as compared to previous year due to employees travel and relocation to other office locations
	Zero cases of non-compliance with environmental regulatory	Zero cases of non-compliance with environmental regulations were reported in FY2021	Zero cases of non-compliance with environmental regulations were reported in FY2022
	Zero fines imposed by environmental authorities	Zero fines were imposed by environmental authorities in FY2021	Zero fines were imposed by environmental authorities in FY2022
Social	At least 1 female at Board Level	Board composition consists of 1 Female and 7 Male Board Member	Board composition remained unchanged. It comprised of 1 Female and 7 Male Board Member
	Achieve racial diversity at the Board level	Achieved racial equality at the Board level (i.e., 50% Bumiputra; 50% Chinese)	Racial equality at Board Level, consists of 50% Bumiputera and 50% Chinese
	Maintain age balance ratio between male and female directors • 25% - 40 to 49 years old • 25% - 50 to 59 years old • 50% - 60 years old and above	Board's age balance ratio consists of • 25% - 40 to 49 years old • 25% - 50 to 59 years old • 50% - 60 years old and above	Board's age balance ratio consists of • 25% - 40 to 49 years old • 25% - 50 to 59 years old • 50% - 60 years old and above
	Achieve average gender ratio at the employee level	Maintained employee gender ratio of 44% Female and 56% Male	Maintained employee gender ratio of 44% Female and 56% Male
	Maintain age balance ratio at the employee level • 13% - <30 years old • 27% - 30 to 39 years old • 31% - 40 to 49 years old • 20% - 50 to 59 years old • 8% - 60 years old and above	Employee's age balance ratio consists of: • 10% - <30 years old • 25% - 30 to 39 years old • 28% - 40 to 49 years old • 27% - 50 to 59 years old • 10% - 60 years old and above	Employee's age balance ratio consists of: • 10% - <30 years old • 25% - 30 to 39 years old • 28% - 40 to 49 years old • 27% - 50 to 59 years old • 10% - 60 years old and above
	Achieve zero racial discrimination and maintain racial diversity at the employee level	Achieved racial diversity at the employee level (i.e., 48% Bumiputra, 44% Chinese and 7% Indian)	Achieved racial diversity at the employee level (i.e., 48% Bumiputra, 44% Chinese and 7% Indian)
	Priorities and hire 100% of local employees	100% local employees hired in FY2021	100% local employees

Sustainability Statement
(cont'd)

ESG Area	Sustainability Target	Progress from FY2021	FY2022 Performance
Social	Maintain 15% of employee turnover	Recorded 14% of employee turnover in FY2021	Recorded 23% of employee turnover *Action Plan: The Company underwent a workforce rationalisation plan which was concluded in FY2022. No specific action plan will be developed as Management is of the opinion that the target can be carried out in FY2023.*
	Maintain zero discrimination cases within JAKS	Zero discrimination cases were reported in FY2021	Zero discrimination cases were reported in FY2022
	Maintain zero sexual harassment and take immediate action taken against any sexual harassment case reported	Zero sexual harassment cases were reported in FY2021	Zero sexual harassment cases were reported in FY2022
	Provide an average of 8 hours of training per employee per year for the executive level above	Provided an average of 3.2 hours of training hours for the executive level above	Provided an average of 4.6 hours of training for the executive level above (584 training hours over 126 number of executive levels above employee)
	Achieve zero cases of non-compliance with occupational health and safety regulatory	Zero cases of significant non-compliance with occupational health and safety regulatory	Zero cases of significant non-compliance with occupational health and safety regulatory
	Achieve zero cases of fatalities at all worksites	Zero cases of fatalities were reported at all worksites	Zero cases of fatalities were reported at all worksites
	Reduce accident case, incident rate, accident frequency rate and severity rate by comparing with the previous year	Zero cases of incidents/ accidents were reported in FY2021	Zero cases of incidents/ accidents were reported in FY2022
	RM50,000 spend on community engagement activities	Contributed RM74,500 to community engagement activities in FY2021	Contributed RM119,550 to community engagement activities in FY2022

Sustainability Statement
(cont'd)

Risk, Opportunities and Management Approach

Identifying material matters helps us to steer our strategic decisions by identifying risks and opportunities. We proactively set future targets and action plans by assessing the risks and opportunities associated with each key material matter. This approach enhances our readiness to respond to uncertain economic situations and market volatility. Below is an overview of the risks and opportunities associated with our material matters and our action plans to manage them.

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
Economic Presence & Sustainable Profitability	• Funding risk • Liquidity risk • Credit default risk	• Cost savings initiative • Competitive advantage	• Shareholders / Investors / Board of Directors • Customers • Financiers / Banks / Analyst	• Perform cash flow sensitivity analysis to assess the impact of different scenarios on their cash flow
Indirect Economic Impact	• Funding risk • Untimely project completion	• Competitive advantage	• Shareholders / Investors / Board of Directors • Customers • Sub-contractors / Suppliers • Employees	• Focus on strategic partnership strategy for new projects • Project and site meetings are held on regular basis to discuss and resolve site issues
Anti-Corruption	• Non-compliance to rules & regulations	• Increased reputation and customer loyalty	• Shareholders / Investors / Board of Directors • Customers • Sub-contractors / Suppliers • Employees	• Appropriate advice is sought from the regulatory bodies and external consultants to clarify on the unclear guidelines
Procurement & Supply Chain	• Non-performing suppliers and / or vendors	• Brand and reputation enhancement	• Sub-contractors / Suppliers	• Frequent communication between suppliers and sub-contractors
Energy Efficiency	• Health, safety & environmental hazards	• Competitive advantage	• Customers • Sub-contractors / Suppliers • Employees	• Minimising energy consumption
Water Consumption	• Health, safety & environmental hazards	• Competitive advantage	• Customers • Sub-contractors / Suppliers • Employees	• Minimising water consumption
Waste Management	• Health, safety & environmental hazards	• Competitive advantage	• Customers • Sub-contractors / Suppliers • Employees	• Compliance with environmental regulatory requirements

Sustainability Statement
(cont'd)

Material Topics	Risks	Opportunities	Impact to the Key Stakeholders	Management Approach
Environmental Compliance	• Health, safety & environmental hazards • Non-compliance to rules & regulations	• Competitive advantage	• Customers • Sub-contractors / Suppliers • Employees • Local Communities / Non-Governmental Organisations	• Submission of monthly report to Management on health, safety and environmental matters
Occupational Health and Safety	• Health, safety & environmental hazards	• Brand and reputation enhancement	• Sub-contractors / Suppliers • Employees • Media	• Safety committee for headquarters is established to monitor and manage all HSE matters
Diversity and Equal Opportunity	• Loss of key staff	• Better customer and market understanding • Brand and reputation enhancement	• Employees	• On-job training and knowledge sharing are carried out for staff across departments
Employment	• Loss of key staff • Succession planning	• Increased productivity	• Employees	• Monetary i.e., allowance, bonus, etc. and non-monetary rewards are provided as part of staff retention
Training and Development	• Competency gap	• Increased productivity	• Employees	• Continuous training is provided to the second liners who are capable to assume the key roles and functions
Engagement with Internal & External Communities	• Loss of key staff	• Building strong relationships with staff and local communities	• Employees • Local Communities / Non-Governmental Organisations	• Continuous engagements activities conducted with the employee • Provide financial assistance and contribution or community engagement activities

Sustainability Statement
(cont'd)

ECONOMIC

Action Plans	No.	Sustainability Targets	FY2022 Performance
To ensure construction projects completed within timeline and budget	1	All construction projects must meet the project timeline	We have met all required milestones for each construction project.
	2	Zero Liquidated Ascertained Damages ("LAD") charged on construction projects	The amount of LAD imposed in FY2021 has been revised to RM3.6 million*. There is no new LAD imposed in FY2022. **Note: The LAD imposed is subject to the same project as stated in FY2021 and was imposed due to the delay caused by pandemic.*
To secure at least 1 building / infrastructure construction project	3	Participate in RM50 million worth per project tender	Participated in tender for multiple construction projects totalling more than RM100 million.
	4	Participate in Renewable Energy construction project tender	JAKS continues to source for suitable renewable energy project tender opportunities.

The Group's main business activities include power, construction and property investment, which are fundamental parts of our commitment. As one of Malaysia's leading companies in these sectors, we strive to create value for our stakeholders through financial performance, market presence, good business ethics and a track record of delivering exceptional quality products and services.

Direct Impact: Economic Presence and Sustainable Profitability

The increasing global concern for environmental sustainability has led us to evaluate our strategic plan to ensure long-term growth and sustainability of our business. With the expertise and knowledge of our Board, we have developed strategic plans to maximise our efforts in construction and property management. Our Senior Management and Operational Management work together to identify ways to execute these plans effectively for financial growth. We also collaborate to identify risks and focus on areas during the execution process and develop action-based solutions.

The Group's performance in FY2022 has been impacted by the decline in profitability due to the lower revenue from Construction Division. The Construction Division recorded loss before tax of RM31.1 million in for FY2022 compared to loss before tax of RM28.8 million in the previous corresponding year. The lower revenue was due to the near completion of most of the construction works in Malaysia. The loss was mainly attributed to higher operating expenses from the local construction work.

The Property Investment Division experience an increase in revenue, recording total revenue of RM10.3 million for FY2022 compared to RM7.2 million in the previous corresponding year. This was attributed to the lifting of the Movement Control Order ("MCO") and reopening of businesses. The Property Investment Division recorded loss before tax of RM34.0 million as compared loss before tax of RM42.4 million in the previous corresponding year on the account of reversal of provision for impairment loss on property values.

The details of the Group's financial performance can be found in Management Discussion & Analysis of Annual Report.

Sustainability Statement
(cont'd)

Anti-Corruption

Code of Conduct

The Group has a Code of Ethical Conduct and Conflicts of Interest (the "Code") incorporated in the Employee Handbook which sets the ethical standards for Directors, Management and employees. The Code reflects the Group's commitment to economic sustainability and promote high ethical standards in all aspects of its business practices.

There have been no reported complaints about unethical or corrupt behaviour by our employees. The Group will continue to maintain the highest standard of work ethics, honesty and morality.

Action Plans	No.	Sustainability Targets	FY2022 Performance
To promote awareness amongst internal stakeholders on JAKS's ABAC policy.	1	To maintain zero corruption cases	Zero corruption cases were reported in FY2022.
	2	Promote awareness by providing anti-corruption awareness training to the Board of Directors ("BOD") and employees	A total of 4 hours of anti-corruption awareness training was provided to all employees in FY2022.

Anti-Bribery and Anti-Corruption Policy

At JAKS, we are dedicated to conducting business with integrity and in compliance with all relevant laws and regulations, including Malaysian Anti-Corruption Commission Act ("MACC"). We have a zero-tolerance towards corruption, bribery and fraud, as stated in our Anti-Bribery and Anti-Corruption ("ABAC") Policy & Guidelines. The policy outlines the specific protocols for reporting and investigating suspected breaches, as well as a system of due diligence and risk assessment to evaluate the integrity and reputational risks associated with third-party relationships. In order to raise awareness on ABAC to all staff, a 4-hour training session was held in FY2022.

The ABAC Policy is available on our corporate website at http://www.jaks.com.my/investors.php.

Whistleblowing Policy

JAKS has a Whistleblowing Policy that allows stakeholders to report any concerns or suspicions of misconduct or illegal behaviour within JAKS. This policy covers complaints related to suspected unethical conduct, fraud, corruption and misuses of the Group's resources.

The report shall be reported to the Chairman of Audit Committee by any type of channels which are:

By Email
whistleblowing@jaks.com.my

By Post:
Chairman of the Audit Committee
JAKS Resources Berhad:

JAKS Resources Berhad
Unit B-09-28, Tower B, Pacific Towers
Jalan 13/6, Section 13,
46200 Petaling Jaya

The Whistle-Blowing Policy is available on our corporate website at http://www.jaks.com.my/investors.php. No whistleblowing incidents were reported in FY2022.

Sustainability Statement
(cont'd)

Indirect Economic Impact

JAKS's participating in the large-scale solar under Package 2 for the capacity of 50MW ("LSS4") project in March 2021, is a significant step towards promoting sustainable and renewable energy in Malaysia. As a leading player in the industry, we are committed to reducing the reliance on fossil fuels, which is essential for mitigating the damaging effects of climate change.

With the successful signing of the Power Purchase Agreement ("PPA") with Tenaga Nasional Berhad ("TNB") in August 2021 and achieving financial close, we have demonstrated our ability to form sustainable partnerships and commitment to long-term financial stability.

The commercial operation of the LSS4 project that is scheduled for year 2023, and its 25-year concession period signifies our long-term commitment. By contributing to Malaysia's target of achieving renewable energy mix and reaching carbon neutrality as early as 2050 under the United Nations Climate Change Conference 2021 ("COP 26"), showcase our dedication towards building a sustainable future.

Notwithstanding the above, the renewable energy projects depend largely on the government tenders.

Procurement & Supply Chain

Procurement

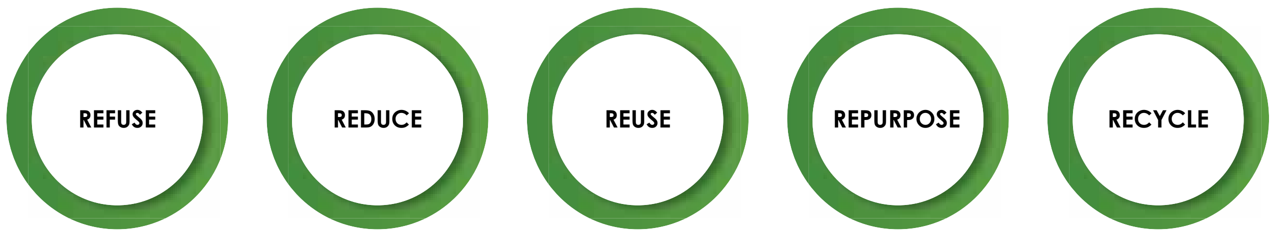
The Group believes in conducting business in a way that not only benefits our organisation, but also for both society and the local economy. We understand the importance of minimising damage to the environment, which is the reason why we are committed to sourcing goods and services from fully local suppliers who share our values and prioritise sustainability. To select the most suitable suppliers, JAKS identifies and evaluates potential suppliers based on their capabilities, quality and pricing.

Supply Chain

As a construction company, JAKS depends on suppliers to transport and deliver goods to the construction site. To reduce its environmental impact and save costs, JAKS has in its plan to work with suppliers who use sustainable transportation methods and materials. Additionally, JAKS shall integrate sustainability into its supply chain management by reducing waste, using renewable energy sources and implementing green procurement policies. This approach will improve JAKS's overall sustainability performance and enhances its reputation with stakeholders, while also increasing productivity and saving money.

ENVIRONMENT

5Rs of Sustainability is a concept for sustainable resource management that highlights the importance of refusing, reducing, reusing, repurposing and recycling in order to create a sustainable future.



The concept for 5Rs has been embedded into JAKS business activities as we explored new methods and initiatives to reduce the environmental footprint created by construction activities. It is essential for us to minimise the environmental impacts at our construction sites on the natural and surrounding environment and to conserve it for the future generation.

The following aspects highlights our initiatives in environmental sustainability focus:

- Minimising water and energy consumption
- Preserving the environment
- Compliance with environmental regulatory requirements

Sustainability Statement
(cont'd)

Energy Efficiency

Action Plans	No.	Sustainability Targets	FY2022 Performance
To monitor the electricity and diesel consumption	1	To reduce 2% of electricity consumption and diesel consumption as compared to the previous year	• Electricity consumption in FY2022 increased by 1% compared to FY2021, following the recommencement of work after Covid-19 lockdown *Action Plan: Management will identify other initiatives to reduce / control electricity consumption* • No diesel consumption in FY2022
To implement energy saving initiatives	2	To implement energy-saving initiatives: • Switch off lights during non-operating hours in the office • Installation of LED lights within Evolve Mall	• Lights switch off during non-operating hours • Installation of LED lights is within the parking area

	FY2022		FY2021		FY2020	
	Electricity (KwH)	**Diesel (Litre)**	**Electricity (KwH)**	**Diesel (Litre)**	**Electricity (KwH)**	**Diesel (Litre)**
Construction Division	*Not Applicable*	*Not Applicable*	110,248	8,000	2,995,639	19,000
Property Investment Division	4,861,595	*Not Applicable*	4,686,096	485	5,673,280	Not Applicable
Total	**4,861,595**	**-**	**4,796,344**	**8,485**	**8,668,919**	**19,000**
Carbon Emission (t CO_2e)#	924	-	1,019	23	2,021	51
Total Carbon Emission	924		1,042		2,072	

The table above represents the electricity and diesel consumption over the past three (3) years. The overall electricity consumption increased by 1% in FY2022 compared to FY2021. We recorded an increase in electricity consumption by the Property Investment Division in FY2022 by 4% as compared to FY2021 due to the reopening of the Division's office after the Movement Control Order ("MCO"). There was a minimal diesel consumption as the projects were nearing completion and thereby the diesel consumption in FY2022 was not reported.

In terms of electricity consumption, we continuously practice energy-saving strategies such as turning off the air conditioning and lights during lunch hours. We remain to seek opportunities for responsible electricity and diesel consumption and raise awareness among employees, subcontractors, tenants, and patrons. We have installed 1,279 LED lights in the Lower Ground ("LG") car park at Evolve Mall and will continue to monitor the Mall's energy usage to install LED lights when necessary.

We care about reducing carbon emissions and recognise the damaging impact of high carbon emissions levels can have on the environment. Our Construction and Property Development and Investment activities generate greenhouse gas ("GHG") from diesel and electricity use. We track our consumption and maintain our equipment to be as efficient as possible to minimise our impact on the environment.

We prioritise sustainability in all our building practices especially at Pacific Tower Business Hub in Petaling Jaya. We designed our facility according to the guidelines set by Green Building Index ("GBI") which considers energy efficiency, water efficiency, indoor air quality and solar panels installation. We used eco-friendly paint that is free from volatile organic compounds ("VOC") and our windows are double glazed with anti-UV and anti-infrared properties to reduce the temperature from outside, which lessens the need for air-conditioning.

#Fuel Emission Factor used in 2022 = 2.70 kg CO_2e /litres for diesel and 0.19338 kg CO_2e /kWh as per UK Government GHG Reporting Conversion Factors for Company Year 2022. Greenhouse gas reporting: conversion factors 2022 - GOV.UK (www.gov.uk)

Sustainability Statement
(cont'd)

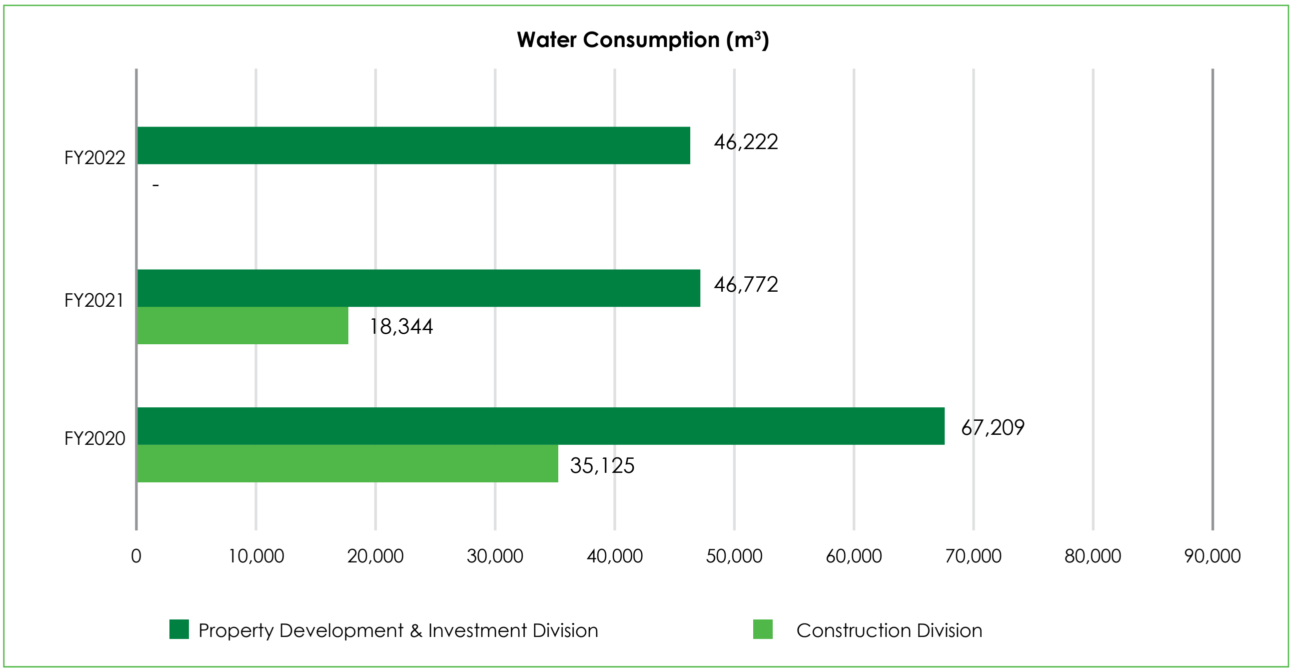
To reduce our carbon footprint, we have adopted LED lights in Pacific Tower offices and some construction sites and introduced initiatives to reduce energy consumption, such as limiting lighting, air conditioning, escalator and elevator usage. At JAKS, we promoted digitalisation among our employees and installed power-saving features on all photocopiers, computers and laptops. Our goal is to significantly decrease our electricity consumption in the next three years through these efforts.

Water Consumption

Action Plans	No.	Sustainability Targets	FY2022 Performance
To monitor the water consumption	1	To reduce 10% of water consumption as compared to the previous year	Water consumption in FY2022 decreased by 29% as compared to previous year due to employees travel and relocation to other office locations

Water consumption is a critical issue in our Property Investment Division as it is essential for building and maintaining our infrastructure. We closely monitor our water consumption and strive towards efficiency through sustainable practices.

In FY2022, we have recorded a 29% decrease in water consumption in FY2022, compared to the prior year due to employees travel and relocation to other office locations. Despite this, we remain committed to creating a sustainable water future and continuously explore ways to reduce our water usage.



Waste Management

At JAKS, we are dedicated to reducing the waste generated from our business operations. Our waste management process complies with the relevant regulations for both domestic and industrial waste. We work with appointed waste collectors designated by local authorities to properly store and collect the waste, which is then disposed of at the designated centres.

The general waste produced by JAKS are categorised into two types – scheduled waste and unscheduled waste. Scheduled waste is hazardous waste that can adversely affect public health and the environment. Unscheduled waste, on the other hand, is waste that does not exhibit significant toxic characteristics. The waste produced by JAKS is mostly unscheduled waste, such as paper, glass and plastic, which is mainly office waste.

Sustainability Statement
(cont'd)

Environmental Compliance

Action Plans	No.	Sustainability Targets	FY2022 Performance
To ensure sub-contractor comply with the environmental regulatory through adherence to contract terms and conditions and fines imposed	1	To ensure zero cases of non-compliance with environmental regulatory	Zero cases of non-compliance with environmental regulations were reported in FY2022
	2	To ensure zero fines imposed by environmental authorities	Zero fines were imposed by environmental authorities in FY2022

We are dedicated to ensuring that we control and prevent environmental pollution in our business divisions to safeguard the ecosystem. To drive this commitment, a Site Supervisor is dedicated to monitor the effluent generated from our key projects such as Langat 2 Water Treatment Plan ("WTP") and Water Reticulation system in Selangor / Wilayah Persekutuan Kuala Lumpur ("Langat 2 WTP"). The Supervisor submits monthly environmental monitoring reports to the Department of Environment ("DoE").

We are committed to the following environmental regulations and guidelines for the Langat 2 WTP project. It is essential to take into consideration the potential impact that construction projects can have on the environment and to take proactive steps to mitigate any negative effects. The approval of the Environmental Management Plan ("EMP") by the DoE is a positive step towards ensuring compliance and minimising any potential impact on the surrounding ecosystem.

JAKS submitted an EMP to the DoE for approval, in order to ensure compliance with regulations and guidelines outlines by Environment Impact Assessment ("EIA") requirements. This was done to adhere to the standards set by Malaysia's Environment Quality Act 1974. On July 9, 2015, the EMP was officially approved, showing our dedication to following strict environmental regulations and guidelines.

The ongoing monitoring during the development stage of the Langat 2 WTP, involved various activities, including:

Environmental Aspect	DoE Standards	Actual Average Performance		
		FY2022	FY2021	FY2020
Ambient Air Quality	Total Suspended Particulates ("TSP") 260µg/m3 by Malaysia Ambient Air Quality	Complied with standard	Complied with standard	Complied with standard
Noise Level	Noise limit: • 65 dBA (daytime) • 60 dBA (nighttime) Stipulated under the Guidelines for Environmental Noise Limits and Control.	Complied with standard	Complied with standard	Complied with standard
Water Quality	Class II of National Water Quality for Malaysia (NWQS)	Exceed limit for Biological Oxygen Demand ("BOD"), Ammoniacal Nitrogen and E.coli. The remaining parameters were within the limit	Exceed limit for Biological Oxygen Demand ("BOD"), Ammoniacal Nitrogen and E.coli and the remaining parameters were within the limit.	Exceeded limit for Dissolved Oxygen, Biological Oxygen Demand ("BOD") and Chemical oxygen demand ("COD"). The remaining parameters were within the limit.

In FY2022, there is no cases of non-compliance with environmental regulations and we did not receive any fines or penalties from local authorities (FY2021: Nil). To ensure that we comply with regulations and standards, we regularly review our policies and procedures, and work closely with relevant authorities to address any issues that may arise. If necessary, we take prompt action to mitigate any potential environmental impacts and maintain a sustainable approach to our operations.

Sustainability Statement
(cont'd)

SOCIAL

Diversity and Equal Opportunity

Action Plans	No.	Sustainability Targets	FY2022 Performance
To maintain at least 1 female at the Board level	1	At least 1 female at Board Level	Board composition remained unchanged. It comprised of 1 Female and 7 Male Board Member
To ensure zero racial discrimination cases (Board level)	2	Achieve racial diversity at the Board level	Racial equality at Board Level, consists of 50% Bumiputera and 50% Chinese
To ensure age balance in the workplace (Board level)	3	Maintain age balance ratio between male and female directors • 25% - 40 to 49 years old • 25% - 50 to 59 years old • 50% - 60 years old and above	Board's age balance ratio consists of • 25% - 40 to 49 years old • 25% - 50 to 59 years old • 50% - 60 years old and above
To achieve an average gender ratio among employee	4	Achieve average gender ratio at the employee level	Maintained employee gender ratio of 44% Female and 56% Male
To ensure age balance in the workplace	5	Maintain age balance ratio between male and female directors • 25% - 40 to 49 years old • 25% - 50 to 59 years old • 50% - 60 years old and above	Board's age balance ratio consists of • 25% - 40 to 49 years old • 25% - 50 to 59 years old • 50% - 60 years old and above
To achieve an average gender ratio among employee	6	Achieve average gender ratio at the employee level	Maintained employee gender ratio of 44% Female and 56% Male
To ensure age balance in the workplace	7	Maintain age balance ratio at the employee level • 13% - <30 years old • 27% - 30 to 39 years old • 31% - 40 to 49 years old • 20% - 50 to 59 years old • 8% - 60 years old and above	Employee's age balance ratio consists of: • 10% - <30 years old • 25% - 30 to 39 years old • 28% - 40 to 49 years old • 27% - 50 to 59 years old • 10% - 60 years old and above
To ensure zero racial discrimination case	8	Achieve zero racial discrimination and maintain racial diversity at the employee level	Achieved racial diversity at the employee level (i.e., 49% Bumiputra, 44% Chinese and 7% Indian)

We recognise that having diversity is essential for driving sustainable development, including diversity in age, race, religion, gender, nationality, and belief. We believe in providing equal opportunities for all and have practice a zero-tolerance policy towards workplace discrimination.

Board Diversity

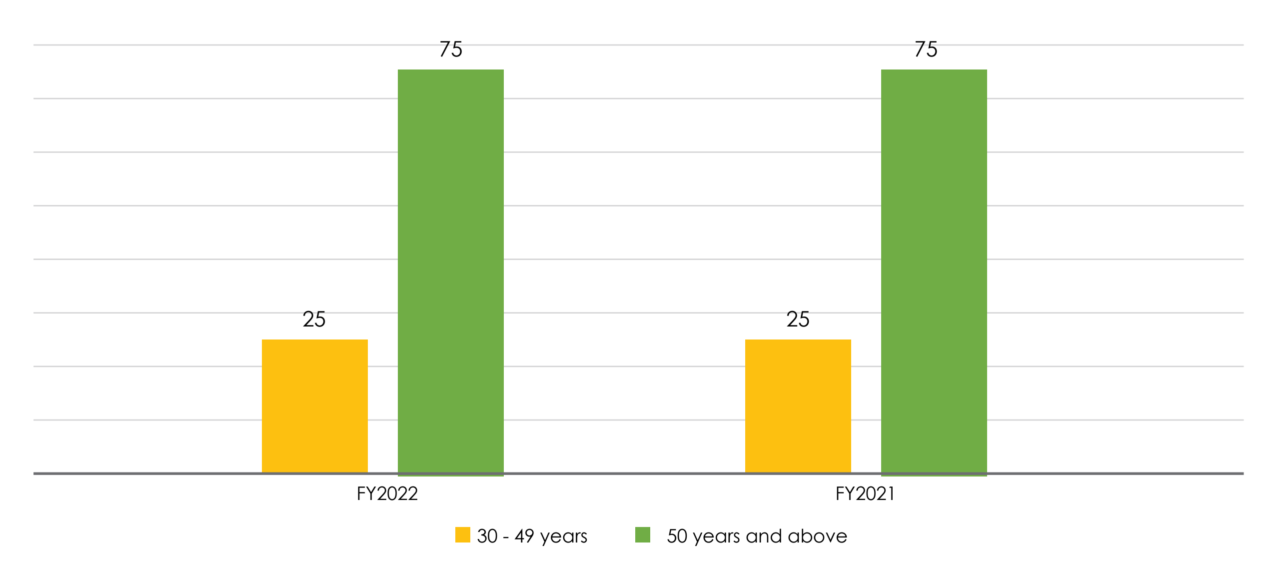
BOARD COMPOSITION	
Total Number of Board Members in 2022: 8 Board Members	
Board Diversity by Gender and Ethnicity	
7 Male Board Members	**50% Bumiputera**
1 Female Board Member	**50% Chinese**

The diagram above shows the overall number and percentage of the Board members by gender and race in JAKS. In FY2022, there were 7 male Board members and 1 female Board member. In terms of ethnicity, the Board consists of 4 Bumiputera and 4 Chinese Board members.

Sustainability Statement
(cont'd)

The percentage of the Board Composition by age remains the same in FY2022. The Board's diverse gender, age and ethnic representation contributes various viewpoints and experiences to JAKS.

Percentage of Board Composition by Age (%)

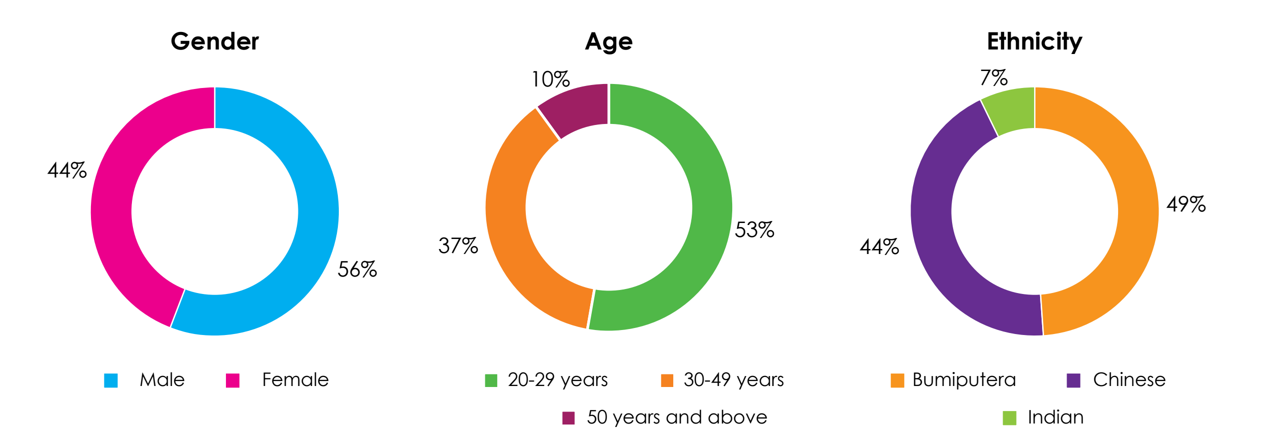


Employee Diversity

In FY2022, our total workforce consisted of 124 manpower (FY2021: 135, F2020: 146), comprising of 56% male and 44% female employees, all of whom were hired locally to improve job opportunities and ensure a better understanding of Malaysian market and culture.

The diagram below shows the percentage of three divisions: gender and age in JAKS. The gender division shows an almost equal percentage for both male and female, indicating equal opportunities for both genders. The age division shows the highest percentage in the age range of 30 to 49 years old, and the lowest percentage is the age range of 20 to 29 years old. In terms of the ethnicity, 49% of the workforce comprises of Bumiputera followed by 44% of Chinese and 7% of Indian.

The Group aims to attract more younger employees by advertising job opportunities on JAKS's website, and online platforms used by younger individuals in this generation.



Sustainability Statement
(cont'd)

The table below shows the comparison of diversity by Senior Management and Non-Senior Management by gender, age, and ethnicity within 3 years period.

JAKS's Workforce	FY2022				FY2021				FY2020			
Gender Diversity	SM		NSM		SM		NSM		SM		NSM	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
	21	4	48	51	19	3	56	57	22	3	61	60
Total	**25**		**99**		**22**		**113**		**25**		**121**	
Age Diversity												
20-29 years old	-		12		-		14		-		17	
30-49 years old	5		61		4		67		8		67	
50 years and above	20		26		18		32		17		37	
Total	**25**		**99**		**22**		**113**		**25**		**121**	
Ethnic Diversity												
Bumiputra	5		55		5		61		5		65	
Chinese	19		36		16		40		19		42	
Indian	1		8		1		12		1		14	
Total	**25**		**99**		**22**		**113**		**25**		**121**	

Note:
M: Male *F: Female*
SM: Senior Management *NSM: Non-Senior Management*

Employment

Action Plans	No.	Sustainability Targets	FY2022 Performance
To prioritise local employees hired within the financial year	1	Priorities and hire 100% of local employees	100% local employees
To recruit and retain potential and performing employees	2	Maintain 15% of employee turnover	Recorded 23% of employee turnover *Action Plan: The Company underwent a workforce rationalisation plan which was concluded in FY2022. No specific action plan will be developed as Management is of the opinion that the target can be carried out in FY2023.*

Local Hiring

At JAKS, we believe in the importance of supporting and investing in the local communities where we operate. One way we achieve this is through our commitment to local hiring. Our local hiring approach aligns with overall sustainability goals and supports our mission of being a responsible and impactful member of the communities we serve. By investing in the local talent, we are helping to build a sustainable future for the communities where we operate.

As at FY2022, total workforce in JAKS comprises of local talents which has remained the same for the past years. (FY2021: 100%)

Sustainability Statement
(cont'd)

Talent Attraction and Retention

In FY2022, JAKS hired a total of 13 employees (FY2021: 2, FY2020: 42 new hires). The employee turnover rate increased to 23% (FY2022: 28 resigned employees) as compared to 14% in FY2021 (19 resigned employees) was primarily due to workforce rationalisation plan which was concluded in FY2022 and completion of specific projects where employees who were under contract basis. JAKS plans to provide training and development opportunities to its employees to enhance the employees' skill, competency, and knowledge. This includes providing training, courses, and programmes to ensure that employees have the necessary resources to grow within the Group.

Zero Tolerance for Harassment

Action Plans	No.	Sustainability Targets	FY2022 Performance
To ensure zero racial discrimination cases	1	To maintain zero discrimination cases within JAKS	Zero discrimination cases were reported in FY2022
To communicate sexual harassment policies to all employees	2	To maintain zero sexual harassment and take immediate action taken against any sexual harassment case reported	*Zero sexual harassment cases were reported in FY2022*

We prioritise a safe and respectful workplace safe and have a zero-tolerance policy towards harassment. We have established procedures for reporting incidents of harassment, which are handled confidentially and efficiently. Any form of harassment will be strictly dealt with in accordance with JAKS' human resource procedures and applicable regulations.

We encourage employees to report any incidents they experience or witness, and appropriate action will be taken, including investigations and corrective measures where necessary.

The Journey of Growth

We remain committed to investing young talent and promoting sustainability in all aspects of our operations including our internship programmes. However, in FY2022, we did not engage any interns (FY2021: 1 intern, FY2020: 1 intern). Despite this, JAKS plans to offer internship opportunities in the future by building relationships with colleges and universities and advertising through career fairs. JAKS believes that hands-on experience is crucial for the growth of young professionals and intends to align its internship programs with our sustainability goals and values.

Internship Programme in JAKS					
Ethnic diversity working environment	Opportunity to decide whether to pursue career in JAKS	Exposed to work ethics	Develop soft skills	Knowledge sharing	Practical experience in field of interest

Sustainability Statement
(cont'd)

Employee Satisfaction

At JAKS, we value our employees as our most valuable asset. We are dedicated to fostering a culture of satisfaction and well-being among our employees. Regular discussions are held to identify any areas of dissatisfaction and to provide opportunities for improvement. We also hold monthly townhall sessions with all employees to provide an open and transparent platform for communication, where everyone has an equal opportunity to participate, share their thoughts and ask questions.

At JAKS, we provide attractive benefits to our full-time permanent employees as part of their employment package which we aim to improve the well-being of our employees. By prioritising employees' satisfaction and well-being, we believe we create a positive work environment that fosters growth and productivity, while also promoting loyalty and commitment among our employees. Our key benefit includes the following:

Leaves	• Annual Leave up to 26 days • Substitute Leave • Medical & Hospitalisation Leave • Maternity Leave • Compassionate Leave • Contingency Leave • Congratulatory Leave • Examination Leave • Paternity
Allowances	• Meal Allowance • Parking Reimbursement • Subsistence Allowance • Travelling Reimbursement • Hamper (Hospital Admission) • Compassionate Token • Business Travel Allowance • Accommodation Reimbursement • Outstation Allowance • Handphone Reimbursement • Professional Membership Reimbursement
Medical	• Annual Medical Check-up & Health Screening
Insurance	• Hospital & Surgical Insurance • Group Personal Accident Insurance • Term-Life Insurance
Others	• Long Term Incentive Plan • Long Service Award Training

Training and Development

Action Plans	No.	Sustainability Targets	FY2022 Performance
To provide an average of 8 training hours per employee at the management level	1	Provide an average of 8 hours of training per employee per year for the executive level above	Provided an average of 4.6 hours of training for the executive level above *(584 training hours over 126 number of executive levels above employee)*

The Group recognises the importance of providing our employees with continuous training and development to maintain a strong talent pool that is competitive and dynamic. The training programs cover both functional and technical aspects which are relevant to JAKS's operations such as construction, property management and health and safety matters. The training programmes are designed to cater to all levels of employees, from management to executive and non-executive positions

Sustainability Statement
(cont'd)

The Group provided an average of 4.6 hours of training in FY2022 (FY2021: 3.2 training hours) that focused on functional and technical skills, as well as health & safety. The total cost of training was RM7,568 in FY2022 (FY2021: RM11,638), which was lower than the previous year cost, due to the different training content and training provider.

Aside from building essential skills, the training programs also aim to keep employees updated on the latest developments in their respective fields. This is essential to enable them to adapt to changes and advancements, which ultimately contributes to JAKS's continued success and growth.

TRAINING & DEVELOPMENT

Total Training Hours:

584
(FY2021: 400, FY2020: 628)

Type of Training Programme	FY2022 (hours)	FY2021 (hours)	FY2020 (hours)
Functional and technical skills	64	176	44
Health and safety	520	224	584
Total	**584**	**400**	**628**

Training Programmes:

- Authorised Gas Tester & Entry Supervisor for Confined Space Refresher
- HRD Corp Workshop 2022
- ISO 45001:2018
- Guideline on Management of Occupational Noise Related
- MIA Webinar Series – CFO's Business Strategic Consulting & Coaching
- Seminar Pengenalpastian Hazard, Penaksiran Risiko Dan Kawalan Risiko ("HIRARC") Di Tempat Kerja
- Webinar Keselamatan Kesihatan Pekerjaan ("KKP") Teknologi Memantapkan KKP Di Tempat Kerja
- (MC) Workshop on "What Must Employers Do to Win Dismissal Cases at The Industrial Court"
- Industrial Relations Conference 2022
- Anti-Bribery & Corruption

Occupational Health and Safety

Action Plans	No.	Sustainability Targets	FY2022 Performance
To achieve zero breach cases of non-compliance with OHS regulatory	1	Zero cases of non-compliance with OHS regulatory	Zero cases of significant non-compliance with OHS regulatory
To achieve zero fatalities cases at all worksites	2	Zero cases of fatalities at all worksites	*Zero cases of fatalities were reported at all worksites*
To reduce the number of accident cases and incident rate as compared with the previous year	3	Reduce accident case, incident rate, accident frequency rate and severity rate by comparing with the previous year	Zero cases of incident / accident were reported in FY2022

We are committed in ensuring the health and safety of our employees through embedding positive safety culture, strengthening our safety processes, and establishing safe work environments. Continuous improvement shall be made in any new occupational health and safety regulations for construction industry practices. The new regulations are constantly being highlighted during our periodical safety briefings or meetings with the employees to notify them of the potential risks and exposures they are facing.

At our Company, we prioritise the health and safety of everyone including employees, contractors, visitors and any other individuals that are in contact with operations. We believe that it is the shared responsibility of all levels of these individuals to prevent any health and safety accident or illnesses in the workplace. This not only helps to ensure that all those involved are protected, but it also helps to prevent fines, stop-work orders, and other disruptions that can negatively impact the progress of our construction work.

Sustainability Statement
(cont'd)

We demonstrate our commitment through our actions. In fostering a safe workplace, Occupational Health and Safety Policy Statement and Safety Operating Procedures are in place and communicated to all relevant parties. Some of the safety operating procedures in place are as below:

1. Performance Measurement & Monitoring	4. Personal Protective Equipment
2. Chemical Handling & Spillage Control	5. Hazard Identification, Risk Assessment and Determining Risk Control (HIRARC)
3. Emergency Preparedness & Response	6. Emergency Response Plan

Our commitment to a safe and sustainable workplace for all employees is enhanced through the alignment with ISO 45001:2018, the internationally recognised standard that uses a risk-based approach. This enables organisations to implement a safety and health management system for managing risks and enhancing performance. JAKS also practices the Occupational Health and Safety measure activities as follows:

- Occupational Health & Safety Committee ("OSHC") was established to monitor and expedite the management of occupational health and safety related matter on quarterly basis
- Appointment of Safety Officer
- Periodical Safety briefings and reminders
- Provision of personal protective equipment
- Conduct health and safety activities with the following frequencies:

No.	Activities	Frequency
1.	Toolbox/ Safety Briefing	Weekly
2.	Safety Induction	For new workers
3.	Workplace Inspection Checklist	Monthly
4.	Fire Extinguisher Checklist	Monthly
5.	First Aid Checklist	Monthly
6.	Safety Committee Meeting	Quarterly
7.	Emergency fire drill	Twice yearly
8.	Emergency Evacuation	Twice yearly
9.	Trade training for workers	As necessary
10.	Machinery Inspection (Initial)	At the point of arrival at the site
11.	Machinery Inspection	Quarterly
12.	COVID-19 Updates	Weekly

Work-related accident cases

In terms of work-related accident cases, there were no incidents and accidents in FY2022 (FY2021: Nil). JAKS will continue to strive and prevent any harm from happening for the safety of all the employees.

Years	2022	2021	2020
Number of Fatalities	NIL	NIL	NIL
Rate of Incidents	NIL	NIL	NIL

Sustainability Statement
(cont'd)

Engagement With Internal & External Communities

Engagement With Internal Communities

We believe in the importance of creating a work environment that fosters positive relationship, contribute to work-life balance as well as promoting a sense of belonging to all employees. "Kelab Sukan dan Rekreasi JAKS", a Sports Club established in 2005, has as its primary objective to encourage a healthy culture and lifestyle among the employees. In FY2022, badminton had been included as part of the engagement activities with employees.

Engagement With External Communities

It is important for JAKS to keep the balance between business goals and social responsibilities as it demonstrates the Company's commitment in being a responsible corporate citizen and contributing to nation building. Supporting local communities and providing aid to vulnerable segment of society can have a positive impact on their lives and contribute to overall community development.

Action Plans	No.	Sustainability Targets	FY2022 Performance
To provide financial assistance and contribution or community engagement activities	1	RM50,000 spend on community engagement activities	*Contributed RM119,550 to community engagement activities in FY2022*

In FY2022, JAKS had made various donations with a total of RM119,550 which are tabulated as below:

Name of Programme	Purposes	Amount (RM)
Pertubuhan Bantuan Kebajikan Keluarga Miskin Bandar Kuala Lumpur Dan Selangor	Donation for Sumbangan Ramadhan and Aidilfitri to single mothers, 'asnaf' family and parties affected by natural disasters	8,750
Hari Raya Haji	Donation / Sponsorship for Hari Raya Haji	20,800
UTAR Education Foundation	• Donation for Not-For-Profit Hospital Charity Fund Raising Golf Meet at Sungai Long & Country Club • Donation for UTAR Hospital Project	35,000 50,000
PIBG SMK King Edward VII, Taiping	Donation for Edwardian Fun and Funds Golf 2022	5,000
	Total	119,550

Going Forward

As part of continuity to the formalisation and implementation of strategies and KPIs achievement, in FY2022 JAKS is constantly tracking and overseeing the incorporation of sustainability initiatives into its business strategies. The journey towards embedding sustainability into the company's operations is outlined in a comprehensive roadmap as illustrated in the diagram below, which outlines the steps required to achieve this goal. In this roadmap, JAKS outlines the various steps it will take to ensure that sustainability is at the forefront of its operations, from the formulation of sustainability-oriented policies and goals to the implementation of initiatives and programmes that support these objectives.

FY 2017-2018
- First Sustainability Report as part of JAKS Annual Report.
- The Board oversee strategies in relations to sustainability matters.
- Senior Management sets the sustainability strategies and action plans

FY 2019-2021
- Established Sustainability Committee comprisibg Managing Director, Director and Chairman of JAKS
- Established Terms of Reference for Sustainability Committee
- Established Sustainability Policy outlined objectives for sustainability addressing Economic, Environment, Social and Governance

FY 2021
- To develop relevant KPI link to business strategies and Sustainability objectives.
- To establish Sustainability intiatives based on key prioritised areas and tracking the result.

FY 2022
- To integrate sustainability initiatives into business strategies
- To implement data collection and monitoring for Sustainability initiatives

FY 2023-2025
- Full Integration to business strategies, relevant KPIs, to ensure achievement of UNSDGs
- To continuously improve on implementation and tracking & monitoring sustainability initiatives
- To enhance culture embedment Achievement of sustainability excellence

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors of JAKS Resources Berhad (the "Company" or "JAKS") supports high standards of corporate governance and assumes responsibility in ensuring that principles and practices of the Malaysian Code on Corporate Governance ("the Code") are followed where possible or provide alternatives in meeting them. The Group believes that good governance will help to realise long-term shareholders value, whilst taking into account the interest of other stakeholders.

Set out herewith are the corporate governance principles and recommendations that were applied during the financial year ended 31 December 2022. The Board considers that it has fundamentally applied the principles and practices of the Code and is pleased to report the actions taken by the Company to conform to the Code in the Corporate Governance Report that is available in the Company's website www.jaks.com.my.

PRINCIPLE A – BOARD LEADERSHIP AND EFFECTIVENESS

i. Board Responsibilities

The Board of Directors takes full responsibility for the performance of the Group. The Board provides stewardship to the Group's strategic direction and operations which will ultimately maximise shareholders' value. To fulfill this role, the Board provides advice to the Management in monitoring and achieving the Group's goals.

The Board's most important functions are as follows:

- ensuring that the Group's goals are clearly established, and strategies are in place to achieve them;
- establishing policies for strengthening the performance of the Company including ensuring that Management is proactively seeking to build business through innovation, initiative, technology and the development of its business capital;
- monitoring the performance of Management;
- appointing the Chief Executive Officer ("CEO") and setting the terms of his employment contract;
- deciding on steps which are deemed necessary to protect the Company's financial position and the ability to meet its debts and other obligations when they fall due, and ensuring that such steps are taken;
- ensuring that the Company's financial statements are true and fair and conform with law;
- ensuring that the Company adheres to high standards of ethics and corporate behavior; and
- ensuring that the Company has appropriate risk management or regulatory compliances policies in place.

In discharging its fiduciary duties during the financial year 2022, the Board has delegated specific tasks to six Board Committees namely Audit Committee, Nomination Committee, Remuneration Committee, LTIP Committee, Sustainability Committee and Risk Management Committee. All the Board Committees have its own terms of reference and the authority to act on behalf of the Board within the authorities as lay out in the terms of reference and report to the Board with the necessary recommendation.

The Company has a Board Charter which sets out the Board Governance process and Board-Management relationship. The Board Charter is available on the Company's website at www.jaks.com.my. A review of the Board Charter was conducted on 24 November 2022.

The Board Charter also has a formal schedule of matters reserved for the Board covering the limits of authority for:

- Acquisition & Disposal of Assets
- Investments in Capital Projects
- Treasury Policies
- Risk Management policies

Corporate Governance Overview Statement
(cont'd)

ii. Board Composition

The Board of JAKS presently has eight members comprising of the CEO, two Executive Directors and five Independent Non-Executive Directors. The Independent Non-Executive Directors make up more than 50% of the Board to allow for objective independent judgement to be made by the Board.

The Board meetings are presided by the Chairman, who is an Independent Non-Executive Director and whose role is clearly separated from role of the CEO to ensure a balance of power and authority.

The Executive Directors are responsible for implementing the policies and decisions of the Board, overseeing the operations as well as managing the development and implementation of business and corporate strategies. The Independent Non-Executive Directors are independent of Management and free from any business relationship which could materially interfere with their independent judgement. Their presence ensures that issues of strategies, performance and resources proposed by the Management are objectively evaluated and thus provide a capable check and balance for the Executive Directors.

On the tenure of the independent directors who have exceeded the term of nine (9) years in 2022, the Nomination Committee and the Board members (save for the affected independent directors) had assessed their performance and noted that they have continued to support objective and independent deliberation in their decision-making. The recommendation for their retention was made to the shareholders and the Company's shareholders had at the Annual General Meeting ("AGM") in 2022 passed the resolutions to allow Tan Sri Datuk Hussin Bin Haji Ismail, Mr. Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood who have both served as Independent Non-Executive Directors of the Company for a cumulative term of more than nine (9) years, to continue to act as Independent Non-Executive Directors of the Company until the 2023 AGM.

The Board has taken note of Practice 5.10 of the Code to have a gender diversity policy and has adopted the Board Gender Diversity Policy in the Board Charter on 30 November 2021 setting out that there is to be at least a woman Director on the Board at all times. In seeking potential candidate(s) for new appointments, the Board takes into account ethnicity and age distribution of the Directors to maintain a balanced Board composition and the Board shall also review the participation of women in senior management to ensure there is a healthy talent pipeline. In undertaking the process of reviewing and selecting potential candidates to fill in the vacancies, the Board shall be mindful of various diversity factors to strengthen the Board composition that meets the objectives and strategic goals of the Group.

Board Meetings

During the financial year ended 31 December 2022, six (6) Board Meetings were held. Besides the routine meeting to discuss on the quarterly financial reports, the Board held a special meeting to discuss on the corporate fund raising exercise. The respective Directors' attendance record is as shown in the table below:

Director	No. of meetings attended
Tan Sri Datuk Hussin Bin Haji Ismail	6/6
Ang Lam Poah	6/6
Ang Lam Aik	6/6
Dato' Razali Merican Bin Naina Merican	5/6
Dato' Azman Bin Mahmood	6/6
Liew Jee Min @ Chong Jee Min	6/6
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	6/6
Khor Hun Nee	6/6

The Board meets at least five (5) times a year and as and when it is necessary. Due notice of matters to be discussed are provided to the Board. The proceedings, deliberations and conclusions made by the Board were properly recorded in the minutes of meetings kept by the Company Secretary and was confirmed by the Board and signed by the Chairman of the meeting.

Corporate Governance Overview Statement
(cont'd)

Supply of Information

The Board is provided with the agenda and board papers prior to Board Meetings with sufficient time to enable the Board to solicit further explanations and/or information, where necessary, to enable them to discharge their duties.

The board papers provided include inter alia, financial results, business plan and budget, status of major projects, minutes of meetings of Board/ Board Committees, circulars from Bursa Malaysia Securities Berhad ("Bursa Securities"), announcements made to Bursa Securities, Directors' resolution in writing that had been passed and other major operational and financial issues for the Board's information and/or approval.

All Directors have access to the advices and services of the Company Secretary and all information in relation to the Group whether as a full Board or in their individual capacity to assist them in discharging their duties. The Board or the individual Director may seek independent advice from independent professional advisers at the Group's expense, if necessary in accordance to the prescribed policy.

Directors' Training

The Group acknowledges that continuous education is vital for the Board members to gain insight into the state of economy, technological advances, regulatory updates and management strategies. The Directors are encouraged to attend continuous education programmes to further enhance their skills and knowledge, where relevant. New directors appointed are required to attend the Mandatory Accreditation Programme pursuant to the Listing Requirements of Bursa Securities and will be briefed by Management on the operations and policies of the Company to familiarise themselves with the Company's business.

During the financial year ended 31 December 2022, the Directors have individually or collectively attended the following courses / seminar set out below:-

Director	Mode of Training	Title of Training	Duration of Training
Tan Sri Datuk Hussin Bin Haji Ismail	Webinar	Corporate Briefing – Understanding Sustainability and Environmental, Social and Governance ("ESG")	0.5 day
Ang Lam Poah	Webinar	Corporate Briefing – Understanding Sustainability and Environmental, Social and Governance ("ESG")	0.5 day
Dato' Razali Merican Bin Naina Merican	Webinar	Corporate Briefing – Understanding Sustainability and Environmental, Social and Governance ("ESG")	0.5 day
Ang Lam Aik	Webinar	Corporate Briefing – Understanding Sustainability and Environmental, Social and Governance ("ESG")	0.5 day
Dato' Azman Bin Mahmood	Webinar	Corporate Briefing – Understanding Sustainability and Environmental, Social and Governance ("ESG")	0.5 day
Mr. Liew Jee Min @ Chong Jee Min	Webinar	Audit Oversight Board's Conversation with Audit Committees: Good Practices for Audit Committees in Supporting Audit Quality"	0.5 day
	Webinar	Corporate Briefing – Understanding Sustainability and Environmental, Social and Governance ("ESG")	0.5 day
	Webinar	Practical Updates on Financial Standards, MFRSs	0.5 day
	Webinar	Bursa Malaysia Immersive Experience: The Board "Agender"	0.5 day
	Webinar	Audit Oversight Board's Conversation with Audit Committees: "How the Audit Committees and Auditors can work together towards reliable audited financial statements"	0.5 day

Corporate Governance Overview Statement
(cont'd)

Director	Mode of Training	Title of Training	Duration of Training
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	Webinar	Corporate Briefing – Understanding Sustainability and Environmental, Social and Governance ("ESG")	0.5 day
Khor Hun Nee	Webinar	Anti-Money Laundering, Anti-Terrorism Financing & Proceeds of Unlawful Activities and Personal Data Protection Act 2022	0.5 day
	Webinar	Anti-bribery & Corruption Training 2022	0.5 day
	Webinar	Compliance & Shariah Training 2022	0.5 day
	Webinar	Code of Ethics and Rules of Professional Conduct 2022	0.5 day
	Webinar	Compliance & Shariah Training 2022	0.5 day
	Webinar	EPF-MIS Guidelines Training 2022	0.5 day
	Webinar	Guidelines on Advertisement 2022	0.5 day
	Webinar	IT Security Awareness Training 2022	0.5 day
	Webinar	Corporate Briefing – Understanding Sustainability and Environmental, Social and Governance ("ESG")	0.5 day

Appointments and Re-election of Directors

In accordance with the Company's Constitution, all Directors who are appointed by the Board shall hold office only until the next annual general meeting after their appointment and shall then be eligible for re-election. The Articles also provide that at least one-third of the remaining Directors be subject to retirement by rotation at each annual general meeting provided always that all Directors including the CEO shall retire from office at least once every three years but shall be eligible for re-election.

The Board has empowered the Nomination Committee to consider and make their recommendation to the Board for the continuation in service of those Directors who are due for retirement and recommendation of new Directors, if required to enhance the composition of the Board. The Nomination Committee will recommend candidates for all directorships to be filled to the Board. The Nomination Committee also review the composition of the Board to ensure that the Board has the required mix of skills, expertise, attributes and core competencies to discharge their duties efficiently and effectively.

Sustainability

The responsibility of governance of sustainability in the Group is overseen by the Board and the Sustainability Committee comprising an Independent Director (who is also the Chair) and two Executive Directors. The Sustainability Committee is tasked with integrating sustainability considerations in the day-to-day operations of the Group and ensuring the effective implementation of the Group's sustainability strategies and plans. The Group has developed its sustainability strategy across the top management till every operational level from the economic, environmental and social perspectives.

The Group's sustainability strategies, priorities as well as targets and performance against these targets are communicated to the internal and external stakeholders. The Group uses various communication channels with our stakeholders, which include conventional and electronic documents, web-based media platforms and face-to-face communications to identify and address sustainability concerns towards our business operations and sustainability performance.

Corporate Governance Overview Statement
(cont'd)

The Board has sufficient understanding and knowledge of the sustainability issues that are relevant to the Group and its business, to discharge its role effectively. The Group had prioritized and focused on sustainability journey in business operations and areas relevant to them following the emergence of COVID-19 crisis in 2020 that elevated sustainability importance and increased scrutiny on how the Group manages and responds to the immediate impact of the crisis. The materiality assessment in FY2022 reflects the changes to our business and the external environment. These sustainability material matters are reviewed with our top key Senior Management taking into consideration the business environment on the Group's operations and risk areas, covering various internal and external exposures, as well as the degree of impact each sustainability matter has on The Group. The sustainability risks and opportunities are also assessed before major decisions are made by the Board. The Board has included the performance evaluation of the Board and Sustainability Committee on the progress against the achievement of sustainability targets during FY2022. The Board will identify its professional development needs in the new financial year concerning sustainability and ensure these are addressed.

iii. DIRECTORS' REMUNERATION

Level and Make-up

The Company has adopted the objective as recommended by the Code to determine the remuneration of the Directors so as to ensure that the Company attracts and retains the Directors needed to run the Group successfully. The component parts are designed to link rewards to corporate and individual performance in the case of Executive Directors. In the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the individual Non-Executive Director concerned.

Procedure

The Remuneration Committee recommends for the Board's approval on all elements of remuneration and terms of employment for Executive Directors with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. The Remuneration Committee met once during the financial year 2022 to review the proposed Directors' fees, increments of the meeting allowance and also on the allocation of the LTIP options.

The Directors' fees and meeting allowances are determined by the Board as a whole, subject to the approval of shareholders.

Details of Remuneration

Details of the remuneration received by the Directors from the Group and Company for the financial year ended 31 December 2022 are set out below.

The aggregate remuneration paid/payable to all Directors of the Company are further categorised into the following components.

	Group/Company					
Directors	**Fees (RM)**	**Salaries & Bonus (RM)**	**EPF & SOCSO (RM)**	**Benefit-in-kind/ Allowances (RM)**	**Other Emoluments (RM)**	**Total (RM)**
Tan Sri Datuk Hussin Bin Haji Ismail	96,000	-	-	15,000	-	111,000
Ang Lam Poah	-	1,980,000	235,002	36,700	7,700,000	9,951,702
Dato' Razali Merican Bin Naina Merican	-	956,000	113,322	36,700	1,100,000	2,206,022
Ang Lam Aik	-	345,000	40,002	29,400	200,000	614,402
Dato' Azman Bin Mahmood	96,000	-	-	28,500	-	124,500
Liew Jee Min @ Chong Jee Min	96,000	-	-	33,000	-	129,000
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	96,000	-	-	33,500	-	129,500
Khor Hun Nee	96,000	-	-	33,000	-	129,000

Corporate Governance Overview Statement
(cont'd)

Remuneration paid to the top five (5) Senior Management of JAKS Group for the financial year ended 31 December 2022 was RM5,594,659. The remuneration of the top five (5) Senior Management of the JAKS Group is disclosed on an aggregate basis. At this particular juncture, the Board is of the opinion that the disclosure of the Senior Management personnel names and the remuneration in bands of RM50,000 would not be in the best interest of the Group due to confidentiality and security concerns.

PRINCIPLE B – EFFECTIVE AUDIT AND RISK MANAGEMENT

i. Financial Reporting

In presenting the annual financial statements and quarterly announcements of its results, the Board of Directors has ensured that the financial statements represent a true and fair assessment of the Company and Group's financial position.

ii. Internal Control and Risk Management

The Board acknowledges its responsibility for establishing a sound system of internal control to safeguard shareholders' investment and Group's assets and to provide assurance on the reliability of the financial statements.

While the internal control system is devised to cater for particular needs of the Group, such controls by their nature can only provide reasonable assurance but not absolute assurance against material misstatement or loss. A Statement on Risk Management and Internal Control is set out on pages 60 to 62.

iii. Relationship with Auditors

The Company maintains a transparent relationship with the auditors in seeking their professional advice and towards ensuring compliance with the accounting standards.

iv. Directors' Responsibility Statement

The Board is responsible to ensure that the financial statements are properly drawn up in accordance with the provisions of the Companies Act 2016 and approved accounting standards in Malaysia so as to give a true and fair view of the state of affairs of the Group as at the end of the financial year and of the results and cash flows of the Group for the financial year then ended.

The Directors are satisfied that in preparing the financial statements of the Group for the year ended 31 December 2022, the Group has adopted suitable accounting policies and applied them consistently, prudently and reasonably. The Directors also consider that all applicable approved accounting standards have been followed in the preparation of financial statements. The financial statements have been prepared on the going concern basis.

The Directors are responsible for ensuring that the Group keeps sufficient accounting records to disclose the financial position of the Group with reasonable accuracy and ensure that the financial statements are comply with the Companies Act 2016.

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

The Board believes that it is important to maintain open and constructive relationship with all of our stakeholders – large and small, institutional and private. The Chairman, supported by the Management, has overall responsibility for ensuring that the Group listens to and effectively communicates with our stakeholders.

The Investor Relations function headed by the CEO, facilitates communication between the Group and the investment community, with the Management's support. Pertinent matters that may concern stakeholders include strategic developments, financial results and material business matters affecting the Group.

The Investor Relations function holds regular meetings, conference calls and site visits with investors, intended to keep the investment community abreast of the Group's operations, strategic developments and financial performance.

Corporate Governance Overview Statement
(cont'd)

Every quarter, the Investor Relations function provides the investment community with an up-to-date view of the Group's financial performance and operations via analyst briefing sessions which coincides with the release of the Group's quarterly financial results on Bursa Malaysia Securities Berhad.

The Group maintains a comprehensive website which includes an up-to-date investor centre to communicate with stakeholders. Regular news, announcements, share price updates, investor presentations, events and other relevant information are posted on the website. Shareholders are also welcomed to raise queries by contracting the Group at any time throughout the year. The contract information is available at the Contact Us section of the Group's website at http://www.jaks.com.my/.

The Annual General Meeting ("AGM") provides a platform for the Chairman and CEO to share how the Group has performed during the year.

It provides all shareholders with the opportunity to put forward questions to the Chairman of the Board, the chairman of the Audit, Nomination, Remuneration, Risk Management and Sustainability Committee.

At these meetings, e-polling is conducted on each resolution. Shareholders also have the opportunity to cast their votes by proxy in advance of the meeting. Following the AGM, results of the polls are published on the Group's website and released to Bursa Securities.

v. ADDITIONAL COMPLIANCE INFORMATION

a. Audit and Non-audit Fees

The amount of audit and non-audit fees payable to Messrs UHY for services rendered for the financial year 2022 is as follows:

	Audit fees (RM)	Non-Audit fees (RM)
Company level	82,000	30,000
Group level	297,750	30,000

b. Material Contract

There was no material contract entered into by the Company and/or its subsidiary companies which involves Directors' and Major Shareholders' interest during the financial year ended 31 December 2022.

c. Employee Share Scheme

The Company has in 2016 implemented a Long Term Incentive Plan ("LTIP") comprising the Employee Share Option Scheme ("ESOS") and Share Grant Plan ("SGP").

(i) Movement in the share options and shares granted during the year

The Company issued 57,000,000 share options during the financial year 2022 at an exercise price of RM0.237 per new ordinary share of the Company ("JRB Shares"). 3,000,000 share options issued were exercised and as at 31 December 2022, there were 141,473,619 share options still outstanding.

Corporate Governance Overview Statement
(cont'd)

(ii) The share options and shares granted to Directors during the year

Name	No. of share options granted in 2022	Amount of options exercised	Balance of share options outstanding
Ang Lam Poah	17,000,000	-	32,000,000
Dato' Razali Merican Bin Naina Merican	8,000,000	-	18,000,000
Ang Lam Aik	5,000,000	-	14,414,587
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	1,000,000
Dato' Azman Bin Mahmood	-	-	1,000,000
Liew Jee Min @ Chong Jee Min	-	-	1,000,000

(iii) The maximum number of JRB Shares allocated to Directors and Senior Management who, either singly or collectively through persons connected with them, holds twenty per centum (20%) or more in the issued and paid-up share capital (excluding treasury shares) of the Company, shall not exceed ten per centum (10%) of the total number of JRB Shares to be allocated under the LTIP. The actual percentage granted to them during the financial year 2022 was 52.6% and since the commencement of the LTIP was 47.6%.

(iv) The breakdown of the options offered to and exercised by, or shares granted and vested in non-executive directors pursuant to the LTIP in respect of financial year 2022 was as follows:

Name	Amount of options	Amount of options exercised
Tan Sri Datuk Hussin Bin Haji Ismail	1,000,000	-
Dato' Azman Bin Mahmood	1,000,000	-
Liew Jee Min @ Chong Jee Min	1,000,000	-

d. Utilisation of Proceeds

The Company undertook a private placement exercise and on 1 July 2021, 272,667,000 Ordinary Shares were issued raising a total proceeds of approximately RM129.52 million.

The status of utilisation of proceeds as at 31 December 2022 is as follows.

Proposed utilisation of proceeds	Proceed raised RM'000	Utilised as at 31.12.2022 RM'000	Timeframe for utilisation
(i) Solar project	50,000	50,000	Within 24 months
(ii) Working capital requirements	47,077	47,077	Within 12 months
(iii) Capital expenditure for Evolve Concept Mall	5,000	5,000	Within 24 months
(iv) Acquisitions	22,405	22,405	Within 24 months
(v) Estimated expenses for the Private Placement	5,035	5,035	Immediate
	129,517	129,517	

BOARD COMMITTEES REPORT

A. AUDIT COMMITTEE REPORT

a. Members

The Audit Committee consists exclusively of Independent Non-Executive Director of the following members:

Chairman	**Dato' Azman Bin Mahmood**
Members	**Liew Jee Min @ Chong Jee Min**
	Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar
	Khor Hun Nee

b. Functions and Responsibilities

The key functions and responsibilities of the Audit Committee are:

- To consider the appointment of the External Auditor, the audit fee and any questions of resignation or dismissal;
- To discuss with the External Auditor before the audit commences, the nature and scope of the audit, and ensure coordination where more than one audit firm is involved;
- To review and recommend for Board's approval of the provision of non-audit service by the External Auditor and to ensure that there are proper checks and balances in place so that the provision of non-audit services does not interfere with the exercise of independent judgement of the External Auditors;
- To review the quarterly and year-end financial statements of the Company, focusing particularly on:
  - Any changes in accounting policies and practices;
  - Significant adjustments arising from the audit;
  - The going concern assumption;
  - Compliance with accounting standards and other legal requirements.
- To discuss problems and reservations arising from the interim and final audits, and any matter the External Auditor may wish to discuss (in the absence of management where necessary);
- To review the External Auditors' management letter and management's response;
- To consider any related party transactions that may arise within the Company or the Group;
- To consider the major findings of internal investigations and Management's response;
- To do the following in relation to the internal audit function:
  - Review the adequacy of the scope, functions, competency and resources of the internal audit function and the necessary authority to carry out its work;
  - Review the internal audit programme and results of the internal audit programme and the results of the internal audit process and where necessary ensure that appropriate actions taken on the recommendations of the internal audit function;
  - Review any appraisal or assessment of the performance of members of the outsourced Internal Audit services provider;
  - Approve any appointment or termination of senior staff members of the outsourced Internal Audit services provider; and
  - To consider other topics as defined by the Board.

Board Committees Report
(cont'd)

c. Summary of Activities of Audit Committee for the financial year ended 31 December 2022

The Audit Committee held five meetings during the financial year ended 31 December 2022.

The attendance record for the financial year ended 31 December 2022 of each member of the Audit Committee is shown in the table below:

Audit Committee Members	Meeting Attendance	
	No of meetings attended	Percentage of attendance %
Dato' Azman Bin Mahmood	5/5	100
Liew Jee Min @ Chong Jee Min	5/5	100
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	5/5	100
Khor Hun Nee	5/5	100

The minutes of each Audit Committee Meeting were distributed to the Board members at the subsequent Board Meeting. The Audit Committee Chairman will inform the Directors at Board Meetings, matters and recommendations which the Audit Committee' view ought to be highlighted to the Board.

For the financial year ended 31 December 2022, the Audit Committee:

i. Reviewed the quarterly results and Audited Financial Statements;
ii. Reviewed the risk based internal audit plan for year 2022 and 2023;
iii. Reviewed the internal audit report tabled by outsourced Internal Auditors;
iv. Reviewed the Audit Review Memorandum and discussed with External Auditors on their findings;
v. Reviewed the Statement on Risk Management & Internal Control and Audit Committee Report prior to the Board's approval for inclusion in the Annual Report;
vi. Reviewed the Audit Planning Memorandum for the financial year ended 31 December 2022;
vii. Reviewed the performance of outsourced Internal Auditors;
viii. Reviewed the performance of External Auditors;
ix. Recommended the External Auditors' fees and re-appointment of External Auditors;
x. Update on Whistleblowing Notification.

The Audit Committee held discussions with the External Auditors three (3) times during the year without the presence of the Executive Directors and Senior Management.

d. Internal Audit Function.

The Group's internal audit function, which reports directly to the Audit Committee, is outsourced to an independent professional firm namely Tricor Axcelasia Sdn Bhd ("Outsourced Internal Auditor").

The Outsourced Internal Auditor serves to assist the Audit Committee by independently evaluating and improving the effectiveness of the system of internal control. The internal audit was conducted using a risk-based approach and was guided by the International Professional Practices Framework ("IPPF") which was issued by the Global Institute of the Internal Auditors.

Besides assessing the internal control systems, organisational governances and risk management capability were also assessed and embedded into the respective audit focus areas. The internal audit assessment has included relevant root-cause analysis results, where applicable has been incorporated in the respective internal audit findings.

The Engagement Executive Director of the Outsourced Internal Auditor, Ms Melissa Koay has diverse professional experience in internal audit, risk management and corporate governance advisory. She is a Chartered Member of the Institute of Internal Auditors Malaysia, a member of the Malaysian Institute of Accountants and a Fellow Member of the Association of Chartered Certified Accountants, United Kingdom. Ms Melissa Koay is also a Certified Internal Auditor.

Board Committees Report
(cont'd)

The number of staff deployed for the internal audit reviews is 3 to 5 staff per visit including the Engagement Executive Director. The staff involved in the internal audit reviews possess professional qualifications and/or a university degree and some are members of the Institute of Internal Auditors Malaysia. The internal audit staffs on the engagement are free from any relationships or conflict of interest, which could impair their objectivity and independence.

During the financial year under review, the activities carried out by the internal audit function are as follows:

(a) Carried out internal audits in accordance with the approved risk based internal audit plan by the Audit Committee.

(b) Presented the Internal Audit Reports to the Audit Committee highlighting audit findings, recommendations to improve and management responses.

(c) Performed follow up review on these findings and updated the status to the Audit Committee.

During the financial year, the entities and business processes reviewed were as follows:

Entity	**Business Processes**
JAKS Resources Bhd	Anti-corruption programme
JAKS Resources Bhd	Operational Governance

Findings from the internal audit reviews conducted were discussed with Senior Management and subsequently presented, together with Management's responses and proposed action plans, to the Audit Committee for their review and notation. The outsourced internal audit function also carries out follow up reviews and reports to the Audit Committee at their scheduled meeting on the status of implementation of action plans by Management pursuant to the recommendations highlighted in the internal audit reports.

The total cost incurred for the outsourcing of the internal audit function for the financial year 31 December 2022 was RM67,394.

Board Committees Report
(cont'd)

B. NOMINATION COMMITTEE REPORT

a. Members

The Nomination Committee comprises exclusively of Independent Non-Executive Directors. The Chief Executive Officer (CEO) attends the meeting on the invitation of the Committee.

Chairman	**Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar**
Members	**Liew Jee Min @ Chong Jee Min**
	Khor Hun Nee

b. Functions and Responsibilities

The key functions and responsibilities of the Nomination Committee are:

- To review regularly the Board structure, size and composition diversity in gender and make recommendations to the Board with regard to any adjustments that are deemed necessary.
- To review and recommend new nominees for appointment to the Board of Directors.
- To assess Directors on an on-going basis, the effectiveness of the Board as a whole, the Committees of the Board and the contribution of each individual Director.
- To recommend to the Board, candidates for all directorships to be filled by the shareholders or the Board. In making its recommendations, the Committee should consider the candidates'
  - skills, knowledge, expertise and experience;
  - professionalism;
  - integrity; and
  - in the case of candidates for the position of independent non-executive directors, the Committee should also evaluate the candidates' ability to discharge such responsibilities/functions as expected from independent non-executive directors.
- To consider, in making its recommendations, candidates for directorships proposed by the CEO and, within the bounds of practicability, by any other senior executive or any director or shareholder.
- To recommend to the Board, Directors to fill the seats on Board Committees.
- To review annually the Board's mix of skills and experience and other qualities including core competencies which non-executive Directors should bring to the Board. This should be disclosed in the Annual Report.
- To recommend to the Board for continuation (or not) in service of executive Director(s) and Directors who are due for retirement by rotation.
- On invitation of Chairman or the Board, recommend to the Board for continuation (or not) in service of executive Directors(s) and Directors who are due for retirement by rotation.
- To orient and educate new Directors as the nature of the business, current issues within the Company and the corporate strategy, the expectations of the Company concerning input from the Directors and the general responsibilities of Directors.

Board Committees Report
(cont'd)

c. Summary of Activities of Nomination Committee for the financial year ended 31 December 2022

The Nomination Committee met once during the financial year ended 31 December 2022. For the financial year ended 31 December 2022, the following activities were carried out by the Nomination Committee:

i. Reviewed the size and composition of the Board and Board Committees;
ii. Reviewed the mix of skill and experience and other qualities of the Board;
iii. Assessed the effectiveness of the Board as a whole, the Board Committees and the Directors;
iv. Discussed and recommended the re-election of retiring Directors;
v. Reviewed the term of office and performance of the Board Committee and each of its members and concluded that the Board Committee members have carried out their duties in accordance with their terms of reference;
vi. Assessed and confirmed the independence of the Independent Directors; and
vii. Discussed and recommended to the Board the retention of Independent Directors who have exceed a cumulative term of nine (9) years.

The Nomination Committee upon its annual assessment carried out for financial year 2022, was satisfied that:

- The size and composition of the Company Board is optimum with appropriate mix of knowledge skills, attribute and core competencies;
- The Board has been able to discharge its duties professionally and effectively;
- All the Directors continues to uphold the highest governance standards in discharging their duties and responsibilities;
- All the members of the Board are well qualified to hold their positions as Directors of the Company in view of their respective working experience, academic and professional qualifications, depth of knowledge, skills and experience and their personal qualities;
- The Independent Directors, namely Tan Sri Datuk Hussin Bin Haji Ismail, Dato' Azman Bin Mahmood, Mr Liew Jee Min @ Chong Jee Min, Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar and Ms Khor Hun Nee are demonstrably independent;
- The Directors are able to devote sufficient time commitment to their roles and responsibilities as evidenced by their attendance records;
- The Directors have received training during the financial year ended 31 December 2022 that is relevant and would serve to enhance their effectiveness in the Board; and
- On the assessment of long-serving Independent Directors who are subject to retention by shareholders, the Nomination Committee submits its recommendation for the proposed retention of Tan Sri Datuk Hussin Bin Haji Ismail, Mr Liew Jee Min @ Chong Jee Min and Dato' Azman Bin Mahmood as Independent Directors for another term based on the following:-

  - Compliance with prescriptive requirements by regulators;
  - Assessment of continued independence to ensure their ability to remain independent in their character and judgement, and without any conflicts of interest;
  - Participation in Board and Board Committee meetings;
  - Contribution to interaction;
  - Performance and quality of input;
  - Understanding of roles and responsibilities; and
  - Providing value to the Board through unique, in-depth knowledge, experience and expertise.

Board Committees Report
(cont'd)

C. REMUNERATION COMMITTEE REPORT

a. Member

The Remuneration Committee comprises exclusively of Independent Non-Executive Directors. The Chief Executive Officer (CEO) attends the meeting on the invitation of the Committee.

Chairman	**Liew Jee Min @ Chong Jee Min**
Members	**Dato' Azman Bin Mahmood**
	Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar

b. Function and Responsibilities

The Remuneration Committee shall ensure that the levels of remuneration are sufficient to attract and retain Directors of the quality required to manage the business of the Group. The Remuneration Committee is entrusted under its terms of reference to assist the Board, amongst others, to recommend to the Board the remuneration of the Executive Directors, by linking their rewards to corporate and individual performance with the Director concerned abstaining from deliberations and voting on decisions in respect of his remuneration package. In the case of Non-Executive Directors, the level of remuneration shall reflect the experience and level of responsibilities undertaken by the Non-Executive Directors concerned and is determined by the Board as a whole.

c. Summary of Activities of Remuneration Committee for the financial year ended 31 December 2022

The Remuneration Committee held one meeting during the financial year ended 31 December 2022.

The attendance record for the financial year ended 31 December 2022 of each member of the Remuneration Committee is shown in the table below:

Remuneration Committee Members	Meeting Attendance	
	No of meetings attended	Percentage of attendance
Liew Jee Min @ Chong Jee Min	1/1	100
Dato' Azman Bin Mahmood	1/1	100
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar	1/1	100

The Remuneration Committee carried out the following activities for the financial year ended 31 December 2022:

i. Reviewed directors' fees for financial year ended 31 December 2022;
ii. Reviewed meeting allowance per meeting for attendance of each director; and
iii. Reviewed the share award under the Long Term Incentive Plan to be awarded to Directors and key management staff.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors of JAKS Resources Berhad ("JAKS") is pleased to present its Statement on Risk Management and Internal Control for the financial year ended 31 December 2022 which has been prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") and as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers ('the Guidelines"). This statement outlines the nature and state of the risk management and internal control of the Group during the financial year.

Board Responsibility

The Board acknowledges its responsibility for maintaining a sound and effective systems of risk management and internal controls and for reviewing the adequacy and integrity of the said systems to ensure shareholders' interests and the Group's assets are safeguarded. These responsibilities have been delegated to the Audit Committee, which is empowered by its terms of reference to seek the assurance on the adequacy and effectiveness of the Group's internal controls system through independent reviews conducted by the internal audit function and the annual statutory audits conducted by the external auditors. The Audit Committee reports significant controls matters to the Board at their scheduled meetings.

However, as there are inherent limitations in any system of risk management and internal control, such system can only manage rather than eliminate all possible risks that may impede the achievement of the Group's business objectives or goals. Therefore, the system can only provide reasonable and not absolute assurance against material misstatements or losses.

Risk Management Framework

In pursue of the Group's continuous commitment in optimising shareholders' value, risk management activities carried out across the Group are guided by the enhanced Enterprise Risk Management ("ERM") Framework. The design of the ERM Framework is guided by ISO 31000, which outlines the risk governance and structure, risk management policies, risk management process and integration of risk management into significant activities and functions. Periodic review is performed on the ERM Framework and the relevant updates are made where necessary.

The risk assessment process provides an integrated and structured approach in identifying, evaluating and managing significant risks that may affect the achievement of the Group's business objectives. It promotes risk ownership and continuous monitoring of significant risks identified by way of assigning accountabilities to the respective Heads of Department and key management staffs. Significant risks identified are maintained in a formal database of risks and controls information i.e., risk registers, which captures the possible root causes, existing key controls and impact. The risks are then assessed on the likelihood of occurrence and criticality of impact with the rating of either low, medium, high or extreme.

A Risk Management Committee ("RMC") which consists of Senior Management and selected Heads of Department have the responsibilities to monitor the risk policy implementation, provide risk education to all staff, ensure accountability of risks identified are assigned and facilitate the risk reporting to the Board.

The above-mentioned risk management practices of the Group serve as the on-going process used to identify, evaluate and managed significant risks of the Group for the year under review and up to the date of approval of this Statement. The Board shall continue to evaluate the Group's risk management process to ensure it remains relevant to the Group's requirements.

Internal Audit Function

The Group's Internal Audit Function assists the Board and Audit Committee by providing an independent assessment of the adequacy and effectiveness of the Group's internal control system. Further details of the Internal Audit Function are set out in the Audit Committee Report on pages 54 to 56 of this Annual Report.

Statement On Risk Management And Internal Control
(cont'd)

Others Key Elements of Internal Control

The other key elements of the Group's internal control systems are described below:

- An organisational structure with clearly defined lines responsibility, accountability, and proper segregation of duties.

- Written operational policies and procedures that are established and regularly reviewed and updated to ensure that it maintains its effectiveness and continues to support the Group's business activities as the Group's grows.

- Human resource policies encompassing areas of recruitment, training and development, health and safety, staff performance, appraisal and succession planning with the objective to enhance staff integrity and the development of professionalism and competency of employees in the Group.

- Quality management in the form of policies and objectives as outlined in the Quality Manual issued by the Board. The Management Review Team periodically reviews this quality management process that is implemented throughout the financial year.

- Monitoring of results by the senior management team on a monthly basis where appropriate management action will be undertaken to address deviations. The Chief Executive Officer also reviews the management accounts covering financial performance, key business indicators on a quarterly basis and the cash flow position on a regular basis.

- Executive Directors are actively involved in the running of the business and operations of the Group and they report to the Board on significant changes in the business and external environment, which affect the operations of the Group.

- The Group's risk management process, internal audit process and internal control system do not apply to jointly controlled operations and joint ventures where the Group does not have full management control. The Group's interest in these jointly controlled operations are closely monitored through periodic receipt of the operations management accounts and representation in the jointly controlled operations' Board.

- A set of Code of Ethics and Code of Conduct setting out expected ethical standards and code of conduct has been established, which is binding on all employees in the Group, and is available in our official website.

- The Group adopted Anti-Bribery & Anti-Corruption Policy & Guidelines and the Board has reviewed and approved the Policy on acts of anti-bribery and anti-corruption policy & guidelines , which provides the specific procedures or instructions regarding the appropriate actions needed to prohibit bribery and corruption in the business conduct within the Group.

- A whistleblowing policy & guidelines have been established to provide an avenue for whistle-blowers to communicate their concerns on matters of integrity in a confidential manner.

Statement On Risk Management And Internal Control
(cont'd)

Review of the Statement by External Auditors

As required by Paragraph 15.23 of the Main Market Listing Requirements of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control to the scope set out in the Audit and Assurance Practice Guide ("AAPG") 3, Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report for the Group for the year ended 31 December 2021, and reported to the Board that nothing has come to their attention that cause them to believe that the statement intended to be included in the Annual Report of the Group, in all material respects:

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

(b) is factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Directors Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and Management thereon. The Auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the Annual Report will, in fact, remedy the problems.

Conclusion

At a meeting held on 20 April 2023, the Board obtained assurance from the Chief Executive Officer and Chief Financial Officer that the Group's risk management and internal controls systems are operating adequately and effectively in all material respects.

The Board is of the view that the risk management and internal control system is satisfactory and have not resulted in any material losses or contingencies that would require disclosure in the Group's annual report. The Board shall continue to take the pertinent measures to improve the Group's risk management and internal control in meeting the Group's corporate objectives.

This Statement on Risk Management and Internal Control is made in accordance with the resolution of the Board of Directors dated 20 April 2023.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The Directors of JAKS Resources Berhad 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 are those of investment holding and general contractor. The principal activities of the subsidiary companies are disclosed in Note 7 to the financial statements.

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

Financial Results

The results of the Group and of the Company for the financial year are as follows:

	Group RM	Company RM
Profit for the financial year	36,519,825	7,757,750
Attributable to:		
Owners of the parent	53,778,335	
Non-controlling interests	(17,258,510)	
	36,519,825	

In the opinion of the Directors, the results of operations of the Group and of the Company during the financial year have not been substantially affected by any items, transactions or events of a material and unusual nature other than the changes in accounting policies as disclosed in Note 2(a) to the financial statements and significant events during the financial year as disclosed in Note 42 to the financial statements.

Reserves and Provisions

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

Dividend

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend payment in respect of the current financial year.

Issue of Shares and Debentures

During the financial year, the Company issued:

(a) 45,000,000 new ordinary shares pursuant to Company's Share Grant Plan ("SGP") under Long Term Incentive Plan ("LTIP").

(b) 3,000,000 new ordinary shares through exercise of LTIP at issue price of cash RM0.237 for a total cash consideration of RM711,000.

The new ordinary shares issued during the financial year shall rank pari passu in all respects with the existing ordinary shares of the Company.

There was no issuance of debentures during the financial year.

Directors' Report
(cont'd)

Share Options

Long Term Incentive Plan ("LTIP")

On 28 June 2016, the shareholders of the Company have at Extraordinary General Meeting approved the establishment of a LTIP of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time for the Directors and employees of the Group and of the Company. The Group's LTIP comprises of the Share Option Plan ("SOP") and Share Grant Plan ("SGP") for its employees.

The salient features and other terms of the LTIP are disclosed in the Note 32 to the financial statements.

As at 31 December 2022, the options offered to take up unissued ordinary shares and the exercise price are as follows:

		Number of options over ordinary shares				
Date of offer	**Exercise price**	**At 1.1.2022**	**Granted**	**Exercised**	**Lapsed**	**At 31.12.2022**
24 May 2017	0.75	15,673,619	-	-	-	15,673,619
24 May 2021	0.538	71,800,000	-	-	-	71,800,000
14 September 2022	0.237	-	57,000,000	(3,000,000)	-	54,000,000
		87,473,619	57,000,000	(3,000,000)	-	141,473,619

Warrant B 2018/2023

On 13 December 2018, the Company allotted and issued 102,428,430 Warrant B 2018/2023 ("Warrants") at an issue price of RM0.25 each on the basis of 1 Warrant for every 2 existing ordinary shares held in the Company.

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 13 December 2023. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 13 December 2018 to 13 December 2023, at an exercise price of RM0.64 per Warrant in accordance with the Deed Poll dated 5 November 2018. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes.

On 19 November 2020, the exercise price and the number of Warrant B 2018/2023 have been adjusted in accordance with the provisions of the Deed Poll as a result of the Rights Issue. The exercise price was adjusted from RM0.64 to RM0.34.

There were no movements in the Company's Warrant B 2018/2023 during the financial year. As at 31 December 2022, 171,488,238 warrants remained unexercised.

Warrant C 2020/2025

On 19 November 2020, the Company issued 540,050,650 free warrants pursuant to the Rights Issue on the basis of one (1) free warrant for every two (2) Rights Shares subscribed by the entitled shareholders of the Company.

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 18 November 2025. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 19 November 2020 to 18 November 2025, at an exercise price of RM0.49 per warrant in accordance with the Deed Poll dated 13 October 2020. Any warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes.

There were no movements in the Company's Warrant C 2020/2025 during the financial year. As at 31 December 2022, 525,564,900 warrants remained unexercised.

In the previous financial year, 14,484,000 warrants were exercised at the exercise price of RM0.49 each. As at 31 December 2021, 525,564,900 warrants remained unexercised.

Directors' Report
(cont'd)

Directors

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

Ang Lam Aik
Ang Lam Poah*
Dato' Azman Bin Mahmood
Dato' Razali Merican Bin Naina Merican*
Liew Jee Min @ Chong Jee Min
Tan Sri Datuk Hussin Bin Ismail
Tan Sri Dato' Hj. Abd. Karim B. Shaikh Munisar
Khor Hun Nee

The Directors who held office in the subsidiary companies (excluding Directors who are also Directors of the Company) during the financial year and during the period from the end of the financial year to the date of this report:

Datuk Ang Ken Seng
Chen Cheong Fat
Goh Theow Hiang
Rasli Bin Musamah
Noor Azhan Rizaluddin Bin Jamian
Kevin Lee Shih Min
Ungku Shaharud Zaman Shah Bin Ungku Nazaruddin
Zaid Bin Kadershah
Haris Fadzilah Bin Abdullah
Lim Tiong Jin

* *Director of the Company and of its subsidiary companies*

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

Directors' Interests in Shares

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

	Number of ordinary shares			
	At 1.1.2022	**Acquired**	**Disposed**	**At 31.12.2022**
JAKS Resources Berhad				
Direct Interests				
Ang Lam Poah	265,065,356	27,000,000(i)	-	292,065,356
Dato' Razali Merican Bin Naina Merican	4,030,000	3,000,000(ii)	-	7,030,000

(i) Inclusive vesting of 27,000,000 ordinary shares under Share Grant Plan ("SGP") pursuant to the LTIP.
(ii) Inclusive vesting of 3,000,000 ordinary shares under Share Grant Plan ("SGP") pursuant to the LTIP.

Directors' Report
(cont'd)

Directors' Interests in Shares (Cont'd)

	At 1.1.2022	Granted	Exercised	Lapsed	At 31.12.2022
	Number of options over ordinary shares				
JAKS Resources Berhad					
Direct interests					
Ang Lam Poah	15,000,000	17,000,000	-	-	32,000,000
Dato' Razali Merican Bin Naina Merican	10,000,000	8,000,000	-	-	18,000,000
Ang Lam Aik	9,414,587	5,000,000	-	-	14,414,587
Tan Sri Datuk Hussin Bin Haji Ismail	1,000,000	-	-	-	1,000,000
Dato' Azman Bin Mahmood	1,000,000	-	-	-	1,000,000
Liew Jee Min @ Chong Jee Min	1,000,000	-	-	-	1,000,000

	At 1.1.2022	Acquired	Exercised	At 31.12.2022
	Number of Warrant B 2018/2023			
JAKS Resources Berhad				
Direct Interests				
Ang Lam Poah	47,082,018	-	-	47,082,018
Dato' Razali Merican Bin Naina Merican	1,469,710	-	-	1,469,710
Indirect Interests				
Dato' Razali Merican Bin Naina Merican (#)	5,215,100	-	-	5,215,100

	At 1.1.2022	Acquired	Exercised	At 31.12.2022
	Number of Warrant C 2020/2025			
JAKS Resources Berhad				
Direct Interests				
Ang Lam Poah	81,737,647	-	-	81,737,647
Dato' Razali Merican Bin Naina Merican	1,240,000	-	-	1,240,000

(#) *Deemed interest by virtue of his shareholdings in Original Invention Sdn. Bhd.*

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

Directors' Report
(cont'd)

Directors' Benefits

Since the end of the previous financial year, none of the 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 Directors as shown in Notes 29 and 33 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest except for those disclosed in Note 35(b) to the financial statements.

Neither during nor at the end of the financial year, was the Company a party to any arrangement whose object was to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than shares granted to certain Directors pursuant to the Company's LTIP as disclosed under Directors' Interests.

Directors' Remuneration

The details of the Directors' remuneration paid/ payable to the Directors of the Group and of the Company during the financial year are as follows:

	Group RM	Company RM
Executive Directors		
Salaries, wages and other emoluments	3,321,000	3,321,000
Defined contributions plan	388,326	388,326
Shares granted under LTIP	7,800,000	7,800,000
Shares option under LTIP	1,200,000	1,200,000
	12,709,326	12,709,326
Non-executive Directors		
Fees	480,000	480,000
Other emoluments	143,000	143,000
	623,000	623,000
	13,332,326	13,332,326

Indemnity and Insurance Costs

During the financial year, the Directors and Officers of JAKS Resources Berhad, together with its subsidiary companies, are covered under the Directors' and Officers' Liability Insurance in respect of liabilities arising from acts committed in their respective capacity as, inter alia, Directors and Officers of the Group subject to the terms of the policy. The total amount of Directors' and Officers' Liability Insurance effected for the Directors and Officers of the Group was RM5,000,000. The total amount of premium paid for the Directors' and Officers' Liability Insurance by the Group and the Company was RM35,000. There were no indemnity and insurance costs effected for auditors of the Company during the financial year.

Directors' Report
(cont'd)

Other Statutory Information

(a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:

(i) to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the value of current assets as shown in the accounting records of the Group and of the Company have been written down to an amount which the current assets might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances:

(i) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or

(ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or

(iii) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading; or

(iv) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

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

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

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year except as disclosed in the financial statements.

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due;

(ii) 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 except as disclosed in the notes to financial statements; and

(iii) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

Directors' Report
(cont'd)

Subsidiary Companies

The details of the subsidiary companies are disclosed in Note 7 to the financial statements.

Significant Event

The details of the significant event are disclosed in Note 42 to the financial statements.

Auditors' Remuneration

The auditors' remuneration of the Group and of the Company for the financial year is RM327,750 and RM112,000.

Auditors

The auditors, UHY have indicated their willingness to continue in office.

Signed on behalf of the Board, as approved by the Board in accordance with a resolution of the Directors,

....
ANG LAM POAH

....
DATO' RAZALI MERICAN BIN NAINA MERICAN

KUALA LUMPUR
20 April 2023

STATEMENTS BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

The Directors of JAKS Resources Berhad stated that, in their opinion, the accompanying financial statements are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the provisions of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of the financial performance and the cash flows of the Group and of the Company for the financial ended on that date.

Signed in accordance with a resolution of the Directors,

……………………………………………………………

ANG LAM POAH

……………………………………………………………

DATO' RAZALI MERICAN BIN NAINA MERICAN

KUALA LUMPUR
20 April 2023

DECLARATION BY THE OFFICER PRIMARILY RESPONSIBLE FOR THE FINANCIAL MANAGEMENT OF THE COMPANY

PURSUANT TO SECTION 251(1)(B) OF THE COMPANIES ACT 2016

I, Lim Tiong Jin (MIA Membership No: 16286), the officer primarily responsible for the financial management of JAKS Resources Berhad, do solemnly and sincerely declare that the accompanying financial statements are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

……………………………………………………………

LIM TIONG JIN

Subscribed and solemnly declared by the abovenamed Lim Tiong Jin at Kuala Lumpur in the Federal Territory, this 20th day of April 2023.

Before me,

No. W790
ZAINUL ABIDIN BIN AHMAD

……………………………………………………………

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF JAKS RESOURCES BERHAD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of JAKS Resources Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 77 to 163.

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 then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Independent Auditors' Report

To The Members Of JAKS Resources Berhad (cont'd)

Key Audit Matters

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

Key audit matter	How our audit addressed the key audit matter
Revenue and cost recognition on construction contracts Construction contracts is recognised over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation by reference to the costs incurred to date as a percentage of the estimated total costs of the project. In making the estimate, management relies on opinion / service of experts, past experience and the continuous monitoring mechanism. Refer to "Significant Accounting Policies" in Note 3(k), (l), (m) & (r), "Significant Accounting Judgements, Estimates and Assumptions" in Note 2(c), "Contract Assets" in Note 14 and "Revenue" in Note 27.	Our audit procedures included, among others: • Challenged the assumptions in deriving at the estimates of construction contract. This includes comparing the actual margins achieved of previous similar completed projects to estimates and compared the estimated costs to supporting documentation such as approved budgets, quotations, contracts and variation orders with sub-contractors. • Agreed a sample of costs incurred to date to relevant documents such as sub-contractor claim certificates, verified by the quantity surveyor or the employers. • Reviewed management's workings on the computation of percentage-of-completion. • Assessed the adequacy and reasonableness of the disclosures in the financial statements.
Impairment assessment of goodwill The Group's goodwill balance as at 31 December 2022 stood at RM23.5 million. Goodwill is subject to annual impairment testing. We focused on this area as the determination of recoverable amounts of cash-generating-unit ("CGU") based on value-in-use and fair value less costs of disposal approach by management involved a significant degree of judgement and assumptions. Refer to "Significant Accounting Policies" in Note 3(o)(i), "Significant Accounting Judgements, Estimates and Assumptions" in Note 2(c) and "Goodwill on consolidation" in Note 10.	Our audit procedures for recoverable amount of CGU that is valued at value-in-use include the following: • Assessed the reliability of management's forecast through the review of past trends of actual financial performances against previous forecasted results. • Assessed the key assumptions on which the cash flow projections are based, by amongst others, comparing them against business plans, historical results and market data. • Evaluated the appropriateness of the discount rate used to determine the present value of the cash flows and whether the rate used reflects the current market assessments of the time value of money and the risks specific to the asset. • Performed sensitivity analysis on key assumptions to evaluate impact on the impairment assessment. • Assessed the adequacy and reasonableness of the disclosures in the financial statements.

Independent Auditors' Report

To The Members Of JAKS Resources Berhad
(cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

Independent Auditors' Report
To The Members Of JAKS Resources Berhad
(cont'd)

Auditors' Responsibility for the Audit of the Financial Statements (cont'd)

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

- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary companies of which we have not acted as auditors, are disclosed in Note 7 to the financial statements.

Independent Auditors' Report

To The Members Of JAKS Resources Berhad
(cont'd)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

UHY
Firm Number: AF 1411
Chartered Accountants

HO SIEW CHAN
Approved Number: 03485/02/2024 J
Chartered Accountant

KUALA LUMPUR

20 April 2023

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
ASSETS					
Non-Current Assets					
Property, plant and equipment	4	242,453,081	104,213,827	48,756	85,583
Investment properties	5	597,702,940	606,138,064	-	-
Right-of-use assets	6	345,070	554,832	55,733	139,334
Investment in subsidiary companies	7	-	-	732,215,360	742,338,657
Investment in joint ventures	8	800,778,633	714,720,420	-	-
Goodwill on consolidation	10	23,500,000	52,500,000	-	-
Golf club memberships	11	294,735	302,630	-	-
Amount due from subsidiary companies	16	-	-	440,590,559	-
		1,665,074,459	1,478,429,773	1,172,910,408	742,563,574
Current Assets					
Inventories	12	483,400	483,400	-	-
Trade receivables	13	177,389,868	225,527,833	-	-
Contract assets	14	258,494,405	207,776,199	-	-
Other receivables	15	162,440,749	118,763,419	322,088	371,623
Amount due from subsidiary companies	16	-	-	136,798,286	503,622,845
Amount due from joint ventures	17	10,282,279	10,270,206	-	-
Tax recoverable		61,937	74,003	-	-
Deposits placed with licensed banks	18	42,450,740	55,196,204	385,000	320,000
Cash and bank balances	19	62,146,520	88,719,352	7,221,033	38,624,971
		713,749,898	706,810,616	144,726,407	542,939,439
Total Assets		2,378,824,357	2,185,240,389	1,317,636,815	1,285,503,013
EQUITY					
Share capital	20	1,074,143,409	1,061,612,409	1,074,143,409	1,061,612,409
Reserves	21	337,061,654	279,132,175	136,551,101	126,633,351
Equity attributable to owners of the parent		1,411,205,063	1,340,744,584	1,210,694,510	1,188,245,760
Non-controlling interests		(56,567,129)	(39,308,619)	-	-
Total Equity		1,354,637,934	1,301,435,965	1,210,694,510	1,188,245,760
LIABILITIES					
Non-Current Liabilities					
Bank borrowings	22	432,839,467	305,951,303	-	-
Lease liabilities	23	93,222	257,112	-	48,777
Deferred tax liabilities	24	66,774	87,381	-	-
		432,999,463	306,295,796	-	48,777
Current Liabilities					
Trade payables	25	271,804,303	283,117,256	-	-
Other payables	26	242,535,504	216,689,460	28,671,446	32,171,256
Amount due to subsidiary companies	16	-	-	61,854,785	54,514,485
Bank borrowings	22	68,796,506	66,089,157	10,000,000	2,000,000
Lease liabilities	23	188,576	253,091	48,777	80,945
Tax payable		7,862,071	11,359,664	6,367,297	8,441,790
		591,186,960	577,508,628	106,942,305	97,208,476
Total Liabilities		1,024,186,423	883,804,424	106,942,305	97,257,253
Total Equity and Liabilities		2,378,824,357	2,185,240,389	1,317,636,815	1,285,503,013

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

		Group		Company	
	Note	2022 RM	2021 RM	2022 RM	2021 RM
Revenue	27	94,649,768	108,144,819	7,800,000	194,280,000
Cost of sales		(79,288,410)	(89,360,854)	-	-
Gross profit		15,361,358	18,783,965	7,800,000	194,280,000
Other income		8,826,880	4,534,502	30,749,359	685,373
Administrative expenses		(98,804,553)	(91,409,575)	(24,427,743)	(2,980,881)
Net loss on impairment of financial instruments		(19,770,835)	(20,347,818)	(5,915,095)	(105,705,409)
(Loss)/Profit from operation		(94,387,150)	(88,438,926)	8,206,521	86,279,083
Finance costs	28	(24,385,741)	(21,980,015)	(416,141)	(28,548)
Share of results of joint ventures		156,189,950	140,712,923	-	-
Profit before tax	29	37,417,059	30,293,982	7,790,380	86,250,535
Taxation	30	(897,234)	(544,798)	(32,630)	(158,622)
Profit for the financial year		36,519,825	29,749,184	7,757,750	86,091,913
Other comprehensive income, net of tax					
Items that are or may be reclassified subsequently to profit or loss					
Foreign currency translation		1,991,144	6,899,180	-	-
Total comprehensive income for the financial year		38,510,969	36,648,364	7,757,750	86,091,913
Profit for the financial year attributable to:					
Owners of the parent		53,778,335	51,759,460	7,757,750	86,091,913
Non-controlling interests		(17,258,510)	(22,010,276)	-	-
		36,519,825	29,749,184	7,757,750	86,091,913
Total comprehensive income attributable to:					
Owners of the parent		55,769,479	58,658,640	7,757,750	86,091,913
Non-controlling interests		(17,258,510)	(22,010,276)	-	-
		38,510,969	36,648,364	7,757,750	86,091,913
Earnings per share					
Basic earnings per share (sen)	31(a)	2.62	2.73		
Diluted earnings per share (sen)	31(b)	2.61	2.73		

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

STATEMENTS OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Group	Share Capital RM	LTIP Reserves RM	Translation Reserves RM	Warrants Reserves RM	Other Reserves RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
	Attributable to Owners of the Parent								
	Non-Distributable					Distributable			
At 1 January 2022	1,061,612,409	9,038,100	(9,608,879)	238,088,718	(215,481,610)	257,095,846	1,340,744,584	(39,308,619)	1,301,435,965
Profit for the financial year	-	-	-	-	-	53,778,335	53,778,335	(17,258,510)	36,519,825
Foreign currency translation	-	-	1,991,144	-	-	-	1,991,144	-	1,991,144
Total comprehensive income for the financial year	-	-	1,991,144	-	-	53,778,335	55,769,479	(17,258,510)	38,510,969
Transactions with owners:									
Issuance of shares under share grant plan	11,700,000	-	-	-	-	-	11,700,000	-	11,700,000
Share options granted under LTIP	-	2,280,000	-	-	-	-	2,280,000	-	2,280,000
Exercised of LTIP	831,000	(120,000)	-	-	-	-	711,000	-	711,000
Total transactions with owners	12,531,000	2,160,000	-	-	-	-	14,691,000	-	14,691,000
At 31 December 2022	1,074,143,409	11,198,100	(7,617,735)	238,088,718	(215,481,610)	310,874,181	1,411,205,063	(56,567,129)	1,354,637,934

Statements Of Changes In Equity

For The Financial Year Ended 31 December 2022
(cont'd)

Group	Share Capital RM	LTIP Reserves RM	Translation Reserves RM	Warrants Reserves RM	Other Reserves RM	Retained Earnings RM	Total RM	Non-Controlling Interests RM	Total Equity RM
	← Attributable to Owners of the Parent →								
	← Non-Distributable →					Distributable			
At 1 January 2021	924,998,424	2,576,100	(16,508,059)	244,027,158	(221,420,050)	210,275,684	1,143,949,257	(16,416,438)	1,127,532,819
Profit for the financial year	-	-	-	-	-	51,759,460	51,759,460	(22,010,276)	29,749,184
Foreign currency translation	-	-	6,899,180	-	-	-	6,899,180	-	6,899,180
Total comprehensive income for the financial year	-	-	6,899,180	-	-	51,759,460	58,658,640	(22,010,276)	36,648,364
Transactions with owners:									
Share options granted under LTIP	-	6,462,000	-	-	-	-	6,462,000	-	6,462,000
Issuance of shares under private placement	129,516,825	-	-	-	-	(5,821,202)	123,695,623	-	123,695,623
Acquisition of equity interest of NCI	-	-	-	-	-	881,904	881,904	(881,905)	(1)
Exercise of warrants	7,097,160	-	-	(5,938,440)	5,938,440	-	7,097,160	-	7,097,160
Total transactions with owners	136,613,985	6,462,000	-	(5,938,440)	5,938,440	(4,939,298)	138,136,687	(881,905)	137,254,781
At 31 December 2021	1,061,612,409	9,038,100	(9,608,879)	238,088,718	(215,481,610)	257,095,846	1,340,744,584	(39,308,619)	1,301,435,965

Statements Of Changes In Equity
For The Financial Year Ended 31 December 2022
(cont'd)

Company	Non-Distributable Share Capital RM	LTIP Reserves RM	Warrants Reserves RM	Other Reserves RM	Distributable Retained earnings RM	Total Equity RM
At 1 January 2022	1,061,612,409	9,038,100	238,088,718	(215,481,610)	94,988,143	1,188,245,760
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	7,757,750	7,757,750
Transactions with owners:						
Issuance of shares under share grant plan	11,700,000	-	-	-	-	11,700,000
Share options granted under LTIP	-	2,280,000	-	-	-	2,280,000
Exercise of LTIP	831,000	(120,000)	-	-	-	711,000
Total transactions with owners	12,531,000	2,160,000	-	-	-	14,691,000
At 31 December 2022	1,074,143,409	11,198,100	238,088,718	(215,481,610)	102,745,893	1,210,694,510

Company	Non-Distributable Share Capital RM	LTIP Reserves RM	Warrants Reserves RM	Other Reserves RM	Distributable Retained earnings RM	Total Equity RM
At 1 January 2021	924,998,424	2,576,100	244,027,158	(221,420,050)	14,717,432	964,899,064
Profit for the financial year, representing total comprehensive income for the financial year	-	-	-	-	86,091,913	86,091,913
Transactions with owners:						
Share options granted under LTIP	-	6,462,000	-	-	-	6,462,000
Issuance of shares under private placement	129,516,825	-	-	-	(5,821,202)	123,695,623
Exercise of warrants	7,097,160	-	(5,938,440)	5,938,440	-	7,097,160
Total transactions with owners	136,613,985	6,462,000	(5,938,440)	5,938,440	(5,821,202)	137,254,783
At 31 December 2021	1,061,612,409	9,038,100	238,088,718	(215,481,610)	94,988,143	1,188,245,760

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash Flows From Operating Activities				
Profit before tax	37,417,059	30,293,982	7,790,380	86,250,535
Adjustments for:				
Amortisation of golf club memberships	7,895	7,895	-	-
Bad debts written off	3,002,460	2,710,823	-	-
Depreciation of:				
- Property, plant and equipment	2,079,892	1,912,608	46,871	45,354
- Investment properties	13,560,182	13,710,444	-	-
- Right-of-use asset	248,898	201,778	83,601	83,599
Dividend income	-	-	-	(186,480,000)
Gain on disposal of property, plant and equipment	(205,493)	(65,997)	-	(24,000)
Gain on modification on lease contract	(39,136)	-	-	-
Impairment losses on:				
- Goodwill on consolidation	29,000,000	23,635,992	-	-
- Investment in subsidiary companies	-	-	18,689	-
- Investment properties	-	5,968,836	-	-
- Amount due from subsidary company	-	-	5,915,095	107,444,415
- Trade receivables	5,099,410	9,848,415	-	-
- Other receivables	18,737,258	13,461,525	-	-
- Joint Ventures	-	325,901	-	-
Interest expense	24,385,741	21,980,015	416,141	28,548
Interest income	(1,425,395)	(1,386,692)	(377,524)	-
LTIP expenses	13,980,000	6,462,000	13,980,000	6,462,000
Reversal of impairment losses on:				
- Amount due from subsidary company	-	-	-	(1,739,006)
- Trade receivables	(3,718,245)	(3,288,023)	-	-
- Other receivables	(347,588)	-	-	-
- Investment properties	(5,125,058)	-	-	-
Share of result of joint venture	(156,189,950)	(140,712,923)	-	-
Unrealised loss/(gain) on foreign exchange	2,811,298	5,993,004	(30,371,835)	(13,127,597)
Operating loss before working capital changes	(16,720,772)	(8,940,417)	(2,498,582)	(1,056,152)
Change in working capital				
Contract asset	(51,029,319)	75,133,605	-	-
Receivables	(19,669,404)	35,725,262	49,535	4,338,057
Payables	13,449,327	(124,771,733)	(3,499,810)	(18,383,928)
	(57,249,396)	(13,912,866)	(3,450,275)	(14,045,871)
Cash generated used in operations	(73,970,168)	(22,853,283)	(5,948,857)	(15,102,023)
Interest paid	(2,572,781)	(4,759,673)	-	-
Tax paid	(4,490,176)	(3,781,008)	(2,133,931)	(1,897,767)
Tax refunded	86,808	-	26,808	-
	(6,976,149)	(8,540,681)	(2,107,123)	(1,897,767)
Net cash used in operating activities	(80,946,317)	(31,393,964)	(8,055,980)	(16,999,790)

Statements Of Cash Flows

For The Financial Year Ended 31 December 2022
(cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Cash Flows From Investing Activities				
Net advance to subsidiary companies	-	-	(69,576,487)	(32,853,860)
Proceeds from disposal of:				
- property, plant and equipment	205,500	66,000	-	24,000
Advance to joint venture	(12,073)	(7,705)	-	-
Additional shares investment in joint venture	-	(92,446,200)	-	-
Dividend received from joint venture	70,131,737	-	-	-
Interest received	1,425,395	1,386,692	377,524	-
Purchase of property, plant and equipment	(140,319,153)	(3,319,089)	(10,044)	(8,553)
Purchase of right-of-use	-	(35,267)	-	-
Increase in deposit pledged, debt service reserve account and revenue account	(4,876,592)	(9,211,949)	(65,000)	(320,000)
Purchase of investment properties	-	(2,640,000)	-	-
Net cash used in investing activities	(73,445,186)	(106,207,518)	(69,274,007)	(33,158,413)
Cash Flows From Financing Activities				
Net advance from subsidiary companies	-	-	7,340,300	(150,434,962)
Exercise of LTIP	711,000	-	711,000	-
Proceeds from exercise of warrants	-	7,097,160	-	7,097,160
Proceeds from private placement	-	129,516,825	-	129,516,825
Interest paid	(21,812,960)	(17,220,342)	(416,141)	(28,548)
Net movement of bill payables	(15,245,826)	(6,114,329)	-	-
Net movement of trade commodity financing	21,301	(5,874,287)	-	-
Net movement of factoring payable	-	(3,057,819)	-	-
Repayments of lease liabilities	(228,405)	(218,924)	(80,945)	(77,461)
Share issuance expenses	-	(5,821,202)	-	(5,821,202)
Net movement of revolving credit	8,000,000	2,000,000	8,000,000	2,000,000
Net movement of term loans	132,128,523	(55,190)	-	-
Net cash from/(used in) financing activities	103,573,633	100,251,892	15,554,214	(17,748,188)
Net decrease in cash and cash equivalents	(50,817,870)	(37,349,590)	(61,775,773)	(67,906,391)
Exchange translation differences on cash and cash equivalents	1,931,467	(578,931)	30,371,835	13,127,597
Cash and cash equivalents at the beginning of the financial year	78,605,234	116,533,755	38,624,971	93,403,765
Cash and cash equivalents at the end of the financial year	29,718,831	78,605,234	7,221,033	38,624,971
Cash and cash equivalents comprise:				
Deposits placed with licensed banks	42,450,740	55,196,204	385,000	320,000
Cash and bank balances	62,146,520	88,719,352	7,221,033	38,624,971
Bank overdrafts	(10,934,786)	(6,243,271)	-	-
	93,662,474	137,672,285	7,606,033	38,944,971
Less: Deposits pledged				
Deposits held as security values	(42,450,740)	(55,196,204)	(385,000)	(320,000)
Debt service reserve account	(11,239,691)	(3,870,847)	-	-
Revenue account	(10,253,212)	-	-	-
	29,718,831	78,605,234	7,221,033	38,624,971

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

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia and is listed on the Main Market of Bursa Malaysia Securities Berhad.

The principal place of business of the Company is located at Unit B-09-28, Tower B, Pacific Towers, Jalan 13/6, Section 13, 46200 Petaling Jaya, Selangor Darul Ehsan.

The registered office of the Company is located at 802, 8th Floor, Block C, Kelana Square, 17, Jalan SS 7/26, 47301 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are that of investment holding and general contractor. The principal activities of the subsidiary companies are disclosed in Note 7. There have been no significant changes in the nature of these activities of the Company and its subsidiary companies during the financial year.

2. Basis of Preparation

(a) Statement of compliance

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

The financial statements of the Group and of the Company have been prepared under the historical cost convention, unless otherwise indicated in the significant accounting policies below.

Adoption of amended standards

During the financial year, the Group and the Company have adopted the following amendments to MFRSs and annual improvements to MFRSs issued by the Malaysian Accounting Standards Board ("MASB") that are mandatory for current financial year:

Amendments to MFRS 16	Covid-19 – Related Rent Concessions
Amendments to MFRS 3	Reference to the Conceptual Framework
Amendments to MFRS 116	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to MRFS 1, MFRS 9, MFRS 16 and MFRS 141	Annual Improvement to MFRS Standards 2018-2020

The adoption of the amendments to MFRSs did not have any significant impact on the financial statements of the Group and of the Company.

Notes To The Financial Statements
(cont'd)

2. Basis of Preparation (Cont'd)

(a) Statement of compliance (Cont'd)

Standards issued but not yet effective

The Group and the Company have not applied the following amendments to MFRSs and new interpretation that have been issued by the MASB but are not yet effective for the Group and for the Company:

		Effective dates for financial periods beginning on or after
MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Insurance Contracts	1 January 2023
Amendments to MFRS 17	Initial application of MFRS 17 and MFRS 9 – Comparative Information	1 January 2023
Amendments to MFRS 101	Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108	Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 16	Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101	Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 10 and MFRS 128	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred until further notice

The Group and the Company intend to adopt the above MFRSs and amendments to MFRSs when they become effective.

The initial application of the above-mentioned MFRSs is not expected to have any significant impacts on the financial statements of the Group and of the Company.

(b) Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM") which is the Company's functional currency. All financial information is presented in RM and has been rounded to the nearest RM except when otherwise stated.

(c) Significant accounting judgements, estimates and assumptions

The preparation of the Group's and of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Notes To The Financial Statements
(cont'd)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements

The following are the judgements made by management in the process of applying the Group's and of the Company's accounting policies that have the most significant effect on the amounts recognised in the financial statements:

Joint ventures

The Group has interest in an investment which it regards as a joint venture although the Group owns less than half of the ownership interest in this entity as disclosed in Note 8. This entity has not been regarded as associate of the Group as management have assessed that the contractual arrangement with the respective joint venture party has given rise to joint control over this entity in accordance with MFRS 11 *Joint Arrangements*.

Classification between investment properties and property, plant and equipment

The Group has developed certain criteria based on MFRS 140 *Investment Property* in making judgement whether a property qualifies as an investment property. Investment property is a property held to earn rentals or for capital appreciation or both.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes.

If these portions could be sold separately (or leased out separately under a finance lease), the Group would account for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are significant that a property does not qualify as investment property.

Satisfaction of performance obligations in relation to contracts with customers

The Group and the Company are required to assess each of its contracts with customers to determine whether performance obligations are satisfied over time or at a point in time in order to determine the appropriate method for recognising revenue. This assessment was made based on the terms and conditions of the contracts, and the provisions of relevant laws and regulations:

The Group and the Company recognise revenue over time in the following circumstances:

(a) the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group and the Company perform;

(b) the Group and the Company do not create an asset with an alternative use to the Group and to the Company and have an enforceable right to payment for performance completed to date; and

(c) the Group's and the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.

Where the above criteria are not met, revenue is recognised at a point in time. Where revenue is recognised at a point of time, the Group and the Company assess each contract with customers to determine when the performance obligation of the Group and the Company under the contract is satisfied.

Notes To The Financial Statements
(cont'd)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Judgements (Cont'd)

Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group and the Company determine the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group and the Company have several lease contracts that include extension and termination options. The Group and the Company apply judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group and the Company reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period are set out below:

Useful lives of property, plant and equipment, investment properties and right-of-use ("ROU") assets

The Group and the Company regularly review the estimated useful lives of property, plant and equipment, investment properties and ROU assets based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment, investment properties and ROU assets would increase the recorded depreciation and decrease the value of property, plant and equipment, investment properties and ROU assets. The carrying amount of the property, plant and equipment, investment properties and ROU assets are disclosed in Notes 4, 5 and 6 respectively.

Impairment of goodwill on consolidation

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value-in-use and fair value less costs of disposal of the cash-generating units to which the goodwill is allocated. Estimating the value-in-use amount requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. When fair value less costs of disposal calculation is used, management estimate the expected selling price of the assets or cash generating unit less its estimated cost to sell. The key assumptions used to determine the value-in-use is disclosed in Note 10.

Impairment of investment in subsidiary companies

The Company reviews its investment in subsidiary companies when there are indicators of impairment. Impairment is measured by comparing the carrying amount of an investment with its recoverable amount. Significant judgement is required in determining the recoverable amount. Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the cash-generating units and also to determine a suitable discount rate in order to calculate the present value of those cash flows.

The carrying amount at the reporting date for investment in subsidiary companies is disclosed in Note 7.

Notes To The Financial Statements
(cont'd)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Income taxes

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business.

The Group recognises liabilities for tax based on estimates of whether additional taxes will be due. Where the final tax outcome of these tax matters is different from the amounts that were initially recognised, such differences will impact the income tax and/or deferred tax provisions in the period in which such determination is made. As at 31 December 2022, the Group and the Company have tax recoverable of RM61,937 and Nil (2021: RM74,003 and Nil) and tax payable of RM7,862,071 and RM6,367,297 (2021: RM11,359,664 and RM8,441,790) respectively.

Inventories valuation

Inventories are measured at the lower of cost and net realisable value. The Group estimates the net realisable value of inventories based on an assessment of expected sales prices. Demand levels and pricing competition could change from time to time. If such factors result in an adverse effect on the Group's products, the Group might be required to reduce the value of its inventories. Details of inventories are disclosed in Note 12.

Employee share options and Share Grant Plan ("SGP")

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. Details of assumptions made in respect of the share-based payment scheme are disclosed in Note 32.

Revenue from construction contracts

Construction revenue and costs are recognised over the period of the contract in the profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of performance obligation is measured based on the physical proportion of contract work-to-date certified by professional consultants. Significant judgement is required in determining the progress based on the certified work-to-date corroborated by the level of completion of the construction based on actual costs incurred to-date over the estimated total construction costs. The total estimated construction costs are based on approved budgets, which require assessments and judgments to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, the Group evaluates based on past experience, the work of specialists and a continuous monitoring mechanism.

The details of construction contracts are disclosed in Note 14.

Notes To The Financial Statements
(cont'd)

2. Basis of Preparation (Cont'd)

(c) Significant accounting judgements, estimates and assumptions (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Provision for expected credit loss of financial assets at amortised cost

The Group reviews the recoverability of its receivables, include trade and other receivables, and amounts due from subsidiary companies and joint ventures at each reporting date to assess whether an impairment loss should be recognised. The impairment provisions for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions at the end of each reporting period.

The carrying amounts at the reporting date for receivables are disclosed in Notes 13, 15, 16 and 17 respectively.

Discount rate used in leases

Where the interest rate implicit in the lease cannot be readily determined, the Group and the Company use the incremental borrowing rate to measure the lease liabilities. The incremental borrowing rate is the interest rate that the Group and the Company would have to pay to borrow over a similar term, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. Therefore, the incremental borrowing rate requires estimation, particularly when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group and the Company estimate the incremental borrowing rate using observable inputs when available and is required to make certain entity-specific estimates.

Contingent liabilities

Determination of the treatment of contingent liabilities is based on management's view of the expected outcome of the contingencies after consulting legal counsel for litigation cases and internal and external experts to the Group for matters in the ordinary course of business. Details of contingent liabilities and material litigation are disclosed in Notes 34 and 41 respectively.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies

The Group and the Company apply the significant accounting policies set out below, consistently throughout all periods presented in the financial statements unless otherwise stated.

(a) Basis of consolidation

(i) Subsidiary companies

Subsidiary companies are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiary companies are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary company is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed in profit or loss as incurred.

If the business combination is achieved in stages, the acquirer's previously held equity interest in the acquiree is re-measured at its acquisition date fair value and the resulting gain or loss is recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (which cannot exceed one year from the acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date, if known, would have affected the amounts recognised at that date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instruments and within the scope of MFRS 9 *Financial Instruments* is measured at fair value with the changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains or losses on transactions between Group companies are eliminated. Unrealised losses are eliminated only if there is no indication of impairment. Where necessary, accounting policies of subsidiary companies have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements, investments in subsidiary companies are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (cont'd)

(a) Basis of consolidation (cont'd)

(ii) Changes in ownership interests in subsidiary companies without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary company is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) Disposal of subsidiary companies

If the Group loses control of a subsidiary company, the assets and liabilities of the subsidiary company, including any goodwill, and non-controlling interests are derecognised at their carrying value on the date that control is lost. Any remaining investment in the entity is recognised at fair value. The difference between the fair value of consideration received and the amounts derecognised and the remaining fair value of the investment is recognised as a gain or loss on disposal in profit or loss. Any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

(iv) Goodwill on consolidation

The excess of the aggregate of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total consideration transferred, non-controlling interest recognised and previously held interest measured at fair value is less than the fair value of the net assets of the subsidiary company acquired (ie. a bargain purchase), the gain is recognised in profit or loss.

Following the initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment annually or more frequent when there is objective evidence that the carrying amount may be impaired. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

(b) Investments in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

On acquisition of an investment in a joint venture, any excess of the cost of investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill and included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities of the investee over the cost of investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of joint venture's profit or loss for the period in which the investment is acquired.

A joint venture is equity accounted for from the date on which the investee becomes a joint venture. Under the equity method, on initial recognition the investment in a joint venture is recognised at cost, and the carrying amounts is increased or decreased to recognise the Group's share of profit or loss and other comprehensive income of the joint venture after the date of acquisition. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the joint venture.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (cont'd)

(b) Investments in joint ventures (cont'd)

Profits or losses resulting from upstream and downstream transactions between the Group and its joint venture are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint venture. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the assets transferred.

The financial statements of the joint ventures are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The requirement of MFRS 136 *Impairment of Assets* are applied determines whether it is necessary to recognise any impairment loss with respect to its investment in the joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the carrying amount of the investment in the joint venture is tested for impairment in accordance with MFRS 136 as a single asset, by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss is recognised in profit or loss. Reversal of an impairment loss is recognised to the extent that the recoverable amount of the investment subsequently increases.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

In the Company's separate financial statements, investments in joint ventures are stated at cost less accumulated impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts are recognised in profit or loss. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

(c) Foreign currency translation

(i) Foreign currency transactions and balances

Transactions in foreign currency are recorded in the functional currency of the respective Group entities using the exchange rates prevailing at the dates of the transactions. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments or a financial instrument designated as a hedge of currency risk, which are recognised in other comprehensive income.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and are presented in the foreign currency translation reserve ("FCTR") in equity.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (cont'd)

(c) Foreign currency translation (cont'd)

(ii) Foreign operations

The assets and liabilities of foreign operations denominated in functional currencies other than RM, including goodwill and fair value adjustments arising on acquisition, are translated to RM at the rate of exchange prevailing at the reporting date. The income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to RM at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income and accumulated in the FCTR in equity. However, if the operation is a non-wholly owned subsidiary company, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the FCTR related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

When the Group disposes of only part of its interest in a subsidiary company that includes a foreign operation, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i).

(i) Recognition and measurement

Cost includes expenditures that are directly attributable to the acquisition of the assets and any other costs directly attributable to bringing the asset to working condition for its intended use, cost of replacing component parts of the assets, and the present value of the expected cost for the decommissioning of the assets after their use. The cost of self-constructed assets also includes the cost of materials and direct labour. For qualifying assets, borrowing costs are capitalised in accordance with the accounting policy on borrowing costs. All other repair and maintenance costs are recognised in profit or loss as incurred.

The cost of property, plant and equipment recognised as a result of a business combination is based on fair value at acquisition date. The fair value of property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of other items of plant and equipment is based on the quoted market prices for similar items.

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising on the disposal of property, plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (Cont'd)

(d) Property, plant and equipment (Cont'd)

(ii) Subsequent costs

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

(iii) Depreciation

Depreciation is recognised in profit or loss on straight line basis to write off the cost of each asset to its residual value over its estimated useful life. Freehold land is not depreciated. Property, plant and equipment under construction are not depreciated until the assets are ready for its intended use.

Property, plant and equipment are depreciated based on the estimated useful lives of the assets as follows:

	Rate
Freehold buildings	2%
Plant and machineries	2% - 10%
Motor vehicles	10% - 20%
Furniture, fittings, office equipment and renovation	10% - 33.3%

The residual values, useful lives and depreciation method are reviewed at the end of each reporting period to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the property, plant and equipment.

(e) Leases

<u>As lessee</u>

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

The ROU asset is subsequently measured at cost less any accumulated depreciation, accumulated impairment loss and, if applicable, adjusted for any remeasurement of lease liabilities. The policy of recognition and measurement of impairment losses is in accordance with Note 3(o)(i) to the financial statements.

The ROU asset under cost model is depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The estimated useful lives of the ROU assets are determined on the same basis as those of property, plant and equipment as follows:

	Rate
Buildings	2%, or over the lease term, if shorter
Motor vehicles	10% - 20%

The ROU assets are subject to impairment.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (Cont'd)

(e) Leases (Cont'd)

As lessee (Cont'd)

The lease liability is initially measured at the present value of future lease payments at the commencement date, discounted using the respective Group entities' incremental borrowing rates. Lease payments included in the measurement of the lease liability include fixed payments, any variable lease payments, amount expected to be payable under a residual value guarantee, and exercise price under an extension option that the Group and the Company are reasonably certain to exercise.

Variable lease payments that do not depend on an index or a rate and are dependent on a future activity are recognised as expenses in profit or loss in the period in which the event or condition that triggers the payment occurs.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in rate, or if the Group or the Company changes its assessment of whether it will exercise an extension or termination option.

Lease payments associated with short term leases and leases of low value assets are recognised on a straight-line basis as an expense in profit or loss. Short term leases are leases with a lease term of 12 months or less and do not contain a purchase option. Low value assets are those assets valued at less than RM20,000 each when purchased new.

As lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. Leases in which the Group or the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases.

If the lease arrangement contains lease and non-lease components, the Group and the Company apply MFRS 15 *Revenue from Contracts with Customers* to allocate the consideration in the contract based on the stand-alone selling price.

The Group and the Company recognise assets held under a finance lease in its statement of financial position and presents them as a receivable at an amount equal to the net investment in the lease. The Group and the Company use the interest rate implicit in the lease to measure the net investment in the lease.

The Group recognises lease payments under operating leases as income on a straight-line basis over the lease term unless another systematic basis is more representative of the pattern in which benefit from the use of the underlying asset is diminished. The lease payment recognised is included as part of "Other income". Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(f) Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost, including transaction costs, less any accumulated depreciation and impairment losses.

The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (Cont'd)

(f) Investment properties (Cont'd)

Buildings under construction are not depreciated. Other investment properties are depreciated on a straight-line basis to write down the cost of each asset to their residual values over their estimated useful lives. The principal annual depreciation rates are:

	Rate
Building	2%
Leasehold land	Over the remaining lease period

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Where an indication of impairment exists, the carrying amount of the asset is assessed and written down immediately to its recoverable amount. See accounting policy Note 3(o)(i) to the financial statements on impairment of non-financial assets.

Investment properties are derecognised upon disposal or when they are permanently withdrawn from use and no future economic benefits are expected from their disposal. Upon disposal, the difference between the net disposal proceeds and the carrying amount is recognised in the profit or loss.

Transfers are made to (or from) investment property only when there is a change in use. Transfer between investment property, property plant and equipment and inventories do not change the carrying amount and the cost of the property transferred.

(g) Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at Fair Value Through Profit & Loss ("FVTPL"), directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include trade and other receivables, amount due from subsidiary companies and joint ventures and deposits, cash and bank balances.

<u>Financial assets at amortised cost</u>

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principle and interest on the principle amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Group and the Company have not designated any financial assets as Fair Value Through Other Comprehensive Income ("FVOCI") and FVTPL.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (Cont'd)

(g) Financial assets (Cont'd)

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e. the date that the Group and the Company commit to purchase or sell the asset.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received for financial instrument is recognised in profit or loss.

(h) Financial liabilities

Financial liabilities are recognised when, and only when, the Group and the Company become a party to the contractual provisions of the financial instruments. All financial liabilities are recognised initially at fair value plus, in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(i) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs when the guaranteed debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of:

- the best estimate of the expenditure required to settle the present obligation at the reporting date; and

- the amount initially recognised less cumulative amortisation.

Liabilities arising from financial guarantees are presented together with other provisions.

(j) Offsetting of financial instruments

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

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (Cont'd)

(k) Inventories

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

(i) Completed properties

The cost of completed properties includes costs of land and related development cost or its purchase costs and incidental cost of acquisition. Cost is determined on a specific identification basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and applicable selling expenses.

(l) Construction contracts

Construction contracts are contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

Cost incurred to fulfil the contracts, comprising cost of direct materials, direct labour, other direct costs, attributable overheads and payments to subcontractors are recognised as an asset and amortised over to profit or loss systematically to reflect the transfer of the contracted service to the customer.

The Group uses the efforts or inputs to the satisfaction of the performance obligations to determine the appropriate amount to recognise in a given period. This is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature. When the carrying amount of the asset exceeds the remaining amount of consideration that the Group expects to receive in exchange of the contracted asset, an impairment loss is recognised in profit or loss.

The Group presents as an asset the gross amount due from customers for contract work in progress for which costs incurred plus recognised profits (less recognised losses) exceed contract liabilities. Contract liabilities not yet paid by customers and retention monies are included within receivables and contract assets. The Group presents as a liability the gross amount due to customers for contract work for all contracts in progress for which contract liabilities exceed costs incurred plus recognised profits (less recognised losses).

(m) Contract assets and Contract liabilities

Contract asset is the right to consideration for goods or services transferred to the customers. The Group's contract asset is the excess of revenue recognised over the billings to-date and deposits or advances received from customers.

Where there is objective evidence of impairment, the amount of impairment losses is determined by comparing the contract asset's carrying amount and the present value of estimated future cash flows to be generated by the contract asset.

Contract asset is reclassified to trade receivables at the point at which invoices have been billed to customers.

Contract liability is the obligation to transfer goods or services to customers for which the Group has received the consideration or has billed the customers. The Group's contract liability is the excess of the billings to-date over the revenue recognised. Contract liabilities are recognised as revenue when the Group performs its obligation under the contracts.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (Cont'd)

(n) Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, bank balances, demand deposits, bank overdrafts and highly liquid investments that are readily converted to known amount of cash and which are subject to an insignificant risk of changes in value. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and pledged deposits.

(o) Impairment of assets

(i) Non-financial assets

The carrying amounts of non-financial assets (except for inventories and deferred tax assets) are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite useful lives, or that are not yet available for use, the recoverable amount is estimated each period at the same time.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units. Subject to operating segment ceiling test, for the purpose of goodwill impairment testing, cash-generating units to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to a cash-generating unit or a group of cash-generating units that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or cash-generating unit is the greater of its value-in-use and its fair value less costs of disposal. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash-generating unit.

An impairment loss is recognised if the carrying amount of an asset or cash-generating unit exceeds its estimated recoverable amount. Impairment loss is recognised in profit or loss, unless the asset is carried at a revalued amount, in which such impairment loss is recognised directly against any revaluation surplus for the asset to the extent that the impairment loss does not exceed the amount in the revaluation surplus for that same asset. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (group of cash-generating units) and then to reduce the carrying amounts of the other assets in the cash-generating unit (group of cash-generating units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation or amortisation, had no impairment loss been recognised for asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (Cont'd)

(o) Impairment of assets (Cont'd)

(ii) Financial assets

The Group and the Company recognise an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group and the Company expect to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months ("a 12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default ("a lifetime ECL").

For trade receivables, other receivables, contract assets and inter-company balances, the Group and the Company apply a simplified approach in calculating ECLs. Therefore, the Group and the Company do not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group and the Company have established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

(p) Share capital

(i) Issue expenses

Costs directly attributable to issue of instruments classified as equity are recognised as a deduction from equity.

(ii) Ordinary Shares

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments. Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity.

(iii) Dividend distribution

Liability is recognised for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the Company, on or before the end of the reporting period but not distributed at the end of the reporting period. Distributions to holders of an equity instrument is recognised directly in equity.

(iv) Warrant

Warrants are classified as equity instruments. The issuance of ordinary shares upon exercise of warrants is treated as new subscription of ordinary shares for the consideration equivalent to the exercise price of the warrants.

Upon exercise of the warrants, the proceeds are credited to share capital and the related warrant reserves are reversed. The warrant reserves in relation to unexercised warrants at the expiry of the warrants will be reversed into retained earnings.

Notes To The Financial Statements
(cont'd)

3. **Significant Accounting Policies (Cont'd)**

(q) Provisions

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Any reimbursement that the Group can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision. The expense relating to any provision is presented in the statements of profit or loss and other comprehensive income net of any reimbursement.

(r) Revenue recognition

(i) Revenue from contracts with customers

Revenue is recognised when the Group satisfied a performance obligation ("PO") by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A PO may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied PO.

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer. Revenue from contracts with customers is measured at its transaction price, being the amount of consideration which the Group and the Company expect to be entitled in exchange for transferring promised goods or services to a customer, net of goods and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract. Depending on the substance of the contract, revenue is recognised when the performance obligation is satisfied, which may be at a point in time or over time.

(a) Revenue from construction contracts

The Group recognises revenue from construction contracts over time when control over the asset has been transferred to the customers. The assets have no alternative use to the Group due to contractual restriction and the Group has an enforceable right to payment for performance completed to date. Revenue from construction contracts is measured at the transaction price agreed under the construction contracts.

Revenue is recognised over the period of the contract using the input method to measure the progress towards complete satisfaction of the performance obligations under the construction contract, i.e. based on the level of completion of the physical proportion of contract costs incurred for work performed up to the end of the reporting period as a percentage of the estimated total costs of development of the contract.

The Group becomes entitled to invoice customers for construction of promised asset based on achieving a series of performance-related milestones (i.e. progress billing). The Group previously have recognised a contract asset for any work performed. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the progress billing exceeds the revenue recognised todate, the Group recognises a contract liability for the difference. There is not considered to be a significant financing component in contracts with customers as the period between the recognition of revenue and the progress billing is always less than one year.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (Cont'd)

(r) Revenue recognition (Cont'd)

(i) Revenue from contracts with customers (Cont'd)

(b) Sale of goods

Revenue from sale of goods is recognised when control of the products has transferred, being the products are delivered to the customer.

Following delivery of the goods to the customer's specific location, the customer has full discretion over the manner of distribution and price to sell the goods, and bears the risks of obsolescence and loss in relation to the goods.

Revenue is recognised based on the price specified in the contract, net of the rebates, discounts and taxes. Under the Group's standard contract terms, customers have a right of return within 7 days. At the point of sale, a refund liability and a corresponding adjustment to revenue are recognised for those products expected to be returned. At the same time, the Group has a right to recover the product when customers exercise their right of return, so consequently recognises a right to returned goods asset and a corresponding adjustment to the cost of inventories recognised in profit or loss. The Group uses its accumulated historical experience to estimate the number of returns on a portfolio level using the expected value method. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns over previous years.

A receivable is recognised by the Group when the goods are delivered as this represents the point in time at which the right to consideration is unconditional, because only the passage of time is required before payment is due. No element of financing is deemed present as the revenue recognised with a credit term of 14 to 90 days, which is consistent with market practice.

(ii) Interest income

Interest income is recognised on accruals basis using the effective interest method.

(iii) Dividend income

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

(iv) Management fee

Management fee is recognised in the reporting period in which the services are rendered, which simultaneously received and consumes the benefits provided by the Group, and the Group has a present right to payment for the services.

(s) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (Cont'd)

(s) Borrowing costs (Cont'd)

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

(t) Income tax

Tax expense in profit or loss comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or other comprehensive income.

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

Deferred tax is recognised using the liability method, providing for temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and their tax bases. Deferred tax is not recognised for temporary differences in the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax is based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

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

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at the end of each reporting period and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(u) Employee benefits

(i) Short term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the reporting period in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensation absences. Short term non-accumulating compensated absences such as sick and medical leave are recognised when the absences occur.

The expected cost of accumulating compensated absences is measured as additional amount expected to be paid as a result of the unused entitlement that has accumulated at the end of the reporting period.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (Cont'd)

(u) Employee benefits (Cont'd)

(ii) Defined contribution plans

As required by law, companies in Malaysia contribute to the Employees Provident Fund ("EPF"). Such contributions are recognised as an expense in the profit or loss as incurred. Once the contributions have been paid, the Group have no further payment obligations.

(iii) Equity-settled share-based payment transaction

The Group operates an equity-settled, share-based long-term incentive plan which comprises the Share Option Plan ("SOP") and Share Grant Plan ("SGP") for its employees.

Share Option Plan ("SOP")

Employee services received in exchange for the grant of the share options is recognised as an expense in the profit or loss over the vesting periods of the grant with a corresponding increase in equity.

For options granted to the employees of the subsidiary companies, the fair value of the options granted is recognised as cost of investment in the subsidiary companies over the vesting period with a corresponding adjustment to equity in the Company's financial statements.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to be vested. At the end of each reporting date, the Group revises its estimates of the number of share options that are expected to be vested. It recognises the impact of the revision of original estimates, if any, in the profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital when the options are exercised. When options are not exercised and lapsed, the share option reserve is transferred to retained earnings.

Share Grant Plan ("SGP")

The share grant are settled by way of issuance and transfer of new shares upon vesting. The total fair value of shares granted is recognised as an employee cost with a corresponding increase in the share grant reserve within equity over the vesting period after taking into account the probability that the share grant will vest.

At each reporting date, the Group revises its estimates of the number of share grant that are expected to vest on vesting date. It recognises the impact of the revision of original estimates, if any, in profit or loss and a corresponding adjustment to equity over the remaining vesting period.

(v) Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-makers are responsible for allocating resources and assessing performance of the operating segments and make overall strategic decisions. The Group's operating segments are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Notes To The Financial Statements
(cont'd)

3. Significant Accounting Policies (Cont'd)

(w) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the account cannot be estimated reliably, the asset is not recognised in the statements of financial position and is disclosed as contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(x) Fair value measurement

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

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

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair value is categorised into different levels in a fair value hierarchy based on the input used in the valuation technique as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: unobservable inputs for the asset or liability.

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

(y) Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the MFRSs applicable to the particular assets, liabilities, revenues and expenses.

Profits and losses resulting from transactions between the Group and its joint operation are recognised in the Group's consolidated financial statements only to the extent of unrelated investors' interests in the joint operation.

Notes To The Financial Statements
(cont'd)

4. Property, Plant and Equipment

	Freehold buildings RM	Freehold land RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Capital Work-in-Progress RM	Total RM
Group							
2022							
Cost							
At 1 January	71,886,562	29,949,776	1,644,521	5,297,664	9,311,820	2,824,688	120,915,031
Additions	-	-	-	564,455	784,676	138,970,022	140,319,153
Disposals	-	-	-	(513,743)	-	-	(513,743)
At 31 December	71,886,562	29,949,776	1,644,521	5,348,376	10,096,496	141,794,710	260,720,441
Accumulated depreciation							
At 1 January	3,199,856	-	1,311,746	5,297,613	6,891,989	-	16,701,204
Charge for the financial year	1,435,396	-	127,732	11,012	505,752	-	2,079,892
Disposals	-	-	-	(513,736)	-	-	(513,736)
At 31 December	4,635,252	-	1,439,478	4,794,889	7,397,741	-	18,267,360
Carrying amount							
At 31 December	67,251,310	29,949,776	205,043	553,487	2,698,755	141,794,710	242,453,081

4. Property, Plant and Equipment (Cont'd)

	Freehold buildings RM	Freehold land RM	Plant and machineries RM	Motor vehicles RM	Furniture, fittings, office equipment and renovation RM	Capital Work-in-Progress RM	Total RM
Group							
2021							
Cost							
At 1 January	71,886,562	29,949,776	1,644,521	6,534,953	8,817,419	-	118,833,231
Additions	-	-	-	-	494,401	2,824,688	3,319,089
Disposals	-	-	-	(1,237,289)	-	-	(1,237,289)
At 31 December	71,886,562	29,949,776	1,644,521	5,297,664	9,311,820	2,824,688	120,915,031
Accumulated depreciation							
At 1 January	1,764,462	-	1,162,368	6,534,899	6,564,153	-	16,025,882
Charge for the financial year	1,435,394	-	149,378	-	327,836	-	1,912,608
Disposals	-	-	-	(1,237,286)	-	-	(1,237,286)
At 31 December	3,199,856	-	1,311,746	5,297,613	6,891,989	-	16,701,204
Carrying amount							
At 31 December	68,686,706	29,949,776	332,775	51	2,419,831	2,824,688	104,213,827

Notes To The Financial Statements
(cont'd)

4. Property, Plant and Equipment (Cont'd)

	Office equipment and renovation RM	Motor vehicles RM	Total RM
Company			
2022			
Cost			
At 1 January	579,944	1,217,030	1,796,974
Additions	10,044	-	10,044
At 31 December	589,988	1,217,030	1,807,018
Accumulated depreciation			
At 1 January	494,361	1,217,030	1,711,391
Charge for the financial year	46,871	-	46,871
At 31 December	541,232	1,217,030	1,758,262
Carrying amount			
At 31 December	48,756	-	48,756
2021			
Cost			
At 1 January	571,391	2,279,598	2,850,989
Additions	8,553	-	8,553
Disposals	-	(1,062,568)	(1,062,568)
At 31 December	579,944	1,217,030	1,796,974
Accumulated depreciation			
At 1 January	449,007	2,279,598	2,728,605
Charge for the financial year	45,354	-	45,354
Disposals	-	(1,062,568)	(1,062,568)
At 31 December	494,361	1,217,030	1,711,391
Carrying amount			
At 31 December	85,583	-	85,583

(a) The net carrying amount of property, plant and equipment of the Group that in the progress of issuance of strata title is as follows:

	Group 2022 RM	2021 RM
Freehold buildings	67,035,500	68,467,500

Notes To The Financial Statements
(cont'd)

4. Property, Plant and Equipment (Cont'd)

(b) Property, plant and equipment pledged as securities to licensed banks

The property, plant and equipment of the Group of RM29,949,776 (2021: Nil) have been pledged to secure the bank borrowings granted to the Group as disclosed in Note 22.

(c) Capital work-in-progress

The capital work-in-progress of the Group comprises capital expenditures incurred for the engineering, procurement and construction of solar photovoltaic plant located in Seberang Perai, Pulau Pinang.

5. Investment Properties

	Group	
	2022 RM	**2021 RM**
Carrying amount		
Investment properties		
- freehold land and buildings	238,446	244,426
- leasehold podium retail, office lots and apartment	252,204,333	252,664,613
- leasehold shopping mall and car park podium	345,260,161	353,229,025
	597,702,940	606,138,064

(a) Investment properties

	Group	
	2022 RM	**2021 RM**
Cost		
At 1 January	703,964,173	701,324,173
Additions	-	2,640,000
At 31 December	703,964,173	703,964,173
Accumulated depreciation		
At 1 January	80,887,875	67,177,431
Depreciation for the financial year	13,560,182	13,710,444
At 31 December	94,448,057	80,887,875
Accumulated impairment losses		
At 1 January	16,938,234	10,969,398
Impairment loss during the financial year	-	5,968,836
Impairment loss reversed	(5,125,058)	-
At 31 December	11,813,176	16,938,234
Carrying amount		
At 31 December	597,702,940	606,138,064
Fair value	607,499,040	607,499,040

Notes To The Financial Statements
(cont'd)

5. Investment Properties (Cont'd)

(a) Investment properties (Cont'd)

(i) Fair value of investment properties

(a) Freehold land and buildings

The fair values of the investment properties of freehold land and buildings of the Group were estimated at RM581,040 (2021: RM581,040) respectively at Directors' valuation which were made based on current prices in an active market for the said properties. The most significant input into this valuation approach is price per square foot of comparable properties. The fair value is within level 2 of the fair value hierarchy.

(b) Leasehold podium retail, office lots and apartment

The fair values of the investment properties of leasehold podium retail, office lots and apartment of the Group were estimated at RM252,818,000 (2021: RM252,818,000) by an independent professional valuer, registered with Board of Valuers, Appraisers and Estate Agents, based on the comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as time, tenure, location, property condition and size. The most significant input into this valuation approach is price per square foot of comparable properties. The fair values are within Level 3 of the fair value hierarchy.

(c) Leasehold shopping mall and car park podium

The fair values of the investment properties of leasehold shopping mall and car park podium, of the Group were estimated at RM354,100,000 (2021: RM354,100,000) by an independent professional valuer, registered with Board of Valuers, Appraisers and Estate Agents, based on the comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as time, tenure, location, property condition, occupying rate and size. The most significant input into this valuation approach is price per square foot of comparable properties. The fair values are within Level 3 of the fair value hierarchy.

(ii) Investment properties under leases

The Group has entered into commercial property leases on its shopping mall and car parks. Most of the leases contains a non-cancellable period from 2 years to 3 years. Subsequent renewals are negotiated with the lessees on an average renewal period of 2 years to 3 years. No contingent rents are charged.

(b) Investment properties pledged as securities to licensed banks

The investment properties of the Group of RM597,702,940 (2021: RM606,138,064) respectively have been pledged to secure the bank borrowings granted to the Group as disclosed in Note 22.

(c) Income and expenses recognised in profit or loss

The following are recognised in profit or loss in respect of investment properties:

	Group	
	2022	**2021**
	RM	**RM**
Lease income	11,057,122	7,153,946
Direct operating expenses		
- Income generating investment properties	13,451,178	10,227,592
- Non-income generating investment properties	758	1,180,799

Notes To The Financial Statements
(cont'd)

5. Investment Properties (Cont'd)

(d) In the previous financial year, an impairment loss amounting to RM5,968,836 was recognised. The impairment is provided using the fair value calculation by comparing the carrying amount of the investment property with its fair value which estimated by an independent professional valuer.

The impairment loss was recognised in administrative expenses in the statements of profit or loss and other comprehensive income

6. Right-of-Use Assets

	Land and buildings RM	Motor vehicles RM	Total RM
Group			
2022			
Cost			
At 1 January	1,492,145	848,396	2,340,541
Lease modification	39,136	-	39,136
At 31 December	1,531,281	848,396	2,379,677
Accumulated depreciation			
At 1 January	1,389,453	396,256	1,785,709
Charge for the financial year	99,443	149,455	248,898
At 31 December	1,488,896	545,711	2,034,607
Carrying amount			
At 31 December	42,385	302,685	345,070
2021			
Cost			
At 1 January	1,329,134	519,128	1,848,262
Additions	163,011	329,268	492,279
At 31 December	1,492,145	848,396	2,340,541
Accumulated depreciation			
At 1 January	1,290,153	293,778	1,583,931
Charge for the financial year	99,300	102,478	201,778
At 31 December	1,389,453	396,256	1,785,709
Carrying amount			
At 31 December	102,692	452,140	554,832

Notes To The Financial Statements
(cont'd)

6. Right-of-Use Assets (Cont'd)

	Motor vehicles RM
Company	
2022	
Cost	
At 1 January/ 31 December	418,000
Accumulated depreciation	
At 1 January	278,666
Charge for the financial year	83,601
At 31 December	362,267
Carrying amount	
At 31 December	55,733
2021	
Cost	
At 1 January/ 31 December	418,000
Accumulated depreciation	
At 1 January	195,067
Charge for the financial year	83,599
At 31 December	278,666
Carrying amount	
At 31 December	139,334

(a) Purchase of right-of-use assets

The aggregate additional cost for the right-of-use assets of the Group during the financial year acquired under lease liability and cash payment are as follows:

	Group 2022 RM	Group 2021 RM
Aggregate costs	-	492,279
Less: Lease liability recognised	-	(457,012)
Cash payments	-	35,267

Notes To The Financial Statements
(cont'd)

7. Investment in Subsidiary Companies

	Company 2022 RM	Company 2021 RM
In Malaysia:		
Unquoted shares, at cost	237,776,705	237,776,705
Less: Accumulated impairment losses	(81,222,255)	(81,203,566)
	156,554,450	156,573,139
Outside Malaysia:		
Unquoted shares, at cost	10	10
	156,554,460	156,573,149
Capital contribution to a subsidiary company	575,660,900	585,765,508
	732,215,360	742,338,657

Capital contribution to a subsidiary company refers to advance amount of which the Company does not expect repayment in the foreseeable future and is considered as part of the Company's investment in a subsidiary company.

Movements in the allowance for impairment losses are as follows:

	Company 2022 RM	Company 2021 RM
At 1 January	81,203,566	81,203,566
Impairment during the financial year	18,689	-
At 31 December	81,222,255	81,203,566

During the year, the Company conducted a review of the recoverable amount of its investment in subsidiary companies. The recoverable amount of investment was estimated based on fair value less cost of disposal approach. There was no indication of impairment during the financial year. The recoverable amounts are determined using the fair value less cost of disposal approach, and they are derived using adjusted net assets of the subsidiary company as at the end of the reporting period. The fair value is within level 3 of the fair value hierarchy.

(a) Details of the subsidiary companies are as follows:

Name of Company	Place of business/ Country of incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Direct holding:				
JAKS Sdn. Bhd. *	Malaysia	100	100	General contractor, supplier of building materials and car park operators
Pipe Technology System Sdn. Bhd. *	Malaysia	70	70	Pipe manufacturer. However, temporarily ceased operation

Notes To The Financial Statements
(cont'd)

7. Investment in Subsidiary Companies (Cont'd)

(a) Details of the subsidiary companies are as follows (Cont'd):

Name of Company	Place of business/ Country of incorporation	Effective interest 2022 %	2021 %	Principal activities
Direct holding (Cont'd):				
JAKS Steel Industries Sdn. Bhd. *	Malaysia	98.05	98.05	General trading of building materials and other steel related products
Empire Deluxe Sdn. Bhd. *	Malaysia	100	100	Investment holding
Gain World Trading Limited *	British Virgin Islands	100	100	Investment holding
Golden Keen Holdings Limited	British Virgin Islands	100	100	General contractor
JAKS Power Holding Limited	British Virgin Islands	100	100	Investment holding
JAKS Offshore Sdn. Bhd. *	Malaysia	51	51	Offshore drilling, oil, gas and general trading. However, not commenced operation
Harbour Town Sdn. Bhd.	Malaysia	100	100	Investment holding
Premier Place Property Sdn. Bhd.	Malaysia	100	100	Property development However, temporarily ceased operation
Harbour Front Development Sdn. Bhd.	Malaysia	100	100	Property development. However, not commenced operation
JAKS Solar Power Holdings Sdn. Bhd.	Malaysia	100	100	Investment holding
Indirect holding: *Subsidiary companies of JAKS Sdn. Bhd.*				
JAKS Consortium Sdn. Bhd.	Malaysia	100	100	Investment holding and supply of products for water supply industry. However, temporarily ceased operation in supply of products for water supply industry
JAKS Marketing Sdn. Bhd. *	Malaysia	100	100	General trading of steel and construction related products. However, temporarily ceased operation
JAKS Power Sdn. Bhd.	Malaysia	100	100	Investment holding

Notes To The Financial Statements
(cont'd)

7. Investment in Subsidiary Companies (Cont'd)

(a) Details of the subsidiary companies are as follows (Cont'd):

Name of Company	Place of business/ Country of incorporation	Effective interest 2022 %	Effective interest 2021 %	Principal activities
Indirect holding (Cont'd): *Subsidiary companies of JAKS Sdn. Bhd. (Cont'd)*				
Fortress Pavilion Sdn. Bhd.	Malaysia	51	51	Investment holding and property asset management
Subsidiary company of JAKS Consortium Sdn. Bhd.				
Integrated Pipe Industries Sdn. Bhd.	Malaysia	70	70	Manufacturing and trading of water pipes. However, temporarily ceased manufacturing operation
Subsidiary company of Empire Deluxe Sdn. Bhd.				
Wing Tiek Ductile Iron Pipe Sdn. Bhd. *	Malaysia	100	100	Manufacturing and trading of butt welding pipe fitting products and steel elbow joints. However, temporarily ceased operation
Subsidiary company of JAKS Power Holding Limited				
JAKS-MPC (HD) Limited *	British Virgin Islands	100	100	Investment holding
Subsidiary company of Harbour Town Sdn. Bhd.				
MNH Global Assets Management Sdn. Bhd. Δ	Malaysia	51	51	Investment holding and management of mall
Subsidiary company of MNH Global Assets Management Sdn. Bhd.				
Evolve Concept Mall Sdn. Bhd.	Malaysia	51	51	Operation of mall
Subsidiary companies of JAKS Solar Power Holdings Sdn. Bhd.				
JAKS Solar Power Sdn. Bhd.	Malaysia	100	100	Renewable energy and investment holding
JAKS Solar Land Sdn. Bhd.	Malaysia	100	100	General trading and construction. However, temporarily ceased operation

Notes To The Financial Statements
(cont'd)

7. Investment in Subsidiary Companies (Cont'd)

(a) Details of the subsidiary companies are as follows (Cont'd):

Name of Company	Place of business/ Country of incorporation	Effective interest 2022 %	2021 %	Principal activities
Indirect holding (Cont'd): *Subsidiary compay of JAKS Solar Power Sdn. Bhd.*				
JAKS Solar Nibong Tebal Sdn. Bhd.	Malaysia	100	100	Construction of power plants and operation of generation facilities that produce electric energy

* Not audited by UHY.
Δ The shares held in this subsidiary company are pledged to bank for bank borrowings granted to the Group as disclosed in Note 22.

(b) Acquisition of subsidiary company

<u>In the previous financial year</u>

On 14 April 2021, a wholly-owned subsidiary company of the Group, JAKS Solar Power Sdn. Bhd. ("JSP") has acquired 100 ordinary shares, representing 100% equity interest of the Company, JAKS Solar Nibong Tebal Sdn. Bhd. ("JSNT") at a cash consideration of RM100. JSNT is a private limited liability company, incorporated and domiciled in Malaysia on 14 April 2021. Its intended principal activities are renewable energy.

On 20 December 2021, JSP increased an additional 9,999,900 shares in JSNT, representing 100% equity interest of the enlarged share capital of RM10,000,000. As at 31 December 2021, JSP's investment in JSNT is 10,000,000 shares.

(c) Acquisition of non-controlling interests

<u>In the previous financial year</u>

On 5 October 2021, JAKS Sdn. Bhd., a wholly-owned subsidiary company of the Group, acquired additional 30% equity interest in JAKS Consortium Sdn. Bhd. for RM1 in cash, increasing its ownership from 70% to 100%. The carrying amount of JAKS Consortium Sdn. Bhd.'s net liability in the Group's financial statements on the date of acquisition was RM6,203,106. The Group recognised a decrease in non-controlling interests of RM881,905 and an increase in retained earnings of RM881,904.

The effect of changes in the equity interest in JAKS Consortium Sdn. Bhd. that is attributable to owners of the Company:

	RM
Carrying amount of non-controlling interest acquired	881,905
Consideration paid to non-controlling interest	1
Increase in parent's equity	881,904

Notes To The Financial Statements
(cont'd)

7. Investment in Subsidiary Companies (Cont'd)

(d) Material partly-owned subsidiary companies

Financial information of subsidiary companies that have material non-controlling interest are provided below:

Proportion of equity interest held by non-controlling interest in:

Name of Company	Place of business/ Country of incorporation	Proportion of ownership interest 2022 %	2021 %
MNH Global Assets Management Sdn. Bhd. ("MNH")	Malaysia	49	49
Fortress Pavilion Sdn. Bhd. ("FP")	Malaysia	49	49

	Group 2022 RM	2021 RM
Accumulated balances of material non-controlling interest:		
MNH	(34,444,175)	(20,979,418)
FP	(22,891,820)	(19,184,633)
Other individually immaterial non-controlling interest	768,866	855,432
	(56,567,129)	(39,308,619)
Total comprehensive loss allocated to material non-controlling interest:		
MNH	(13,464,757)	(13,819,525)
FP	(3,707,187)	(8,165,871)
Other individually immaterial non-controlling interest	(86,566)	(24,880)
	(17,258,510)	(22,010,276)

Summarised financial information for these subsidiary companies that have material non-controlling interest (amounts before intra-group eliminations) is as follows:

Summarised statements of profit or loss and other comprehensive income for the financial year ended 31 December 2022:

	FP RM	MNH RM	Total RM
Revenue	5,466,632	4,783,890	10,250,522
Expenses including taxation	(13,032,319)	(32,262,985)	(45,295,304)
Net loss for the financial year, representing total comprehensive loss for the financial year	(7,565,687)	(27,479,095)	(35,044,782)
Attributable to:			
Non-controlling interest	(3,707,187)	(13,464,757)	(17,171,944)
Other individually immaterial non-controlling interest			(86,566)
Total non-controlling interest			(17,258,510)

Notes To The Financial Statements
(cont'd)

7. Investment in Subsidiary Companies (Cont'd)

(d) Material partly-owned subsidiary companies (Cont'd)

Summarised statements of profit or loss and other comprehensive income for the financial year ended 31 December 2021:

	FP RM	MNH RM	Total RM
Revenue	2,856,658	4,297,288	7,153,946
Expenses including taxation	(19,521,700)	(32,500,401)	(52,022,101)
Net loss for the financial year, representing total comprehensive loss for the financial year	(16,665,042)	(28,203,113)	(44,868,155)
Attributable to:			
Non-controlling interest	(8,165,871)	(13,819,525)	(21,985,396)
Other individually immaterial non-controlling interest			(24,880)
Total non-controlling interest			(22,010,276)

Summarised statements of financial position as at 31 December 2022:

	FP RM	MNH RM	Total RM
Non-current assets	230,013,775	332,332,266	562,346,041
Current assets	4,581,618	17,641,667	22,223,285
Total assets	234,595,393	349,973,933	584,569,326
Current liabilities	205,013,392	203,849,675	408,863,067
Non-current liabilities	76,300,000	216,418,493	292,718,493
Total liabilities	281,313,392	420,268,168	701,581,560
Total equity	(46,717,999)	(70,294,235)	(117,012,234)
Attributable to:			
Non-controlling interest	(22,891,820)	(34,444,175)	(57,335,995)
Other individually immaterial non-controlling interest			768,866
Total non-controlling interest			(56,567,129)

Notes To The Financial Statements
(cont'd)

7. Investment in Subsidiary Companies (Cont'd)

(d) Material partly-owned subsidiary companies (Cont'd)

Summarised statements of financial position as at 31 December 2021:

	FP RM	MNH RM	Total RM
Non-current assets	230,019,475	339,611,944	569,631,419
Current assets	4,290,657	29,514,979	33,805,636
Total assets	234,310,132	369,126,923	603,437,055
Current liabilities	193,929,634	185,498,651	379,428,285
Non-current liabilities	79,532,810	226,443,411	305,976,221
Total liabilities	273,462,444	411,942,062	685,404,506
Total equity	(39,152,312)	(42,815,139)	(81,967,451)
Attributable to:			
Non-controlling interest	(19,184,633)	(20,979,418)	(40,164,051)
Other individually immaterial non-controlling interest			855,432
Total non-controlling interest			(39,308,619)

Summarised statements of cash flows for the financial year ended 31 December 2022:

	FP RM	MNH RM
Operating activities	(5,117,088)	(5,717,293)
Investing activities	5,193,702	11,176,287
Financing activities	-	(5,506,494)
Net increase in cash and cash equivalents during the financial year	76,614	(47,500)

Summarised statements of cash flows for the financial year ended 31 December 2021:

	FP RM	MNH RM
Operating activities	(6,110,279)	(6,332,015)
Investing activities	1	1,783,502
Financing activities	6,225,239	4,608,866
Net increase in cash and cash equivalents during the financial year	114,961	60,353

Notes To The Financial Statements
(cont'd)

8. Investment in Joint Ventures ("JV")

	Group 2022 RM	Group 2021 RM
Unquoted shares, at cost		
- Outside Malaysia	577,957,598	577,957,598
Share of post-acquisition reserve	230,199,289	144,141,076
Exchange differences	(7,378,254)	(7,378,254)
	800,778,633	714,720,420

Details of the joint ventures are as follows:

Name of JV	Place of Business/ Country of Incorporation	Effective Economic Interest 2022 %	Effective Economic Interest 2021 %	Principal Activities
JV held through JAKS Power Holding Limited ("JPH")				
JAKS Pacific Power Limited* ("JPP")	Hong Kong	30	30	Investment holding
Indirect JV held through JAKS Pacific Power Limited				
JAKS Hai Duong Power Company Limited* # ("JHDP")	Vietnam	30	30	Develop and operate coal-fired thermal power plant

* Not audited by UHY

\# The auditors' report of this JV disclosed with emphasis of matter that the JV has temporarily increased the value of the Firsts Unit and related items in accordance with the construction cost estimates of the 2x600MW Coal-fired Thermal Power Plant and has not yet been approved by the competent authority. The value of the First Unit and these related items may be changed upon approval to the official finalisation.

Notes To The Financial Statements
(cont'd)

8. Investment in Joint Ventures ("JV") (Cont'd)

Summarised financial information of the Group's material joint venture i.e. JAKS Pacific Power Limited and its subsidiary company ("JPP Group") is set out below:

(a) Summarised adjusted statements of financial position

	JPP Group 2022 RM	JPP Group 2021 RM
Cash and cash equivalent	548,393,700	999,486,387
Other current assets	760,743,244	650,115,103
Non-current assets	7,281,260,678	7,479,624,542
Current financial liabilities (excluding trade and other payables and provisions)	(597,039,267)	(608,182,196)
Other current liabilities	(740,728,872)	(1,380,386,041)
Non-current financial liabilities (excluding trade and other payables and provisions)	(4,401,923,432)	(4,720,926,257)
Net assets	2,850,706,051	2,419,731,538
Interest in joint venture	30%	30%
Group's share of net assets	855,211,815	725,919,462
Share of other net asset changes	(58,259,244)	(15,025,104)
Goodwill	3,826,062	3,826,062
Carrying value of Group's interest in joint ventures	800,778,633	714,720,420

(b) Summarised adjusted statements of profit or loss and other comprehensive income

	JPP Group 2022 RM	JPP Group 2021 RM
Adjusted profit for the financial year, representing total comprehensive income for the financial year	520,633,162	469,043,075
Included in total comprehensive income are:		
Revenue	2,553,073,558	3,011,637,528
Amortisation/Depreciation	(317,750,163)	(296,585,635)
Interest income	3,493,288	1,736,511
Interest expense	(265,209,747)	(275,461,575)
Taxation	(17,199)	(1,530,307)

Notes To The Financial Statements
(cont'd)

9. Interest in Joint Operations

The details of the joint operations are as follows:

Name of joint operations	Place of Business/ Country of Incorporation	Effective Economic Interest 2022 %	2021 %	Principal Activities
KACC-JAKS Joint Venture	Malaysia	50	50	Construction
JAKS-KACC Joint Venture	Malaysia	50	50	Construction
JAVEL-JAKS Joint Venture	Malaysia	50	50	Construction

10. Goodwill on Consolidation

	Group 2022 RM	2021 RM
Cost		
At 1 January/31 December	211,092,762	211,092,762
Accumulated impairment loss		
At 1 January	158,592,762	134,956,770
Impairment for the financial year	29,000,000	23,635,992
At 31 December	187,592,762	158,592,762
Carrying amount		
At 31 December	23,500,000	52,500,000

Impairment testing for goodwill is done annually. The carrying values were allocated to 2 (2021: 2) of the Group's cash generating units ("CGUs"), for impairment testing as follows:

	Group 2022 RM	2021 RM
Construction	23,500,000	52,500,000

Notes To The Financial Statements
(cont'd)

10. Goodwill on Consolidation (cont'd)

Key assumptions used in value-in-use and fair value less costs of disposal calculations

Value in use was determined by discounting the future cash flows generated from the continuing use of the unit and was based on the following key assumptions:

(i) Construction

Cash flow projections used in these calculations were based on financial budgets approved by the management covering five (5) years.

	Group	
	2022 **RM**	**2021** **RM**
Gross profit margin	9% - 11%	8% - 10%
Pre-tax discount rate	8.1%	7.2%

A reasonable possible change in the key assumptions would not result in any impairment.

(ii) Management of shopping mall

Considering the CGU's underlying assets comprise the shopping mall, the management estimated the recoverable amount of its goodwill, using fair value less costs of disposal of the shopping mall. Hence, the management engaged a firm of independent valuer to assess the fair value less costs of disposal of the shopping mall. The fair value is within Level 3 of the fair value hierarchy. Market price of comparable properties in close proximity are adjusted, either positively or negatively for differences in key attributes such as time, location, car park allocation, occupying rate, property condition, size and age. The most significant input into this valuation approach is price per square foot of comparable properties.

(iii) Impairment loss

Based on management's impairment review:

(a) for the construction CGU, the recoverable amount is lower than carrying amount of CGU. An impairment loss of RM29,000,000 (2021: RM18,634,087) was recognised during the financial year.

(b) in the previous financial year, for management of shopping mall CGU, the recoverable amount is lower than the carrying amount of the CGU. An impairment loss of RM5,001,905 was recognised in the previous financial year.

The impairment loss was recognised in administrative expenses in the statements of profit or loss and other comprehensive income.

Notes To The Financial Statements
(cont'd)

11. Golf Club Memberships

	Group 2022 RM	Group 2021 RM
Non-current		
At cost		
At 1 January/31 December	600,000	600,000
Less: Accumulated amortisation		
At 1 January	126,319	118,424
Amortisation for the financial year	7,895	7,895
At 31 December	134,214	126,319
Less: Accumulated impairment loss		
At 1 January/31 December	171,051	171,051
Carrying amount		
At 31 December	294,735	302,630

The golf club membership is amortised over the period of 78 years which expires on 31 December 2082.

12. Inventories

	Group 2022 RM	Group 2021 RM
Current		
Completed properties	483,400	483,400

13. Trade Receivables

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Trade receivables				
- Third parties	99,058,540	150,646,027	8,772,286	8,772,286
- Retention sum	128,001,503	123,170,816	-	-
	227,060,043	273,816,843	8,772,286	8,772,286
Less: Accumulated impairment losses	(49,670,175)	(48,289,010)	(8,772,286)	(8,772,286)
	177,389,868	225,527,833	-	-

Trade receivables are non-interest bearing and are generally on 14 to 90 days (2021: 14 to 90 days) term. They are recognised at their original invoice amounts which represent their fair value on initial recognition.

The Group and the Company have other credit term and assessed and approved on a case to case basis, no concentration of credit risk except for the amounts owing by five (2021: five) and one (2021: one) which constituted approximately 29% (2021: 29%) and 54% (2021: 54%) of its trade receivables respectively as at the end of the reporting period.

Notes To The Financial Statements
(cont'd)

13. Trade Receivables (cont'd)

Included in trade receivables of the Group is an amount of RM21,785,509 (2021: RM35,230,499) due from a former subsidiary company. The amount is unsecured and interest free.

Included in trade receivables of the Group is an amount of RM1,919,276 (2021: RM2,473,148) due from one (2021: one) receivable jointly controlled by Directors of a subsidiary company. The amount is unsecured and interest free.

Included in trade receivable of the Group is an amount of RM2,113,849 (2021: RM3,868,865) due from one (2021: one) receivable which is a non-controlling interest of certain subsidiary companies. The amount is unsecured and interest free.

Movements in the allowance for impairment losses are as follows:

	Credit Impaired RM	Lifetime Allowance RM	Net amount RM
Group			
2022			
At 1 January	24,361,578	23,927,432	48,289,010
Impairment losses recognised	2,280,418	2,818,992	5,099,410
Impairment losses reversed	(2,415,437)	(1,302,808)	(3,718,245)
At 31 December	24,226,559	25,443,616	49,670,175
2021			
At 1 January	25,282,047	16,446,571	41,728,618
Impairment losses recognised	2,307,454	7,540,961	9,848,415
Impairment losses reversed	(3,227,923)	(60,100)	(3,288,023)
At 31 December	24,361,578	23,927,432	48,289,010
Company			
2022			
At 1 January/31 December	8,772,286	-	8,772,286
2021			
At 1 January/31 December	8,772,286	-	8,772,286

The loss allowance account in respect of trade receivables is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Notes To The Financial Statements
(cont'd)

13. Trade Receivables (cont'd)

The aged analysis of trade receivables as at the end of the reporting period:

	Gross amount RM	Loss allowance RM	Net amount RM
Group			
2022			
Neither past due nor impaired	90,069,317	-	90,069,317
Past due not impaired:			
Less than 30 days	1,541,509	(562)	1,540,947
31 to 60 days	220,739	(1,484)	219,255
61 to 90 days	51,128,166	(1,841)	51,126,325
More than 90 days	59,873,753	(25,439,729)	34,434,024
	202,833,484	(25,443,616)	177,389,868
Credit impaired:			
Individual impaired	24,226,559	(24,226,559)	-
	227,060,043	(49,670,175)	177,389,868
2021			
Neither past due nor impaired	128,640,838	-	128,640,838
Past due not impaired:			
Less than 30 days	702,119	(1,020)	701,099
31 to 60 days	5,349,537	(4,501)	5,345,036
61 to 90 days	57,825,602	(1,901)	57,823,701
More than 90 days	56,937,169	(23,920,010)	33,017,159
	249,455,265	(23,927,432)	225,527,833
Credit impaired:			
Individual impaired	24,361,578	(24,361,578)	-
	273,816,843	(48,289,010)	225,527,833
Company			
2022			
Credit impaired:			
Individual impaired	8,772,286	(8,772,286)	-
2021			
Credit impaired:			
Individual impaired	8,772,286	(8,772,286)	-

Trade receivables that are neither past due nor impaired are creditworthy receivables with good payment records with the Group and the Company.

As at 31 December 2022, trade receivables of the Group and of the Company RM87,320,551 and Nil (2021: RM96,886,995 and Nil) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default.

The trade receivables of the Group and of the Company that are individually assessed to be impaired amounting to RM24,226,559 and RM8,772,286 (2021: RM24,361,578 and RM8,772,286) respectively, related to customers that are in financial difficulties and have defaulted on payments.

Notes To The Financial Statements
(cont'd)

14. Contract Assets

	Group 2022 RM	Group 2021 RM
Contract costs incurred to date	4,004,923,113	3,402,739,527
Attributable profits	907,330,145	697,586,587
	4,912,253,258	4,100,326,114
Less: Progress billings	(4,657,096,976)	(3,897,659,782)
Exchange differences	3,338,123	5,109,867
	258,494,405	207,776,199
Presented as:		
Contract assets	258,494,405	207,776,199
Advances received from customer (included in other payables)	34,427,900	32,581,457
Retention sums on contracts (included in trade receivables)	19,231,761	18,198,920

As of the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) is RM66,376,989 (2021: RM89,555,739). The Group expects to recognise this revenue as the construction contracts are completed, which is expected to occur over the next 12 - 36 months.

15. Other Receivables

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Other receivables	223,179,845	167,787,811	-	-
Deposits	23,117,728	16,799,428	276,796	332,794
Prepayments	614,384	257,718	45,292	38,829
	246,911,957	184,844,957	322,088	371,623
Less: Accumulated impairment losses				
- Other receivables	(84,471,208)	(66,081,538)	-	-
	162,440,749	118,763,419	322,088	371,623

Included in other receivables of the Group are an amount of RM37,242,200 (2021: RM37,582,200) due from a former related company. The amount is unsecured, interest free and repayable on demand.

Notes To The Financial Statements
(cont'd)

15. Other Receivables (cont'd)

Movements in the allowance for impairment losses are as follows:

	Group 2022 RM	Group 2021 RM
At 1 January	66,081,538	52,620,013
Impairment losses recognised	18,737,258	13,461,525
Impairment losses reversed	(347,588)	-
At 31 December	84,471,208	66,081,538

Other receivables that are individually determined to be impaired at the reporting date relate to debtors that are in significant financial difficulties and have defaulted on payments.

16. Amount Due from/(to) Subsidiary Companies

	Company 2022 RM	Company 2021 RM
Amount due from subsidiary companies:		
Non-interest bearing		
Non-trade	756,539,939	676,858,844
Less: Accumulated impairment losses	(179,151,094)	(173,235,999)
	577,388,845	503,622,845
Presented as:		
Non-current	440,590,559	-
Current	136,798,286	503,622,845
	577,388,845	503,622,845
Amount due to subsidiary companies:		
Non-interest bearing		
Non-trade	(61,854,785)	(54,514,485)

Amount due from/(to) subsidiary companies are unsecured and repayable on demand.

Movements in the allowance for impairment losses are as follows:

	Company 2022 RM	Company 2021 RM
As at 1 January	173,235,999	67,530,590
Impairment losses recognised	5,915,095	107,444,415
Impairment losses reversed	-	(1,739,006)
At 31 December	179,151,094	173,235,999

The loss allowance account in respect of amount due from subsidiary companies is used to record loss allowance. Unless the Group and the Company are satisfied that recovery of the amount is possible, the amount considered irrecoverable is written off against the receivable directly.

Notes To The Financial Statements
(cont'd)

17. Amount Due from Joint Ventures

	Group 2022 RM	Group 2021 RM
Non-interest bearing		
Non-trade	10,608,180	10,596,107
Less: Accumulated impairment losses	(325,901)	(325,901)
	10,282,279	10,270,206

Amount due from joint ventures are unsecured and repayable on demand.

Movements in the allowance for impairment losses are as follows:

	Group 2022 RM	Group 2021 RM
As at 1 January	325,901	-
Impairment losses recognised	-	325,901
At 31 December	325,901	325,901

18. Deposits Placed with Licensed Banks

Deposits placed with licensed banks are pledged to the banks to secure bank borrowings granted to the Group as disclosed in Note 22.

The effective interest rates for the Group's deposits range from 1.3% to 2.55% (2021: 1.3% to 1.8%) per annum respectively.

19. Cash and Bank Balances

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Housing development accounts	221,052	221,052	-	-
Project development accounts	8,801	8,801	-	-
Debt service reserve accounts	11,239,691	3,870,847	-	-
Revenue accounts	10,253,212	-	-	-
Cash and bank balances	40,423,764	84,618,652	7,221,033	38,624,971
	62,146,520	88,719,352	7,221,033	38,624,971
Less: Deposits pledged with licensed banks	(21,492,903)	(3,870,847)	-	-
	40,653,617	84,848,505	7,221,033	38,624,971

(a) Housing Development Accounts are maintained pursuant to the Housing Development (Control and Licensing) Act, 1966 in connection with the Group's property development projects. The utilisation of these balances are restricted before completion of the housing development projects and fulfilling all relevant obligations to the purchasers and therefore restricted from use in other operations.

(b) Project Development Account and Debt Service Reserve Account are pledged as security for bank borrowings as disclosed in Note 22.

(c) Included in cash and bank balances of the Group is RM11,239,691 (2021: RM3,870,847) relating Escrow Account and Operating Account pledged for bank borrowings as disclosed in Note 22.

Notes To The Financial Statements
(cont'd)

20. Share Capital

	Group and Company			
	Number of shares		Amount	
	2022 Unit	2021 Unit	2022 RM	2021 RM
Ordinary share with no par value				
Issued and fully paid:				
At 1 January	2,042,317,607	1,755,166,607	1,061,612,409	924,998,424
Exercise of warrants	-	14,484,000	-	7,097,160
Issuance of shares under private placement	-	272,667,000	-	129,516,825
Issuance of shares under share grant plan	45,000,000	-	11,700,000	-
Exercise of LTIP	3,000,000	-	831,000	-
At 31 December	2,090,317,607	2,042,317,607	1,074,143,409	1,061,612,409

During the financial year, the Company issued:

(a) 45,000,000 new ordinary shares pursuant to Company's Share Grant Plan ("SGP") under Long Term Incentive Plan ("LTIP"); and

(b) 3,000,000 new ordinary shares through exercise of LTIP at issue price of cash RM0.237 for a total cash consideration of RM711,000.

In the previous financial year, the Company issued:

(a) 14,484,000 new ordinary shares at an exercise price of RM0.49 each pursuant to the exercise of Warrant C 2020/2025; and

(b) 272,667,000 placement shares at an issue price of RM0.475 each under Private Placement.

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

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meeting of the Company.

Notes To The Financial Statements
(cont'd)

21. Reserves

	Note	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Non-distributable					
Translation reserves	(a)	(7,617,735)	(9,608,879)	-	-
LTIP reserves	(b)	11,198,100	9,038,100	11,198,100	9,038,100
Warrants reserves	(c)	238,088,718	238,088,718	238,088,718	238,088,718
Other reserves		(215,481,610)	(215,481,610)	(215,481,610)	(215,481,610)
		26,187,473	22,036,329	33,805,208	31,645,208
Distributable					
Retained earnings		310,874,181	257,095,846	102,745,893	94,988,143
		337,061,654	279,132,175	136,551,101	126,633,351

(a) Foreign currency translation reserves

Foreign currency translation reserve represents the exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

(b) Long Term Incentive Plan ("LTIP") reserves

The LTIP reserve comprises the cumulative value of employee services received for the issue of share options. When the option is exercised, the amount from the reserve is transferred to share capital. When the share options expire, the amount from the reserve is transferred to retained earnings. Share option is disclosed in Note 32.

(c) Warrants reserves

(i) Warrant B 2018/2023

On 13 December 2018, the Company allotted and issued 102,428,430 new Warrant B 2018/2023 ("Warrants") at an issue price of RM0.25 per Warrant on the basis of 1 Warrant for every 2 existing ordinary shares held in the Company ("Right Issue of Warrants").

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 13 December 2023. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 13 December 2018 to 13 December 2023, at an exercise price of RM0.64 per Warrant in accordance with the Deed Poll dated 5 November 2018. Any Warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes.

On 19 November 2020, the exercise price and the number of Warrant B 2018/2023 have been adjusted in accordance with the provisions of the Deed Poll as a result of the Rights Issue. The exercise price was adjusted from RM0.64 to RM0.34.

There were no movements in the Company's Warrant B 2018/2023 during the financial year. As at 31 December 2022, 171,488,238 warrants remained unexercised.

Notes To The Financial Statements
(cont'd)

21. Reserves (cont'd)

(c) Warrants reserves (cont'd)

(ii) Warrant C 2020/2025

On 19 November 2020, the Company issued 540,050,650 free warrants pursuant to the Rights Issue on the basis of one (1) free warrant for every two (2) Rights Shares subscribed by the entitled shareholders of the Company.

The Warrants are valid for exercise for a period of 5 years from its issue date and will expire on 18 November 2025. During this period, each Warrant entitles the registered holder to subscribe for 1 new ordinary share in the Company at any time on or after 19 November 2020 to 18 November 2025, at an exercise price of RM0.49 per warrant in accordance with the Deed Poll dated 13 October 2020. Any warrants not exercised by its expiry date will lapse thereafter and cease to be valid for all purposes.

There were no movements in the Company's Warrant B 2018/2023 during the financial year. As at 31 December 2022, 525,564,900 warrants remained unexercised.

In the previous financial year, 14,484,000 warrants were exercised at the exercise price of RM0.49 each. As at 31 December 2021, 525,564,900 warrants remained unexercised.

22. Bank Borrowings

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Secured				
Non-current liability				
Term loans	432,839,467	305,951,303	-	-
Current liabilities				
Term loans	18,046,359	12,806,000	-	-
Trade commodity financing	25,000,000	24,978,699	-	-
Bill payables	4,815,361	20,061,187	-	-
Revolving credits	10,000,000	2,000,000	10,000,000	2,000,000
Bank overdrafts	10,934,786	6,243,271	-	-
	68,796,506	66,089,157	10,000,000	2,000,000
Total borrowings				
Term loans	450,885,826	318,757,303	-	-
Trade commodity financing	25,000,000	24,978,699	-	-
Bill payables	4,815,361	20,061,187	-	-
Revolving credits	10,000,000	2,000,000	10,000,000	2,000,000
Bank overdrafts	10,934,786	6,243,271	-	-
	501,635,973	372,040,460	10,000,000	2,000,000

Notes To The Financial Statements
(cont'd)

22. Bank Borrowings (cont'd)

The maturity of bank borrowings is as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Within one year	68,796,506	66,089,157	10,000,000	2,000,000
Later than one year and not later than two years	54,390,084	37,094,000	-	-
Later than two years and not later than five years	302,077,596	69,300,000	-	-
Later than five years	76,371,787	199,557,303	-	-
	501,635,973	372,040,460	10,000,000	2,000,000

The range of interest rates per annum at the reporting date for borrowings were as follows:

	Group		Company	
	2022 %	2021 %	2022 %	2021 %
Term loans	6.25 - 7.70	6.00 - 6.40	-	-
Trade commodity financing	5.32 - 6.12	4.33 - 4.63	-	-
Bill payables	3.50 - 5.18	3.84 - 3.95	-	-
Revolving credits	6.25 - 7.70	6.20 - 6.25	6.25 - 7.70	6.20 - 6.25
Bank overdrafts	4.37 - 6.36	4.37 - 8.28	-	-

The term loans, bill payables, trade commodity financing, revolving credits, factoring payables and bank overdrafts of the Group and of the Company are secured by the following:

(i) fixed charges over certain agricultural land and investment properties as disclosed in Note 4 and Note 5;

(ii) legal assignment of all cashflows, sale or tenancy agreements, insurance policies, construction contracts, construction guarantees and performance bonds in relation to a project developed by certain subsidiary companies;

(iii) fixed and floating charge over the present and future assets of certain subsidiary companies;

(iv) first legal charge over the equity acquired in a subsidiary company;

(v) facilities agreements together with interest, commission and all other charges thereon;

(vi) assignment over proceeds under certain invoices, contracts, Letter of Notification and Letter of Instruction;

(vii) assignment of all dividends and/or distribution from a subsidiary company's shares;

(viii) negative pledge over certain subsidiary companies' assets both present and future;

(ix) corporate guarantees provided by the Company, a subsidiary company, and a non-controlling interest;

(x) personal guarantee by certain Directors of subsidiary company;

(xi) deposits, debt service reserve, housing development account, project development account, esrow, operating account and revenue account as indicated in Notes 18 and 19;

Notes To The Financial Statements
(cont'd)

22. Bank Borrowings (cont'd)

The term loans, bill payables, trade commodity financing, revolving credits, factoring payables and bank overdrafts of the Group and of the Company are secured by the following: (cont'd)

(xii) specific debenture by way of fixed and floating charge over investment properties as disclosed in Note 5;

(xiii) lodgement of private caveat over strata titles of the investment properties as disclosed in Note 5;

(xiv) legal assignment of the present and future proceeds from the car parks' and investment properties' rental income of certain subsidiary companies; and

(xv) first legal charge over all its unencumbered shares of a non-controlling interest of a subsidiary company.

23. Lease Liabilities

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
At 1 January	510,203	272,115	129,722	207,183
Additions	-	457,012	-	-
Payments	(228,405)	(218,924)	(80,945)	(77,461)
At 31 December	281,798	510,203	48,777	129,722
Presented as:				
Non-current	93,222	257,112	-	48,777
Current	188,576	253,091	48,777	80,945
	281,798	510,203	48,777	129,722

The maturity analysis of lease liabilities of the Group and of the Company at the end of the reporting period:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Within one year	180,578	268,961	49,454	84,864
Later than one year and not later than two years	111,822	266,858	-	49,454
	292,400	535,819	49,454	134,318
Less: Future finance charges	(10,602)	(25,616)	(677)	(4,596)
Present value of lease liabilities	281,798	510,203	48,777	129,722

The Group leases land and building and motor vehicles. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Notes To The Financial Statements
(cont'd)

24. Deferred Tax Liabilities

	Group 2022 RM	2021 RM
At 1 January	87,381	100,721
Recognised in profit or loss	(20,815)	2,674
Under/(Over) provision in prior years	208	(16,014)
At 31 December	66,774	87,381

The net deferred tax assets and liabilities shown on the statements of financial position after appropriate offsetting are as follow:

	Group 2022 RM	2021 RM
Deferred tax liabilities	104,653	89,819
Deferred tax assets	(37,879)	(2,438)
	66,774	87,381

The movements and components of the deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

	Group 2022 RM	2021 RM
Deferred tax liabilities		
Accelerated capital allowances		
At 1 January	89,819	128,474
Recognised in profit or loss	12,760	(22,641)
Under/(Over) provision in prior years	2,074	(16,014)
At 31 December	104,653	89,819
Unabsorbed capital allowances		
At 1 January	(2,438)	(27,753)
Recognised in profit or loss	(31,646)	25,315
Over provision in prior years	2,010	-
At 31 December	(32,074)	(2,438)
Deferred tax assets		
Unutilised tax losses		
At 1 January	-	-
Recognised in profit or loss	(1,929)	-
Under provision in prior years	(3,876)	-
At 31 December	(5,805)	-
	(37,879)	(2,438)

Notes To The Financial Statements
(cont'd)

24. Deferred Tax Liabilities (cont'd)

The deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Unabsorbed capital allowances	9,848,776	7,892,718	-	-
Unutilised tax losses	281,561,084	220,367,637	480,829	838,197
Other deductible temporary differences	95,075,892	69,530,583	-	-
	386,485,752	297,790,938	480,829	838,197

Deferred tax assets have not been recognised in respect of these items as they may not have sufficient taxable profits to be used to offset or they have arisen in subsidiary companies that have a recent history of losses.

25. Trade Payables

	Group	
	2022 RM	**2021 RM**
Trade payables	271,804,303	283,117,256

The normal trade credit terms granted to the Group range from 1 to 90 (2021: 1 to 90) days from date of invoice.

26. Other Payables

	Group		Company	
	2022 RM	**2021 RM**	**2022 RM**	**2021 RM**
Other payables	87,093,357	66,220,409	807,465	1,276,465
Advance payment on construction contract	34,427,900	32,581,457	-	-
Deposits received	31,282,366	34,162,817	26,478,000	29,232,000
Liquidated ascertained damages and disputed performance liability	1,815,648	1,815,648	-	-
Accruals	87,916,233	81,909,129	1,385,981	1,662,791
	242,535,504	216,689,460	28,671,446	32,171,256

Included in other payables of the Group is an amount of RM3,300,401 (2021: RM1,863,898) due to one (2021: one) payables which are jointly controlled by Directors of a subsidiary company. The amount is unsecured, interest free and repayable on demand.

The movements in provision for liquidated ascertained damages and disputed performance liability are as follows:

	Group	
	2022 RM	**2021 RM**
As at 1 January/31 December	1,815,648	1,815,648

Provision for liquidated ascertained damages refer to liquidated ascertained damages expected to be claimed by the customers based on the terms of the applicable sale and purchase agreements.

Notes To The Financial Statements
(cont'd)

27. Revenue

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Revenue from contract with customer:				
Construction contract works	84,399,246	100,975,648	-	-
Sales of goods	-	15,225	-	-
Management fees	-	-	7,800,000	7,800,000
	84,399,246	100,990,873	7,800,000	7,800,000
Revenue from other sources:				
Dividend income	-	-	-	186,480,000
Property investment	10,250,522	7,153,946	-	-
	10,250,522	7,153,946	-	186,480,000
	94,649,768	108,144,819	7,800,000	194,280,000
Timing of revenue recognition:				
At a point in time	-	15,225	-	186,480,000
Over time	94,649,768	108,129,594	7,800,000	7,800,000
Total revenue from contracts with customers	94,649,768	108,144,819	7,800,000	194,280,000

Breakdown of the Group's revenue from contract with customers:

	Construction RM	Trading and services RM	Total RM
2022			
Major goods and services:			
Construction contract revenue	84,399,246	-	84,399,246
Total revenue from contract with customers	84,399,246	-	84,399,246
2021			
Major goods and services:			
Sales of goods	-	15,225	15,225
Construction contract revenue	100,975,648	-	100,975,648
Total revenue from contract with customers	100,975,648	15,225	100,990,873

Notes To The Financial Statements
(cont'd)

28. Finance Costs

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Interest expenses on:				
Bank overdrafts	559,057	425,401	-	-
Bill payables	800,294	980,606	-	-
Lease liabilities	16,474	12,428	3,919	7,403
Term loans	21,135,458	19,407,234	-	-
Bank guarantee	472,550	19,551	-	-
Revolving credits	412,222	21,145	412,222	21,145
Trade commodity financing	989,686	1,017,140	-	-
Factoring payables	-	96,510	-	-
	24,385,741	21,980,015	416,141	28,548

29. Profit Before Tax

Profit before tax is determined after charging/(crediting) amongst other, the following items:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Auditors' remuneration (Note 29a)	327,750	315,647	112,000	125,000
Amortisation of golf club memberships	7,895	7,895	-	-
Bad debts written off	3,002,460	2,710,823	-	-
Non-Executive Directors'remuneration:				
- Fees	480,000	480,000	480,000	480,000
- Other emoluments	143,000	150,000	143,000	150,000
Depreciation of:				
- Property, plant and equipment	2,079,892	1,912,608	46,871	45,354
- Investment properties	13,560,182	13,710,444	-	-
- Right-of-use assets	248,898	201,778	83,601	83,599
Dividend inome	-	-	-	(186,480,000)
Gain on disposal of property, plant and equipment	(205,493)	(65,997)	-	(24,000)
Gain on modification on lease contract	(39,136)	-		-
Unrealised Loss/(Gain) on foreign exchange	2,811,298	5,993,004	(30,371,835)	(13,127,597)
Net loss on impairment of financial instruments:				
- Impairment loss on:				
- Amounts due from subsidiary companies	-	-	5,915,095	107,444,415
- Trade receivables	5,099,410	9,848,415	-	-
- Other receivables	18,737,258	13,461,525	-	-
- Joint ventures	-	325,901	-	-
- Reversal of impairment loss on:				
- Amounts due from subsidiary companies	-	-	-	(1,739,006)
- Trade receivables	(3,718,245)	(3,288,023)	-	-
- Other receivables	(347,588)	-	-	-
	19,770,835	20,347,818	5,915,095	105,705,409

Notes To The Financial Statements
(cont'd)

29. Profit Before Tax (cont'd)

Profit before tax is determined after charging/(crediting) amongst other, the following items: (cont'd)

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Impairment loss on non-financial assets:				
- Goodwill on consolidation	29,000,000	23,635,993	-	-
- Investment properties	-	5,968,836	-	-
- Investment in subsidiary companies	-	-	18,689	-
Reversal of impairment loss on non-financial assets:				
- Investment properties	(5,125,058)	-	-	-
Interest income	(1,425,395)	(1,386,692)	(377,524)	-
Lease expenses relating to short-term leases	61,542	45,750	-	-
Lease income	(806,600)	(698,420)	-	-
LTIP expenses	13,980,000	6,462,000	13,980,000	6,462,000
Management fees	577,424	647,098	(7,800,000)	(7,800,000)
Wages subsidy	(63,600)	-	-	-
Share of result of joint venture	(156,189,950)	(140,712,923)	-	-

(a) Auditors' remuneration

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration				
- Audit fee				
- Current year	297,250	293,343	82,000	82,000
- Under/(Over) provision in prior years	500	(20,696)	-	-
- Non-audit fee				
- Current year	30,000	30,000	30,000	30,000
- Under provision in prior years	-	13,000	-	13,000
	327,750	315,647	112,000	125,000

Notes To The Financial Statements
(cont'd)

30. Taxation

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Tax expenses recognised in profit or loss				
Current income tax:				
Current tax provision				
- in Malaysia	113,146	158,622	60,246	158,622
- outside Malaysia	246,799	399,869	-	-
Under/(Over) provision in prior years	557,896	(353)	(27,616)	-
	917,841	558,138	32,630	158,622
Deferred tax (Note 24):				
Relating to origination and reversal of temporary differences	(20,815)	2,674	-	-
Under/(Over) provision in prior years	208	(16,014)	-	-
	(20,607)	(13,340)	-	-
Tax expenses for the financial year	897,234	544,798	32,630	158,622

Malaysian income tax is calculated at the statutory tax rate of 24% (2021: 24%) of the estimated assessable profits for the financial year. Taxation for other jurisdiction is calculated at the rates prevailing in the respective jurisdictions.

A reconciliation of income tax expenses applicable to profit before tax at the statutory tax rate to income tax expenses at the effective tax rate of the Group and of the Company are as follows:

	Group 2022 RM	Group 2021 RM	Company 2022 RM	Company 2021 RM
Profit before tax	37,417,059	30,293,982	7,790,380	86,250,535
At Malaysian statutory rate of 24% (2021: 24%)	8,980,094	7,270,556	1,869,691	20,700,128
Effect of different tax rates in other countries	(8,840,481)	2,287,382	-	-
Income not subject to tax	11,004,406	(24,609,542)	(7,378,179)	(44,755,200)
Expenses not deductible for tax purposes	11,179,787	34,906,622	5,647,302	24,201,514
Deferred tax assets not recognised	15,579,480	14,482,049	-	12,180
Utilisation of previously unrecognised deferred tax assets	(78,568)	(4,800)	(78,568)	-
Share of result of joint venture	(37,485,588)	(33,771,102)	-	-
Under/(Over) provision of taxation in prior years	557,896	(353)	(27,616)	-
Under/(Over) provision of deferred tax in prior years	208	(16,014)	-	-
Tax expenses for the financial year	897,234	544,798	32,630	158,622

Notes To The Financial Statements
(cont'd)

30. Taxation (Cont'd)

The Group and the Company have the following estimated unutlised tax losses and unabsorbed capital allowances available to carry forward to offset against future taxable profit. The said amounts are subject to approval by the tax authorities.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unabsorbed capital allowances	8,960,473	8,979,565	-	-
Unutilised tax losses	147,835,111	122,739,988	505,016	854,345
	156,795,584	131,719,553	505,016	854,345

Under the Malaysia Finance Act 2018 which was gazetted on 27 December 2018, the unutilised tax losses of the Group and of the Company will be imposed with a time limit of utilisation. Any accumulated unutilised tax losses brought forward can be carried forward for a maximum period of 7 consecutive years of assessment. With effect from year of assessment 2022, unutilised tax losses that were allowed to be carried forward up to seven consecutive years was extended to a maximum of ten consecutive years of assessment under the current tax legislation. The unabsorbed capital allowances do not expire under current tax legislation.

Pursuant to Section 44(5F) of the Income Tax Act 1967, the unutilised tax losses can only be carried forward until the following years of assessment.

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unutilised tax losses to be carried forward until:				
- 2028	27,496,782	37,096,621	505,016	854,345
- 2029	62,463,645	77,208,478	-	-
- 2030	10,893,590	1,613,080	-	-
- 2031	21,566,642	6,821,809	-	-
- 2032	25,414,452	-	-	-
	147,835,111	122,739,988	505,016	854,345

Notes To The Financial Statements
(cont'd)

31. Earnings per Share

(a) Basic earnings per share

The basic earnings per share are calculated based on the consolidated profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue during the financial year as follows:

	Group 2022 RM	2021 RM
Net profit for the financial year, attributable to owners of the parent	53,778,335	51,759,460
Weighted average number of ordinary shares in issue*	2,055,316,511	1,897,304,043
Basic earnings per share (in sen)	2.62	2.73

(b) Diluted earnings per share

The diluted earnings per share has been calculated based on the adjusted consolidated profit for the financial year attributable to the owners of the parent and the weighted average number of ordinary shares in issue during the financial year have been adjusted for the dilutive effects of all potential ordinary shares as follows:

	Group 2022 RM	2021 RM
Net profit attributable to owners of the parent	53,778,335	51,759,460
Weighted average number of ordinary shares used in the calculation of basic earnings per share*	2,055,316,511	1,897,304,043
Adjustment for incremental shares from assumed exercise of:		
- LTIP	1,261,967	-
Weighted average number of ordinary shares at 31 December (diluted)	2,056,578,478	1,897,304,043
Diluted earnings per share (in sen)	2.61	2.73

There have been no other transaction involving ordinary shares or potential ordinary shares since the reporting date and before the completion of these financial statements.

Notes To The Financial Statements
(cont'd)

32. Long Term Incentive Plan ("LTIP")

On 28 June 2016, the shareholders of JRB have at Extraordinary General Meeting approved the establishment of a LTIP of up to fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time for the Directors and employees of JRB and its subsidiary companies. The Group's LTIP comprises of the Share Option Plan ("SOP") and Share Grant Plan ("SGP") for its employees.

(a) The maximum number of Shares to be allotted and issued pursuant to the LTIP shall not at any point in time in aggregate exceed fifteen percent (15%) of the total number of issued shares of the Company (excluding treasury shares) at any one time.

(b) The basis of allocation of the number of shares which may be offered to an Eligible Person pursuant to LTIP shall be determined entirely at the discretion of the LTIP Committee. The LTIP Committee will ensure that there should be equitable allocation to the Eligible Persons, after taking into consideration, amongst others, the appraised performance, seniority and/or length of service, contributions to the success and development as well as such other criteria as the LTIP Committee may deem fit and relevant. The LTIP Committee has the discretion in determining whether the allocation available shall be staggered over the duration of the LTIP period.

(c) A person who fulfils the following criteria as at the date of an LTIP Grant shall be eligible to be considered by the LTIP Committee as an Eligible Person:

   (i) has attained the age of eighteen (18) years;
   (ii) has not been adjudicated a bankrupt;
   (iii) has entered into a full-time or fixed-term contract of service/employment with any company within the Group;
   (iv) whose service/employment has been confirmed in writing;
   (v) a Director or Senior Management of JRB Group; and
   (vi) has fulfilled any other eligibility criteria to be determined by the LTIP Committee from time to time at its discretion, as the case may be.

(d) The LTIP shall be in force for a duration of five (5) years from the effective date of the implementation. The LTIP may be extended or renewed for a further period of five (5) years, at the sole discretion of the Board upon recommendation of the LTIP Committee.

(e) All the new shares to be issued pursuant to the LTIP shall upon allotment and issue, rank pari passu in respects with the existing shares except that the new shares shall not be entitled to any dividends, rights, allotment and/or other distributions which entitlements date precedes the date of allotment of the said shares.

(f) In the case of the share grant, the shares will be vested with the grantee at no consideration on the vesting date. While in the case of share option, the option price shall be based on the 5 day weighted average market price of the underlying shares at the time the option is offered, with a discount of not more than 10%.

Notes To The Financial Statements
(cont'd)

32. Long Term Incentive Plan ("LTIP") (Cont'd)

Share Option Plan ("SOP")

Movements in the number of share options and the exercise price are as follows:

	Group and Company Number of share option 2022 Unit	2021 Unit
At 1 January	87,473,619	15,673,619
Additions	57,000,000	71,800,000
Exercised	(3,000,000)	-
At 31 December	141,473,619	87,473,619
Exercise price (RM)	0.24 - 0.75	0.54 - 0.75
Options exercisable at 31 December	141,473,619	87,473,619

In the previous financial year, no share options were exercised.

The fair value of share options granted to eligible employees and Directors, was determined using Black-Scholes Option Pricing model, taking into account the terms and conditions upon which the options were granted. The fair value of share options measured at the grant date and the input assumed by the Company in arising the fair value are as follows:

	Group and Company 2022	2021
Fair value (RM)	0.04	0.09
Share price (RM)	0.24	0.49
Exercise price (RM)	0.24 - 0.75	0.54 - 0.75
Expected volatility (%)	45.34%	21.00%
Expected life (years)	5 years	5 years
Risk-free interest rate (%)	3.10%	2.00%

Share Grant Plan ("SGP")

Movements in the number of shares granted and vested are as follows:

	Group and Company Number of shares 2022 Unit	2021 Unit
At 1 January	-	-
Granted	45,000,000	-
Vested	(45,000,000)	-
At 31 December	-	-

The closing share price at the date of granting was RM0.26 (2021: Nil) per ordinary share.

Notes To The Financial Statements
(cont'd)

33. Staff Costs

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fees	480,000	480,000	480,000	480,000
Salaries, wages and other emoluments	16,201,055	15,907,516	5,063,072	5,214,704
Defined contributions plan	1,465,707	1,533,714	602,254	635,510
Shares granted under LTIP	11,700,000	-	11,700,000	-
Shares option under LTIP	2,280,000	6,462,000	2,280,000	6,462,000
	32,126,762	24,383,230	20,125,326	12,792,214

Included in staff costs is aggregate amount of remuneration received and receivable by the Executive Directors of the Group and of the Company during the financial year as below:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Executive Directors				
Salaries, wages and other emoluments	3,321,000	3,330,500	3,321,000	3,330,500
Defined contributions plan	388,326	388,090	388,326	388,090
Shares granted under LTIP	7,800,000	-	7,800,000	-
Shares option under LTIP	1,200,000	2,970,000	1,200,000	2,970,000
	12,709,326	6,688,590	12,709,326	6,688,590
Non-Executive Directors				
Fees	480,000	480,000	480,000	480,000
Other emoluments	143,000	150,000	143,000	150,000
Shares option under LTIP	-	270,000	-	270,000
	623,000	900,000	623,000	900,000
	13,332,326	7,588,590	13,332,326	7,588,590

The estimated monetary value of Directors' benefit-in-kind is RM62,800 (2021: RM62,800).

34. Contingent Liability

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unsecured				
Bank guarantees issued for execution of contracts of the subsidiary companies	90,913,828	57,219,097	-	-
Corporate guarantees given to licensed banks to secure credit facilities granted to the subsidiary companies	-	-	501,547,973	372,147,782
	90,913,828	57,219,097	501,547,973	372,147,782

Notes To The Financial Statements
(cont'd)

35. Related Party Disclosures

(a) Identifying related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

Related parties also include key management personnel defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group either directly or indirectly. The key management personnel comprise the Directors and certain members of senior management of the Group.

(b) Significant related party transactions

Related party transactions have been entered into in the normal course of business under negotiated terms. In addition to the related party balances disclosed elsewhere in the financial statements, the significant related party transactions of the Group and of the Company are as follows:

Group	**2022 RM**	**2021 RM**
Rental expense paid to a non-controlling interest of a subsidiary company	55,200	55,200
Acquisition of investment properties from a company in which certain Directors of a subsidiary company have substantial interest	-	2,640,000
Progress billing received/receivable from joint venture	-	118,836,357
Dividend income received/receivable from joint venture	70,131,737	-
General expenses charged by related party	2,908,294	2,109,557
Company		
Management fees received/receivable from subsidiary companies	7,800,000	7,800,000
Dividend income received/receivable from subsidiary company	-	186,480,000

Notes To The Financial Statements
(cont'd)

35. Related Party Disclosures (Cont'd)

(c) Compensation of key management personnel

Compensation of key management personnel is as follow:

	Group		Company	
	2022 **RM**	**2021** **RM**	**2022** **RM**	**2021** **RM**
Short term employees benefits	9,090,003	8,787,458	5,645,354	5,938,993
Defined contribution plans	807,719	819,646	586,688	619,898
Shares granted under LTIP	11,700,000	-	8,580,000	-
Shares option under LTIP	2,280,000	5,823,000	1,440,000	3,951,000
	23,877,722	15,430,104	16,252,042	10,509,891

Included in compensation of key management personnel is remuneration of Directors as disclosed in Notes 29 and 33.

36. Commitment

(a) Commitment

	Group	
	2022 **RM**	**2021** **RM**
Capital expenditure authorised and contracted for property, plant and equipment	43,925,163	-

(b) Operating lease commitments – as lessor

The Group leases out its investment properties (Note 5(a)). The future minimum lease receivables under non-cancellable leases are as follows:

	Group	
	2022 **RM**	**2021** **RM**
Less than 1 year	3,693,986	906,560
Between 1 and 5 years	1,032,224	158,333
	4,726,210	1,064,893

Notes To The Financial Statements
(cont'd)

37. Segment Information

For management purposes, the Group is organised into business units based on their products and services, and has five (5) reportable segments as follows:

Manufacturing	:	Comprise mainly manufacturing of pipes.
Trading	:	Comprise mainly trading in sheet piles, steel bars, mild steel and special pipes, other steel related products, building materials and supply of products for water supply industry.
Construction	:	Comprise mainly provision of sub-contracting activities, general contractor, supplier of building materials and also construction.
Property Investment	:	Management of shopping mall.
Others	:	Investment holding.

There are varying levels of integration between the segments such as the transfer of raw materials and shared distribution and administrative services. Inter-segment pricing is determined on negotiated basis.

Segment performance is evaluated based on segment profit/(loss) before tax and is measured consistently with profit or loss in the consolidated financial statements.

Segment assets and liabilities information are not regularly provided to the chief operating decision-maker. Hence, no disclosure is made on segment assets and liabilities.

Notes To The Financial Statements
(cont'd)

37. Segment Information (Cont'd)

Group	Trading RM	Construction RM	Property Investment RM	Others RM	Manufacturing RM	Adjustment/ Elimination RM	Total RM
2022							
Revenue							
External revenue	-	84,399,246	10,250,522	-	-	-	94,649,768
Inter-company	87,555	-	-	77,931,737	-	(78,019,292)	-
	87,555	84,399,246	10,250,522	77,931,737	-	(78,019,292)	94,649,768
Results							
Segment results	(4,298,373)	(30,657,709)	(19,826,574)	41,200,291	(29,123)	(89,602,542)	(103,214,030)
Other income	2,689	2,431,949	5,506,533	885,709	-	-	8,826,880
Finance costs - (net)	(59,496)	(2,891,848)	(19,707,039)	(1,727,358)	-	-	(24,385,741)
Share of results of joint ventures	-	-	-	-	-	156,189,950	156,189,950
(Loss)/Profit before tax	(4,355,180)	(31,117,608)	(34,027,080)	40,358,642	(29,123)	66,587,408	37,417,059
2021							
Revenue							
External revenue	15,225	100,975,648	7,153,946	-	-	-	108,144,819
Inter-company	5,299,281	-	-	194,760,000	-	(200,059,281)	-
	5,314,506	100,975,648	7,153,946	194,760,000	-	(200,059,281)	108,144,819
Results							
Segment results	(409,799)	(27,694,844)	(25,066,919)	35,394,593	(26,443)	(75,170,016)	(92,973,428)
Other income	22,358	1,255,561	2,033,711	1,202,873	19,999	-	4,534,502
Finance costs - (net)	(163,077)	(2,378,133)	(19,410,257)	(28,548)	-	-	(21,980,015)
Share of results of joint ventures	-	-	-	-	-	140,712,923	140,712,923
(Loss)/Profit before tax	(550,518)	(28,817,416)	(42,443,465)	36,568,918	(6,444)	65,542,907	30,293,982

Notes To The Financial Statements
(cont'd)

37. Segment Information (Cont'd)

Geographical Segments

Segment information is presented in respect of the Group's geographical segments. The geographical segments are based on the Group's management and internal reporting structure.

In presenting information on the basis of geographical segments, segment revenue is based on geographical location of customers. Segment non-current assets are based on the geographical location of assets. The Group's principal geographical areas for its operations are located in Malaysia and Vietnam.

	Malaysia RM	Vietnam RM	Total RM
2022			
Revenue from external customer by location of customer	51,822,351	42,827,417	94,649,768
Segment non-current assets	1,664,521,016	553,443	1,665,074,459
2021			
Revenue from external customer by location of customer	61,700,585	46,444,234	108,144,819
Segment non-current assets	1,478,429,773	-	1,478,429,773

Major customers

The following are major customers with revenue equal or more than 10% of the Group total revenue:

	Revenue 2022 RM	Revenue 2021 RM	Segment
Customer A	42,827,417	46,444,234	Construction

Notes To The Financial Statements
(cont'd)

38. Financial Instruments

(a) Classification of financial instruments

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis:

	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Group			
2022			
Financial Assets			
Trade receivables	177,389,868	-	177,389,868
Other receivables	161,826,365	-	161,826,365
Amount due from joint ventures	10,282,279	-	10,282,279
Fixed deposits with licensed banks	42,450,740	-	42,450,740
Cash and bank balances	62,146,520	-	62,146,520
	454,095,772	-	454,095,772
Financial Liabilities			
Trade payables	-	271,804,303	271,804,303
Other payables	-	242,535,504	242,535,504
Bank borrowings	-	501,635,973	501,635,973
Lease liabilities	-	281,798	281,798
	-	1,016,257,578	1,016,257,578
2021			
Financial Assets			
Trade receivables	225,527,833	-	225,527,833
Other receivables	118,505,701	-	118,505,701
Amount due from joint ventures	10,270,206	-	10,270,206
Fixed deposits with licensed banks	55,196,204	-	55,196,204
Cash and bank balances	88,719,352	-	88,719,352
	498,219,296	-	498,219,296
Financial Liabilities			
Trade payables	-	283,117,256	283,117,256
Other payables	-	216,689,460	216,689,460
Bank borrowings	-	372,040,460	372,040,460
Lease liabilities	-	510,203	510,203
	-	872,357,379	872,357,379

Notes To The Financial Statements
(cont'd)

38. Financial Instruments (Cont'd)

(a) Classification of financial instruments (Cont'd)

The following table analyses the financial assets and liabilities in the statements of financial position by the class of financial instruments to which they are assigned, and therefore by the measurement basis: (Cont'd)

	Financial assets at amortised cost RM	Financial liabilities at amortised cost RM	Total RM
Company			
2022			
Financial Assets			
Other receivables	276,796	-	276,796
Amount due from subsidiary companies	577,388,845	-	577,388,845
Fixed deposits with licensed banks	385,000	-	385,000
Cash and bank balances	7,221,033	-	7,221,033
	585,271,674	-	585,271,674
Financial Liabilities			
Other payables	-	28,671,446	28,671,446
Amount due from subsidiary companies	-	61,854,785	61,854,785
Bank borrowings	-	10,000,000	10,000,000
Lease liabilities	-	48,777	48,777
	-	100,575,008	100,575,008
2021			
Financial Assets			
Other receivables	332,794	-	332,794
Amount due from subsidiary companies	503,622,845	-	503,622,845
Fixed deposits with licensed banks	320,000	-	320,000
Cash and bank balances	38,624,971	-	38,624,971
	542,900,610	-	542,900,610
Financial Liabilities			
Other payables	-	32,171,256	32,171,256
Amount due from subsidiary companies	-	54,514,485	54,514,485
Bank borrowings	-	2,000,000	2,000,000
Lease liabilities	-	129,722	129,722
	-	88,815,463	88,815,463

Notes To The Financial Statements
(cont'd)

38. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies

The Group's and the Company's financial risk management policy is to ensure that adequate financial resources are available for the development of the Group's and of the Company's operations whilst managing its credit, liquidity, foreign currency and interest rate risks. The Group and the Company operates within clearly defined guidelines that are approved by the Board and the Group's and the Company's policy is not to engage in speculative transactions.

The following sections provide details regarding the Group's and the Company's exposure to the abovementioned financial risks and the objectives, policies and processes for the management of these risks.

(i) Credit risk

Credit risk is the risk of a financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposure to credit risk arises principally from its receivables from customers and deposits with banks and financial institutions. The Company's exposure to credit risk arises principally from loans and advances to subsidiary companies and financial guarantees given to banks and financial institutions for credit facilities granted to certain subsidiary companies. There are no significant changes as compared to prior periods.

The Group has adopted a policy of only dealing with creditworthy counterparties. Management has a credit policy in place to control credit risk by dealing with creditworthy counterparties and deposit with banks and financial institutions with good credit rating. The exposure to credit risk is monitored on an ongoing basis and action will be taken for long outstanding debts.

The Company provides unsecured advances to subsidiary companies. It also provides unsecured financial guarantees to banks and financial institutions for banking facilities granted to certain subsidiary companies. The Company monitors on an ongoing basis the results of the subsidiary companies and repayments made by the subsidiary companies.

At each reporting date, the Group and the Company assess whether any if the receivables and contract assets are credit impaired.

The gross carrying amounts of credit impaired trade receivables and contract assets are written off (either partial or full) when there is no realistic prospect of recovery. This is generally the case when the Group or the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. Nevertheless, trade receivables and contract assets that are written off could still be subject to enforcement activities.

The carrying amounts of the financial assets recorded on the statements of financial position at the end of the financial year represents the Group's and the Company's maximum exposure to credit risk except for bank guarantee issued for execution of contracts of the subsidiary companies and financial guarantees provided to banks and financial institutions for banking facilities granted to certain subsidiary companies. The Group's maximum exposure in this respect is RM90.9 million (2021: RM57.2 million) while the Company's maximum exposure in this respect is RM501.55 million (2021: RM372.15 million), representing the bank guarantee issued and outstanding banking facilities of the subsidiary companies at the end of the reporting period. There was no indication that any subsidiary company would default on repayment as at the end of the reporting period.

The Group's has no significant concentration to credit risk except as disclosed in Notes 13 and 37. The Company has no significant concentration of credits risks except for advances to its subsidiary companies where risks of default have been assessed to be low.

Notes To The Financial Statements
(cont'd)

38. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk

Liquidity risk refers to the risk that the Group or the Company will encounter difficulty in meeting its financial obligations as they fall due. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The Group's and the Company's funding requirements and liquidity risk are managed with the objective of meeting business obligations on a timely basis. The Group finances its liquidity through internally generated cash flows and minimises liquidity risk by keeping committed credit lines available.

The following table analyses the remaining contractual maturity for financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay.

	On demand or within 1 year RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Group					
2022					
Non-derivative financial liabilities					
Trade payables	271,804,303	-	-	271,804,303	271,804,303
Other payables	242,535,504	-	-	242,535,504	242,535,504
Bank borrowings	140,280,505	354,033,824	112,182,337	606,496,666	501,635,973
Lease liabilities	180,578	111,822	-	292,400	281,798
Financial guarantee*	90,913,828	-	-	90,913,828	-
	745,714,718	354,145,646	112,182,337	1,212,042,701	1,016,257,578
2021					
Non-derivative financial liabilities					
Trade payables	283,117,256	-	-	283,117,256	283,117,256
Other payables	216,689,460	-	-	216,689,460	216,689,460
Bank borrowings	86,761,074	164,885,962	205,737,729	457,384,765	372,040,460
Lease liabilities	268,961	266,858	-	535,819	510,203
Financial guarantee*	57,219,097	-	-	57,219,097	-
	644,055,848	165,152,820	205,737,729	1,014,946,397	872,357,379

Notes To The Financial Statements
(cont'd)

38. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(ii) Liquidity risk (Cont'd)

	On demand or within 1 year RM	2 to 5 years RM	After 5 years RM	Total contractual cash flows RM	Total carrying amount RM
Company					
2022					
Non-derivative financial liabilities					
Other payables	28,671,446	-	-	28,671,446	28,671,446
Amount due to subsidiary company	61,854,785	-	-	61,854,785	61,854,785
Bank borrowings	10,000,000	-	-	10,000,000	10,000,000
Lease liabilities	49,454	-	-	49,454	48,777
Financial guarantee*	501,547,973	-	-	501,547,973	-
	602,123,658	-	-	602,123,658	100,575,008
2021					
Non-derivative financial liabilities					
Other payables	32,171,256	-	-	32,171,256	32,171,256
Amount due to subsidiary company	54,514,485	-	-	54,514,485	54,514,485
Bank borrowings	2,000,000	-	-	2,000,000	2,000,000
Lease liabilities	84,864	49,454	-	134,318	129,722
Financial guarantee*	372,147,782	-	-	372,147,782	-
	460,918,387	49,454	-	460,967,841	88,815,463

* Being bank guarantees issued for execution of contracts of the subsidiary companies and corporate guarantee granted for banking facilities of certain subsidiary companies which will only be encashed in the event of default by these companies.

Notes To The Financial Statements
(cont'd)

38. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk

(a) Foreign currency risk

The Group is exposed to foreign currency risk on transactions that are denominated in currencies other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily United States Dollar (USD).

The Group has not entered into any derivative instruments for hedging or trading purposes. Where possible, the Group will apply natural hedging by selling and purchasing in the same currency. However, the exposure to foreign currency risk is monitored from time to time by management.

The Group's exposure to foreign currency (a currency which is other than the functional currency of the Group entities) risk, based on carrying amounts as at the end of the reporting period was:

	2022 RM	2021 RM
Group		
Denominated in United Stated Dollar		
Cash and bank balances	28,075,995	22,822,893
Other payables and accruals	(61,669,049)	(66,888,855)
	(33,593,054)	(44,065,962)
Company		
Denominated in United Stated Dollar		
Cash and bank balances	85,483	85,483
Capital contribution to a subsidiary company	575,660,900	585,765,508
Other payables and accruals	(26,478,000)	(29,232,000)
	549,268,383	556,618,991

Notes To The Financial Statements
(cont'd)

38. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(a) Foreign currency risk (Cont'd)

Foreign currency sensitivity analysis

Foreign currency risk arises from Group entities which have a RM functional currency. The exposure to currency risk of Group entities which do not have a RM functional currency is not material and hence, sensitivity analysis is not presented.

The following table demonstrates the sensitivity of the Group's and of the Company's profit before tax to a reasonably possible change in USD exchange rate against RM, with all other variables held constant.

	Change in currency rate RM	2022 Effect on profit before tax RM	2021 Effect on profit before tax RM
Group			
USD	Strengthened 10%	(3,359,305)	(4,406,596)
	Weakened 10%	3,359,305	4,406,596
Company			
USD	Strengthened 10%	54,926,838	55,661,899
	Weakened 10%	(54,926,838)	(55,661,899)

(b) Interest rate risk

The Group's and the Company's fixed rate deposits placed with licensed banks and borrowings are exposed to a risk of change in their fair value due to changes in market interest rates. The Group's and the Company's variable rate borrowings are exposed to a risk of change in cash flows due to changes in market interest rates.

The Group manages the interest rate risk of its deposits with licensed banks by placing them at the most competitive interest rates obtainable, which yield better returns than cash at bank and maintaining a prudent mix of short and long term deposits.

The Group manages its interest rate risk exposure from interest bearing borrowings by obtaining financing with the most favourable interest rates in the market. The Group constantly monitors its interest rate risk by reviewing its debts portfolio to ensure favourable rates are obtained. The Group does not utilise interest swap contracts or other derivative instruments for trading or speculative purposes.

Notes To The Financial Statements
(cont'd)

38. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

The interest rate profile of the Group's and of the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting period was:

	Group	
	2022	**2021**
	RM	**RM**
Fixed rate instruments		
Financial assets		
Deposits placed with licensed banks	42,450,740	55,196,204
Financial liabilities		
Lease liabilities	(281,798)	(510,203)
Term loans	(226,418,493)	(318,757,303)
	(184,249,551)	(264,071,302)
Floating rate instruments		
Financial liabilities		
Bank overdrafts		
- secured	(10,934,786)	(6,243,271)
Bills payables	(4,815,361)	(20,061,187)
Revolving credits	(10,000,000)	(2,000,000)
Term loans	(224,467,333)	-
Trade commodity financing	(25,000,000)	(24,978,699)
	(275,217,480)	(53,283,157)

	Company	
	2022	**2021**
	RM	**RM**
Fixed rate instruments		
Financial assets		
Deposits placed with licensed banks	385,000	320,000
Financial liabilities		
Lease liabilities	(48,777)	(129,722)
	336,223	190,278
Floating rate instruments		
Financial liabilities		
Revolving credits	(10,000,000)	(2,000,000)

Notes To The Financial Statements
(cont'd)

38. Financial Instruments (Cont'd)

(b) Financial risk management objectives and policies (Cont'd)

(iii) Market risk (Cont'd)

(b) Interest rate risk (Cont'd)

Interest rate risk sensitivity analysis

Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in market interest rates at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity analysis for floating rate instruments

An increase in 0.5% (2021: 0.5%) interest rate at the end of the reporting period would have decreased the Group's and Company's profit before tax by RM1,376,087 and RM50,000 (2021: RM266,416 and RM10,000). A decrease in 0.5% (2021: 0.5%) interest rate at the end of the reporting period would have had equal but opposite effect to the aforesaid amounts. This analysis assumes that all other variables remain constant. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(c) Fair values of financial instruments

The carrying amounts of short term receivables and payables, cash and cash equivalents and short term borrowings approximate their fair value due to the relatively short term nature of these financial instruments and insignificant impact of discounting.

Notes To The Financial Statements
(cont'd)

39. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the liabilities of the Group and of the Company arising from financing activities, including both cash and non-cash changes:

	At 1 January 2022 RM	Financing cash flow (i) RM	Non-cash changes New lease RM	At 31 December 2022 RM
Group				
Lease liabilities	510,203	(228,405)	-	281,798
Term loans	318,757,303	132,128,523	-	450,885,826
Trade commodity financing	24,978,699	21,301	-	25,000,000
Bill payables	20,061,187	(15,245,826)	-	4,815,361
Revolving credits	2,000,000	8,000,000	-	10,000,000
	366,307,392	124,675,593	-	490,982,985
Company				
Lease liabilities	129,722	(80,945)	-	48,777
Revolving credits	2,000,000	8,000,000	-	10,000,000
Amount due to subsidiary companies	54,514,485	7,340,300	-	61,854,785
	56,644,207	15,259,355	-	71,903,562

(i) The cash flows make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

	At 1 January 2021 RM	Financing cash flow (i) RM	Non-cash changes New lease RM	At 31 December 2021 RM
Group				
Lease liabilities	272,115	(218,924)	457,012	510,203
Term loans	318,812,493	(55,190)	-	318,757,303
Trade commodity financing	30,852,986	(5,874,287)	-	24,978,699
Bill payables	26,175,516	(6,114,329)	-	20,061,187
Revolving credits	-	2,000,000	-	2,000,000
Factoring payables	3,057,819	(3,057,819)	-	-
	379,170,929	(13,320,549)	457,012	366,307,392
Company				
Lease liabilities	207,183	(77,461)	-	129,722
Revolving credits	-	2,000,000	-	2,000,000
Amount due to subsidiary companies	204,949,447	(150,434,962)	-	54,514,485
	205,156,630	(148,512,423)	-	56,644,207

(i) The cash flows make up the net amount of proceeds from or repayments of borrowings in the statements of cash flows.

Notes To The Financial Statements
(cont'd)

40. Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital using a debt-to-equity ratio. The Group's policy is to maintain a prudent level of debt-to-equity ratio that complies with debt covenants and regulatory requirements. The debt-to-equity ratio at end of the reporting period are as follows:

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Total loans and borrowings	501,917,771	372,550,663	10,048,777	2,129,722
Less: Fixed deposits, cash and bank balances	(104,597,260)	(143,915,556)	(7,606,033)	(38,944,971)
Net debts	397,320,511	228,635,107	2,442,744	(36,815,249)
Total equity	1,411,205,063	1,340,744,584	1,210,694,510	1,188,245,760
Debt-to-equity ratio	0.28	0.17	N/A	N/A

There were no changes in the Group's approach to capital management during the financial year.

41. Material Litigation

(a) Star Media Group Berhad ("STAR") Claim

STAR had on 30 April 2019 served a Writ of Summons and Statement of Claim dated 19 April 2019 against the Company claiming that our Company as the corporate guarantor of JAKS Island Circle Sdn Bhd ("JIC") is liable for JIC's purported default of obligations under the Sale and Purchase Agreement entered into on 19 August 2011 between JIC and STAR ("Sale and Purchase Agreement") to purchase a leasehold land located at Seksyen 13, Petaling Jaya for a purchase consideration of RM135.00 million. The claim is for inter alia specific relief and damages for the total amount of approximately RM177.72 million.

For information purposes only, JIC is no longer an indirect subsidiary of the Company following its disposal by JAKS Sdn Bhd ("JSB") on 29 September 2020.

On 27 May 2019, the Company filed its Defence and Counterclaim against STAR for inter alia damages arising from injury to its reputation and business.

STAR then filed its Reply and Defence to Counterclaim on 20 June 2019.

On 6 August 2019, the Company filed its Amended Defence and Counterclaim against STAR and on 10 September 2019, the Company filed its Reply to Defence to Counterclaim. Various litigation proceedings have been and are still ongoing between STAR and the Company.

The hearing of 3 motions for leave to appeal to the Federal Court filed by STAR was held on 23 February 2023. The Federal Court has granted leave to STAR to appeal against the decision of the Court of Appeal dated 27 July 2021.

The Board of Directors are of the opinion that the Company's Amended Defence and Counterclaim are meritorious.

Notes To The Financial Statements
(cont'd)

41. Material Litigation (Cont'd)

(b) Claim against STAR at Kuala Lumpur High Court

On 30 May 2019, the Company and JIC filed a Suit against STAR for breach of the Sale and Purchase Agreement and claimed inter alia the following relief:-

a) a declaration that the Completion Period for JIC to deliver STAR's entitlement under the Sale and Purchase Agreement is on 20 June 2020;

b) a declaration that STAR has breached the Sale and Purchase Agreement;

c) a declaration that STAR is unjustly enriched;

d) the sum of RM248,242,987.62 to be paid to JIC as liquidated and ascertained damages;

e) the sum of RM297,035,481.00 to be paid to the Company as loss of proceeds;

f) the sum of RM50,000,000.00 together with all interests and all related costs incurred thereto pursuant to the Bank Guarantees to be refunded and/or returned to JIC within 7 days from the date of the Court order; and

g) damages

On 5 July 2019, STAR filed its Defence.

Various litigation proceedings have been and are still ongoing between the parties.

Currently, the main Suit is fixed for trial from 4 March 2024 to 8 March 2024.

The Board of Directors are of the opinion that the claims filed by JRB and JIC are substantiated.

Based on the above and after taking appropriate legal advice, no provision has been made in the financial statements of the Group as at the date of this report since the trials have yet to commence. There is a reasonable prospect for the Company to defend STAR's claim, succeed in its counterclaim against STAR and succeed in its claim against STAR.

(c) Adjudication from Teknoserv Engineering Sdn. Bhd.("TESB")

TESB commenced adjudication proceedings against JSB and KACC Construction Sdn Bhd ("KACC"), who are members of an unincorporated joint venture, JAKS-KACC JV, vide a notice of adjudication dated 17 August 2022 pursuant to the Construction Industry Payment and Adjudication Act 2012. The adjudicator delivered the adjudication decision dated 23 November 2022 ("Adjudication Decision") wherein JAKS and KACC are required to pay the following sums to TESB (collectively "Adjudicated Sums"): -

(a) the adjudicated amount of RM11,491,322.00;

(b) simple interest as the rate of 5% per annum on the amount of RM2,221,694.23 from 10 August 2021; on the amount of RM8,994,785.07 from 23 November 2021; and on the amount of RM274,842.70 from the date of the Adjudication Decision shall be payable until full and final settlement thereof;

(c) RM54,995.69 being the adjudicator's fees and the Asian International Arbitration Centre's fees; and

(d) RM120,000.00 being party and party costs.

On 9 January 2023, TESB filed an application to enforce the Adjudication Decision.

On 16 February 2023, JSB and KACC filed applications to set aside and to stay the Adjudication Decision.

Notes To The Financial Statements
(cont'd)

41. Material Litigation (Cont'd)

(c) Adjudication from Teknoserv Engineering Sdn. Bhd.("TESB") (Cont'd)

On 13 March 2023, on the agreement of both parties, the High Court granted an ad interim stay pending disposal of the setting aside application.

The High Court has fixed the Enforcement Application, Setting Aside of Adjudication Decision and Stay of Adjudication Decision for hearing on 25 August 2023.

The solicitors representing JAKS and KACC are of the view that JAKS and KACC stand a fairly good chance in opposing the Enforcement Application and succeeding in the Setting Aside and Stay Applications.

(d) Arbitration between JAKS-KACC JV and TESB

JSB and KACC served a notice of arbitration dated 23 December 2022 on TESB to claim for, inter alia, loss and damage, costs and indemnity amounting to an estimated sum of RM11,773,250.00 including costs of maintenance of the temporary treatment facilities, all costs and expenses involved and/or to be incurred in completing the outstanding sub-contract works and defects rectification works which had arisen as a result of TESB's failure to complete the project and/or wrongful determination of the sub-contract.

On 15 February 2023, JAKS-KACC JV referred and registered the dispute between JAKS-KACC JV and TESB for arbitration at the Asian International Arbitration Centre.

The solicitors representing JAKS and KACC are of the view that JAKS and KACC stand a fairly good chance in succeeding in the arbitration.

42. Significant Event

Effect of outbreak of coronavirus pandemic

The outbreak of the COVID-19 pandemic has caused travel restrictions and lockdown and prolonged economic downturn nationwide and worldwide since 2020. The Group and the Company are cognizant of the challenges posed by these developing events and is actively monitoring and taking appropriate and timely measures, also works closely with the local authorities to support their efforts in containing the spread of Covid-19 to minimise the impact of Covid-19 on its business operations. The COVID-19 mitigation measures that implemented by the Group and the Company include physical distancing at work, workplace segregation, staggered work hours and lunch breaks, temperature checks and regular workplace sanitization.

At the reporting date, the Group and the Company have performed an assessment of the overall impact of the situation on the Group's and the Company's operations, including the recoverability of the carrying amount of assets and measurements of assets and liabilities.

The Directors and management of the Group and the Company are not aware of any uncertainties arising after the end of the financial year that would have a significant impact on the current financial statements, including the financial continuity and sustainability of the Group and the Company as going concern for the next twelve (12) months.

43. Date of Authorisation for Issue

The financial statements of were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 20 April 2023.

PROPERTIES OF THE GROUP

As at 31 December 2022

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
PT No. 35295 No. Lot 92075 Mukim Damansara, Petaling Selangor	Leasehold Property (Duration - 99 years) (Expiry Date: 4/9/2097)	Land area: 182,952 sq. feet	8 Years	Investment Properties with Shopping Mall and Car Parks	286,075	23/8/2013
PN 97384, Lot 141, Seksyen 13, Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land (Duration -99 years) (Expire Date : 21/5/2112)	Land area: 24,569 sq. metres	4 Years	Investment Properties Business Hub	230,000	9/8/2017
B-9-28, Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land (Duration -99 years) (Expire Date : 21/5/2112)	Build up area land area: 32,545 sq. feet	4 Years	Investment Properties Level 9 Tower B	16,826	18/12/2019
P-B1-3, Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land (Duration - 99 years) (Expiry Date: 21/5/2112)	Build-up area 151,141 sq. feet	4 Years	Investment Properties Car Park	50,210	14/10/2019
B-16-13A Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	374 sq. feet	4 Years	Vacant	272	18/12/2019
B-16-16 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	341 sq. feet	4 Years	Vacant	255	18/12/2019
B-12-21 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	521 sq. feet	4 Years	Vacant	370	18/12/2019
B-03A-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	4 Years	Vacant	421	18/12/2019

Properties Of The Group
As at 31 December 2022
(cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
B-06-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	4 Years	Vacant	421	18/12/2019
B-07-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	4 Years	Vacant	421	18/12/2019
B-08-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	4 Years	Vacant	421	18/12/2019
B-08-22 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	565 sq. feet	4 Years	Vacant	396	18/12/2019
B-10-22 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	4 Years	Vacant	421	18/12/2019
B-13A-22 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	4 Years	Vacant	421	18/12/2019
B-15-21 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	521 sq. feet	4 Years	Vacant	370	18/12/2019
B-16-02 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	521 sq. feet	4 Years	Vacant	370	18/12/2019

Properties Of The Group
As at 31 December 2022
(cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
B-16-22 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Signature office	600 sq. feet	4 Years	Vacant	421	18/12/2019
L5-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	1,654 sq. feet	4 Years	Vacant	957	18/12/2019
L5-02 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	1,959 sq. feet	4 Years	Vacant	1,133	18/12/2019
L5-05 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	1,605 sq. feet	4 Years	Vacant	931	18/12/2019
L5-03 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	3,140 sq. feet	4 Years	Vacant	1,651	18/12/2019
L5-03A Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Podium office	1,718 sq. feet	4 Years	Vacant	996	18/12/2019
C-10-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	1,242 sq. feet	4 Years	Vacant	851	18/12/2019
C-16-02 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	4 Years	Vacant	676	18/12/2019

Properties Of The Group

As at 31 December 2022
(cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
C-23-03A Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	4 Years	Vacant	676	18/12/2019
C-23-06 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	4 Years	Vacant	676	18/12/2019
C-28-03A Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	4 Years	Vacant	676	18/12/2019
C-23-02 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	988 sq. feet	4 Years	Vacant	676	18/12/2019
D-15-10 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	622 sq. feet	4 Years	Vacant	439	18/12/2019
E-17-01 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	622 sq. feet	4 Years	Vacant	439	18/12/2019
E-17-05 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	802 sq. feet	4 Years	Vacant	562	18/12/2019
E-17-06 Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	723 sq. feet	4 Years	Vacant	509	18/12/2019

Properties Of The Group

As at 31 December 2022
(cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
E-22-03, Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	617 sq. feet	2 Years	Vacant	489	14/12/2021
E-22-03A, Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	622 sq. feet	2 Years	Vacant	489	14/12/2021
E-22-11, Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	802 sq. feet	2 Years	Vacant	626	14/12/2021
E-27-01, Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	622 sq. feet	2 Years	Vacant	489	14/12/2021
E-28-01, Lot 141 Seksyen 13 Bandar Petaling Jaya Daerah Petaling, Selangor	Leasehold Land Apartment	622 sq. feet	2 Years	Vacant	489	14/12/2021
09-02 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Land Signature Suite	1,181 sq. feet	4 Years	Vacant	707	31/12/2019
18-06 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Land Signature Suite	1,227 sq. feet	4 Years	Vacant	746	31/12/2019
18-25 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Land Signature Suite	1,012 sq. feet	4 Years	Vacant	630	31/12/2019

Properties Of The Group

As at 31 December 2022
(cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
09-01 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Land Signature Suite	1,181 sq. feet	4 Years	Vacant	707	31/12/2019
PN115285 Pacific 63@PJ Centre Jalan 13/6, Seksyen 13 Daerah Petaling, Selangor	Leasehold Property (Duration - 99 years) (Expiry Date: 15/4/2113)	18,524 sq. feet	4 Years	Investment Properties Car Park	13,673	31/12/2019
No. 924/1F, Storey No.1st Floor, Building No. Block: Front Unit Type 3, Taman Desa Cheras, Kuala Lumpur	Freehold Property 1st Floor of 3 Storey Shophouse	Building area : 64.82 sq. metres (697.72 sq. feet)	20 Years	Vacant	40	23/12/2003
PN 30824, Lot. No. 18503, Mukim of Rawang, District of Gombak, State of Selangor	Leasehold Land (Duration - 99 Years) (Expiry date 11/7/2060)	Land area: 1,496 sq. feet Built up area : 1,280 sq. feet	11 Years	Vacant	173	27/3/2012
H S (D) 224763, Lot No. PTD 42125, Mukim Senai, Kulai, Daerah Johor Bahru, Johor Darul Takzim	Freehold Single-storey Terrace House	Land area: 133.96 sq. metres (1,442 sq. feet)	20 Years	Vacant	86	5/11/2003
H S (D) 224752, Lot No. PTD 42114, Mukim Senai, Kulai, Daerah Johor Bahru, Johor Darul Takzim	Freehold Single-storey Terrace House	Land area: 133.96 sq. metres (1,442 sq. feet)	20 Years	Vacant	89	5/11/2003
B-17-09 Villa Kejora Type A Rilau Penang	Freehold Apartment	700 sq. feet	24 Years	Apartment for investment	65	12/3/1999
GRN 33069 Lot no. 565, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 58.2029 acres	3 Years	Vacant	5,058	13/8/2019

Properties Of The Group
As at 31 December 2022
(cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
GM 610 Lot no. 1212, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 0.5600 acres	3 Years	Vacant	46	13/8/2019
GM 302 Lot no. 1213, Sungai Kechil, Nibong Tebal, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 0.5844 acres	3 Years	Vacant	48	13/8/2019
GM 611 Lot no. 1214, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 0.9869 acres	3 Years	Vacant	82	13/8/2019
GM 612 Lot no. 1215, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 6.0875 acres	3 Years	Vacant	515	13/8/2019
GM 613 Lot no. 1216, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 2.7125 acres	3 Years	Vacant	226	13/8/2019
GM 614 Lot no. 1217, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 2.1750 acres	3 Years	Vacant	181	13/8/2019
GM 615 Lot no. 1220, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 5.8062 acres	3 Years	Vacant	491	13/8/2019

Properties Of The Group

As at 31 December 2022
(cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
GM 616 Lot no. 1221, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 1.1781 acres	3 Years	Vacant	98	13/8/2019
GRN 32742 Lot no. 1264, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 15.8620 acres	3 Years	Vacant	1,369	13/8/2019
GM 656 Lot no. 1287, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 5.0187 acres	3 Years	Vacant	409	13/8/2019
GM 872 Lot no. 1300, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 3.2810 acres	3 Years	Vacant	274	13/8/2019
GM 662 Lot no. 1301, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 6.4250 acres	3 Years	Vacant	545	13/8/2019
GM 665 Lot no. 1304, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 1.5194 acres	3 Years	Vacant	126	13/8/2019
GRN 51899 Lot no. 1305, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 20.4370 acres	3 Years	Vacant	1,768	13/8/2019

Properties Of The Group
As at 31 December 2022
(cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
GRN 32749 Lot no. 1306, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 30.9999 acres	3 Years	Vacant	2,690	13/8/2019
GM 1736 Lot no. 6386, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 0.6415 acres	3 Years	Vacant	53	13/8/2019
GM 1737 Lot no. 6387, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 0.1698 acres	3 Years	Land for investment	14	13/8/2019
GRN 33068 Lot no. 562, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 36.2520 acres	3 Years	Land for investment	3,145	13/8/2019
GRN 51894 Lot no. 735, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 21.5642 acres	3 Years	Land for investment	1,866	13/8/2019
GRN 51895 Lot no. 736, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 6.8469 acres	3 Years	Land for investment	582	13/8/2019
GRN 49254 Lot no. 737, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 42.3869 acres	3 Years	Land for investment	3,684	13/8/2019
GRN 49255 Lot no. 738, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 27.9091 acres	3 Years	Land for investment	2,420	13/8/2019

Properties Of The Group

As at 31 December 2022
(cont'd)

Location /Address	Tenure	Area	Age of Building Approximate Years	Existing Use	Net Book Value RM'000	Date Of Company Acquisition / Revaluation
GRN 49256 Lot no. 739, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 6.9545 acres	3 Years	Land for investment	575	13/8/2019
GRN 49257 Lot no. 740, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 5.0606 acres	3 Years	Land for investment	422	13/8/2019
GRN 51898 Lot no. 1202, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 1.5630 acres	3 Years	Land for investment	130	13/8/2019
GRN 32748 Lot no. 1289, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 18.5440 acres	3 Years	Land for investment	1,595	13/8/2019
GRN 14033 Lot no. 1298, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 15.0750 acres	3 Years	Land for investment	1,300	13/8/2019
GM 1916 Lot no. 6381, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 0.4895 acres	3 Years	Land for investment	40	13/8/2019
GM 1917 Lot no. 6382, Mukim 07, Seberang Perai Selatan, Pulau Pinang	Freehold Land	Land area: 2.4127 acres	3 Years	Land for investment	201	13/8/2019

ANALYSIS OF SHAREHOLDINGS
AS AT 24 MARCH 2023

Total number of issued shares
and class of shares : 2,090,317,607 Ordinary Shares
Voting Right : One vote per Ordinary Share held

ANALYSIS OF SHAREHOLDINGS

Size of Holdings	No. of Shareholders	(%)	No. of Shares	(%)
1 – 99	1,106	4.06	37,272	0.00
100 – 1,000	6,093	22.38	2,071,554	0.10
1,001 – 10,000	8,515	31.28	50,699,087	2.43
10,001 – 100,000	9,143	33.59	336,899,981	16.12
100,001 – 104,515,879 (*)	2,362	8.68	1,544,649,164	73.90
104,515,880 and above (**)	1	0.00	155,960,549	7.46
	27,220	100.00	2,090,317,607	100.00

NOTES: * Less than 5% of the issued shares
** 5% and above of the issued shares

30 LARGEST SHAREHOLDERS AS AT 24 MARCH 2023

	Names	No. of Shares	(%)
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	155,960,549	7.46
2.	Kenanga Capital Sdn Bhd Pledged Securities Account for Ang Lam Poah	63,016,807	3.01
3.	Tee Tiam Lee	30,330,600	1.45
4.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	25,050,000	1.20
5.	Liew Moi Fah	23,000,000	1.10
6.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chin Hock	20,917,900	1.00
7.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	19,990,000	0.96
8.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Eng Piow	19,295,000	0.92
9.	Dennis Koh Seng Huat	13,220,000	0.63
10.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohamad Zaidee Bin Abang Hipni	13,000,000	0.62
11.	Chor Chee Heung	12,540,000	0.60
12.	Rhb Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ng Hin Seong	12,412,100	0.59

Analysis Of Shareholdings
As At 24 March 2023
(cont'd)

30 LARGEST SHAREHOLDERS AS AT 24 MARCH 2023 (cont'd)

	Names	No. of Shares	(%)
13.	Phillip Nominees (Tempatan) Sdn Bhd Pledged Securities Account For Ang Lam Poah	11,920,000	0.57
14.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mat Nasir Bin Mohamed	10,600,000	0.51
15.	Ang Ken Seng	10,551,000	0.50
16.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Life Insurance Berhad (Growth)	10,430,100	0.50
17.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Siong Keat	10,000,000	0.48
18.	Maybank Investment Bank Berhad Ivt	9,136,800	0.44
19.	CIMB Group Nominees (Tempatan) Sdn Bhd CIMB Commerce Trustee Berhad for Affin Hwang Multi-Asset Fund 5	9,000,000	0.43
20.	Lembaga Tabung Haji	9,000,000	0.43
21.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	8,948,000	0.43
22.	Maybank Nominees (Tempatan) Sdn Bhd Etiqa Life Insurance Berhad (Prem Equity)	8,895,000	0.43
23.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khor Kim Hock	8,630,200	0.41
24.	PM Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lip Chee	8,439,420	0.40
25.	Affin Hwang Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Tien Sang	8,000,000	0.38
26.	Rhb Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Poo Seng	8,000,000	0.38
27.	Salcon Berhad	8,000,000	0.38
28.	Tan Ooi Koong	8,000,000	0.38
29.	Teh Poh Guan	8,000,000	0.38
30.	Juliana Koh Suat Lay	7,930,000	0.38

Analysis Of Shareholdings

As At 24 March 2023
(cont'd)

DIRECTORS' SHAREHOLDING AS AT 24 MARCH 2023

	Ordinary Shares			
	Direct Interest		Indirect Interest	
Names of Directors	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**
Ang Lam Poah	292,065,356	13.97	-	-
Dato' Razali Merican Bin Naina Merican	7,030,000	0.34	-	-
Ang Lam Aik	-	-	-	-
Dato' Azman Bin Mahmood	-	-	-	-
Liew Jee Min @ Chong Jee Min	-	-	-	-
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	-	-
Tan Sri Dato' Haji Abd Karim Bin Shaikh Munisar	-	-	-	-
Khor Hun Nee	-	-	-	-

	Long Term Incentive Plan ("LTIP Option")	
Names of Director	**No. of LTIP Option**	**(%)**
Tan Sri Datuk Hussin Bin Haji Ismail	1,000,000	0.69
Ang Lam Poah	32,000,000	22.15
Dato' Razali Merican Bin Naina Merican	18,000,000	12.46
Ang Lam Aik	14,414,587	9.98
Dato' Azman Bin Mahmood	1,000,000	0.69
Liew Jee Min @ Chong Jee Min	1,000,000	0.69

Shares in related corporation

By virtue of Mr Ang Lam Poah and Dato' Razali Merican Bin Naina Merican's interest in the ordinary shares of the Company and pursuant to Section 8 of the Companies Act 2016 in Malaysia, they are deemed to have an interest in the ordinary shares of the subsidiaries to the extent that the Company has an interest.

Other than as stated above, none of the other directors in office at the end of the financial year had any interest in shares of the Company and its related corporations during the financial year.

SUBSTANTIAL SHAREHOLDERS AS AT 24 MARCH 2023

	Direct Interest		Indirect Interest	
Substantial Shareholders	**No. of Shares**	**(%)**	**No. of Shares**	**(%)**
1. Ang Lam Poah	292,065,356	13.97	-	-

ANALYSIS OF WARRANT B HOLDINGS
AS AT 24 MARCH 2023

Total number of issued securities	:	171,488,238 Warrants B
Voting Right	:	No voting rights
Exercise Price	:	RM0.34
Maturity Date	:	13 December 2023

ANALYSIS OF WARRANT B HOLDINGS

Size of Holdings	No. of Warrant B Holders	(%)	No. of Warrant B	(%)
1 – 99	199	17.27	11,320	0.01
100 – 1,000	78	6.77	39,718	0.02
1,001 – 10,000	308	26.74	1,761,189	1.03
10,001 – 100,000	412	35.76	16,645,407	9.71
100,001 – 8,574,410 (*)	151	13.11	90,793,330	52.94
8,574,411 and above (**)	4	0.35	62,237,274	36.29
	1,152	100.00	171,488,238	100.00

NOTES: * Less than 5% of the issued warrants
** 5% and above of the issued warrants

30 LARGEST WARRANT B HOLDERS AS AT 24 MARCH 2023

	Names	No. of Warrant B	(%)
1.	Chong Kok Foo	22,464,833	13.10
2.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	20,835,842	12.15
3.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Kee Seng	10,165,749	5.93
4.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	8,770,850	5.11
5.	Phillip Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	7,775,240	4.53
6.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	5,641,790	3.29
7.	Original Invention Sdn Bhd	5,215,100	3.04
8.	Er Soon Puay	3,700,500	2.16
9.	Koh Seng Poh	3,454,011	2.01
10.	Ch'ng Kim Soon	2,479,400	1.45
11.	Wilfred Koh Seng Han	2,395,522	1.40
12.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	2,351,536	1.37

Analysis Of Warrant B Holdings
As at 24 March 2023
(cont'd)

30 LARGEST WARRANT B HOLDERS AS AT 24 MARCH 2023 (cont'd)

	Names	No. of Warrant B	(%)
13.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohammed Amin Bin Mahmud	2,026,500	1.18
14.	Tan Kah Sian	1,860,000	1.08
15.	CGS-CIMB Nominees (Asing) Sdn Bhd Exempt An For CGS-CIMB Securities (Singapore) Pte. Ltd.	1,794,980	1.05
16.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account - Ambank (M) Berhad For Ang Lam Poah	1,706,760	1.00
17.	Amsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account – Ambank (M) Berhad for Razali Merican Bin Naina Merican	1,469,710	0.86
18.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Chong Yeow	1,399,800	0.82
19.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Sia Ngo Hin	1,356,305	0.79
20.	Quah Siew Lan	1,170,458	0.68
21.	Ang Hui Chan	1,100,000	0.64
22.	Ganendrah A/L Chellappah	1,097,600	0.64
23.	AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chin Hock	1,075,680	0.63
24.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lee Ah Lang @ Lee Lit Ming	961,547	0.56
25.	Ooi Chin Hock	959,516	0.56
26.	Choong Yoke Lee	925,000	0.54
27.	Yap Pow On	892,394	0.52
28.	Tan Yann-Yun	879,929	0.51
29.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheang Wai Kett	879,000	0.51
30.	Tai Boon Chun	870,000	0.51

Analysis Of Warrant B Holdings
As at 24 March 2023
(cont'd)

DIRECTORS' WARRANT B HOLDING AS AT 24 MARCH 2023

	Warrant B			
	Direct Interest		Indirect Interest	
Names of Directors	**No. of Warrant B**	**(%)**	**No. of Warrant B**	**(%)**
Ang Lam Poah	47,082,018	27.45	-	-
Dato' Razali Merican Bin Naina Merican	1,469,710	0.86	*5,215,100	3.04
Ang Lam Aik	-	-	-	-
Dato' Azman Bin Mahmood	-	-	-	-
Liew Jee Min @ Chong Jee Min	-	-	-	-
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	-	-
Tan Sri Dato' Haji Abd Karim Bin Shaikh Munisar	-	-	-	-
Khor Hun Nee	-	-	-	-

NOTES:

* Deemed interest by virtue of his interest in Original Invention Sdn Bhd

SUBSTANTIAL WARRANT B HOLDERS AS AT 24 MARCH 2023

		Direct Interest		Indirect Interest	
	Substantial Warrant Holders	**No. of Warrant B**	**(%)**	**No. of Warrant B**	**(%)**
1.	Ang Lam Poah	47,082,018	27.45	-	-
2.	Chong Kok Foo	22,464,833	13.10	-	-
3.	HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Loo Kee Seng	10,165,749	5.93	-	-

ANALYSIS OF WARRANT C HOLDINGS
AS AT 24 MARCH 2023

Total number of issued securities	:	525,564,900 Warrants C
Voting Right	:	No voting rights
Exercise Price	:	RM0.49
Maturity Date	:	18 November 2025

ANALYSIS OF WARRANT C HOLDINGS

Size of Holdings	No. of Warrant C Holders	(%)	No. of Warrant C	(%)
1 – 99	259	6.28	12,819	0.00
100 – 1,000	389	9.43	173,474	0.03
1,001 – 10,000	1,306	31.65	7,126,063	1.36
10,001 – 100,000	1,560	37.81	60,845,470	11.58
100,001 – 26,278,244 (*)	611	14.81	394,773,427	75.11
26,278,245 and above (**)	1	0.02	62,633,647	11.92
	4,126	100.00	525,564,900	100.00

NOTES: * Less than 5% of the issued warrants
** 5% and above of the issued warrants

30 LARGEST WARRANT C HOLDERS AS AT 24 MARCH 2023

	Names	No. of Warrant C	(%)
1.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	62,633,647	11.92
2.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Eng Piow	14,915,850	2.84
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chin Hock	9,334,100	1.78
4.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Saw Chai Soon	9,000,000	1.71
5.	Liew Moi Fah	8,400,050	1.60
6.	Er Soon Puay	7,822,100	1.49
7.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	7,400,000	1.41
8.	Ang Ken Seng	5,408,000	1.03
9.	Choong Kean Leang	5,322,150	1.01
10.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hon Chee Kwan	5,000,000	0.95
11.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	4,920,000	0.94

Analysis Of Warrant C Holdings
As at 24 March 2023
(cont'd)

30 LARGEST WARRANT C HOLDERS AS AT 24 MARCH 2023 (cont'd)

	Names	No. of Warrant C	(%)
12.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hon Chee Hooi	4,603,100	0.88
13.	Leng Thean Paul	4,500,700	0.86
14.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Beh Yong Hock	4,479,800	0.85
15.	Chor Chee Heung	4,320,000	0.82
16.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Beh Yong Hock	4,276,000	0.81
17.	Ong Jian Chyang	4,049,200	0.77
18.	Teh Poo Seng	3,887,700	0.74
19.	Dennis Koh Seng Huat	3,860,000	0.73
20.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teh Poo Seng	3,630,000	0.69
21.	Phillip Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ang Lam Poah	3,360,000	0.64
22.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Choon Ping	3,353,000	0.64
23.	Regal Establishment Sdn. Bhd.	3,242,300	0.62
24.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Kean Seng	3,100,000	0.59
25.	Maybank Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Swee Sek	3,000,000	0.57
26.	Lim Chin Huat	2,900,000	0.55
27.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khor Kim Hock	2,751,150	0.52
28.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Teo Kae Shyong	2,621,000	0.50
29.	CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ganendrah A/L Chellappah	2,567,400	0.49
30.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Choon Tong	2,536,400	0.48

Analysis Of Warrant C Holdings
As at 24 March 2023
(cont'd)

DIRECTORS' WARRANT C HOLDING AS AT 24 MARCH 2023

	Warrant C			
	Direct Interest		Indirect Interest	
Names of Directors	**No. of Warrant C**	**(%)**	**No. of Warrant C**	**(%)**
Ang Lam Poah	81,737,647	15.55	-	-
Dato' Razali Merican Bin Naina Merican	1,240,000	0.24	-	-
Ang Lam Aik	-	-	-	-
Dato' Azman Bin Mahmood	-	-	-	-
Liew Jee Min @ Chong Jee Min	-	-	-	-
Tan Sri Datuk Hussin Bin Haji Ismail	-	-	-	-
Tan Sri Dato' Haji Abd Karim Bin Shaikh Munisar	-	-	-	-
Khor Hun Nee	-	-	-	-

SUBSTANTIAL WARRANT C HOLDERS AS AT 24 MARCH 2023

		Direct Interest		Indirect Interest	
	Substantial Warrants Holder	**No. of Warrant C**	**(%)**	**No. of Warrant C**	**(%)**
1.	Ang Lam Poah	81,737,647	15.55	-	-

NOTICE OF TWENTY FIRST ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twenty First Annual General Meeting ("21st AGM") of the Company will be held on a fully virtual basis at the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Tuesday, 27 June 2023 at 10.30 a.m. for the purpose of considering the following businesses:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 together with the Reports of the Directors and Auditors thereon.

2. To re-elect the following directors, who are retiring pursuant to the Company's Constitution and who being eligible offer themselves for re-election:

   (i) Ang Lam Poah (Article 100(3)) **Resolution 1**
   (ii) Khor Hun Nee (Article 100(3)) **Resolution 2**

3. To approve the payment of Directors' Fees of RM8,000 per month for each of the Non-Executive Directors with effect from July 2023 until June 2024. **Resolution 3**

4. To approve the payment of Meeting Attendance Allowances of RM2,000 per meeting for each Director and an additional RM500 per meeting for the Chairman of the meeting with effect from July 2023 until June 2024. **Resolution 4**

5. To re-appoint Messrs. UHY as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **Resolution 5**

SPECIAL BUSINESS

6. To consider and if thought fit, pass the following resolutions:

ORDINARY RESOLUTION: **Resolution 6**
Authority to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject always to the approval of the relevant authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors may deem fit provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company ("New Shares") for the time being without first offering the New Shares to the holders of the existing issued shares 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 that such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company."

ORDINARY RESOLUTION: **Resolution 7**
PROPOSED ESTABLISHMENT OF A DIVIDEND REINVESTMENT PLAN WHICH WILL PROVIDE SHAREHOLDERS OF JAKS RESOURCES BERHAD ("JAKS" OR THE "COMPANY") WITH AN OPTION TO ELECT TO REINVEST THEIR CASH DIVIDEND IN NEW ORDINARY SHARES IN JAKS ("PROPOSED DRP")

"THAT, subject to the approvals of the relevant authorities for the Proposed DRP having being obtained and to the extent permitted by law:

(a) the Proposed DRP, upon the terms and conditions stated in the Circular to Shareholders dated 28 April 2023 including the Dividend Reinvestment Plan Statement contained therein, and upon such other terms and conditions as the Board of Directors of JAKS ("**Board**"), at their sole and absolute discretion deem fit or proper to impose be, and is hereby approved; and

Notice Of Twenty First Annual General Meeting
(cont'd)

(b) the Board be and is hereby authorised:

(i) to establish and implement the Proposed DRP;

(ii) to determine, at its sole and absolute discretion, whether the Proposed DRP will apply to any or all dividend (whether interim, final, special or any other types of cash dividend) ("**Dividend(s)**") declared and/or approved by JAKS;

(iii) to issue and allot such number of new ordinary share(s) in JAKS ("**JAKS Share(s)**") from time to time, at such price, subject to such terms and conditions pursuant to the Proposed DRP ("**New Share(s)**"), to the shareholders who elect to invest their dividend in New Shares; and

(iv) to do all such acts, execute all such documents and to enter into all such transactions, arrangements and agreements, deeds or undertakings as may be necessary or expedient in order to give full effect to the Proposed DRP with full power to assent to any conditions, variations, modifications and/or amendments in any manner, including amendments, modifications, suspension and termination of the Proposed DRP, as the Board may, in its absolute discretion, deem fit or proper and in the best interest of JAKS and/or as may be required or permitted by any relevant authorities and to deal with all matters relating thereto and to take all such steps and do all such acts, for and on behalf of the Company."

ORDINARY RESOLUTION: **Resolution 8**
PROPOSED ISSUANCE OF NEW SHARES PURSUANT TO THE PROPOSED DRP THAT PROVIDES THE SHAREHOLDERS OF THE COMPANY WITH THE OPTION TO ELECT TO REINVEST THEIR DIVIDENDS IN NEW SHARES ("PROPOSED ISSUANCE OF NEW SHARES PURSUANT TO THE PROPOSED DRP")

"THAT, subject to the passing of Ordinary Resolution 7, and the approvals of all relevant authorities or parties being obtained, where required, approval be and is hereby given to the Board to allot and issue such number of New Shares from time to time as may be required to be allotted and issued pursuant to the Proposed DRP to such shareholders and upon such terms and conditions as the Board may, at their sole and absolute discretion, deem fit or proper to impose until the conclusion of the next Annual General Meeting of JAKS;

THAT, the issue price of the said New Shares, which will be determined and fixed by the Board on the price-fixing date to be determined, shall not be at more than 10% discount to the 5-day volume weighted average market price ("**VWAP**") of JAKS Shares immediately preceding the price-fixing date, of which the VWAP shall be adjusted ex-dividend before applying the aforementioned discount in fixing the issue price at the material time;

THAT, the New Shares shall, upon issuance and allotment, rank equally in all respects with the existing JAKS Shares in issue, save and except that the holders of New Shares will not be entitled to any dividends, rights, allotments and/or other forms of distributions that may be declared, made or paid for which the entitlement date precedes the date of issuance and allotment of the New Shares;

AND THAT, the Board be and is hereby authorised to do all such acts and to enter into all such transactions, arrangements and agreements and to execute, sign and deliver for and on behalf of JAKS, all such documents and impose such terms and conditions or delegate all or any part of their powers as may be necessary or expedient in order to implement, finalise and give full effect to the Proposed Issuance of New Shares pursuant to the Proposed DRP, with full power to assent to any conditions, modifications, variations and/or amendments (if any) including the suspension or termination of the Proposed DRP as the Board may, at their sole and absolute discretion, deem fit or proper and in the best interest of JAKS and/or as may be imposed and/or required by any relevant authorities."

Notice Of Twenty First Annual General Meeting
(cont'd)

By Order of the Board,

LEONG OI WAH (MAICSA 7023802)
SSM PRACTICING CERTIFICATE NO. 201908000717
Company Secretary

Petaling Jaya
28 April 2023

IMPORTANT NOTICE ON REMOTE PARTICIPATION AND VOTING:

1. The 21st AGM will be conducted through live streaming and online voting using Remote Participation and Voting ("RPV") facilities which are available on Tricor's TIIH Online website at https://tiih.online. Please refer to Administrative Guide for the 21st AGM in order to register, participate and vote remotely via the RPV facilities.
2. The venue of the 21st AGM is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the Meeting to be at the main venue. No Members/Proxy(ies) will be allowed to be physically present at the Broadcast Venue.
3. Shareholders/Proxy(ies) who wish to attend, speak (including posing questions to the Board via real time submission of typed texts) and vote (collectively, "participate") may do so remotely via the RPV facilities. Please follow the procedures provided in the Administrative Guide for the 21st AGM in order to register, participate and vote remotely.

PROXY NOTES

1. A Member of the Company who is entitled to participate at this meeting via RPV is entitled to appoint a proxy or in the case of a corporation, to appoint a duly authorised representative to participate and to vote in his stead. A proxy need not be a member of the Company.

2. When a Member appoints two or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholdings to be represented by each proxy.

3. The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorised in writing or, if such appointer is a corporation under its common seal, or the hand of its attorney.

4. A Member who has appointed a proxy or attorney or authorized representative to attend, participate, speak and vote at this 21st AGM via RPV facilities must request his/her proxy to register himself/herself at TIIH Online website at https://tiih.online. Please follow the procedures for RPV in the Administrative Guide for Shareholders on the 21st AGM.

   The instrument appointing a proxy together with the power of attorney (as the case may be) must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for holding the meeting or adjourned meeting.

5. Depositors who appear in the Record of Depositors as at 20 June 2023 shall be regarded as Members of the Company entitled to attend the 21st AGM or appoint a proxy to attend and vote on his behalf.

Notice Of Twenty First Annual General Meeting
(cont'd)

NOTES ON SPECIAL BUSINESS:

Resolutions 1 & 2:

For the purpose of determining the eligibility of the Directors to stand for re-election at the 21st AGM, the Board through its Nomination Committee had assessed Ang Lam Poah and Khor Hun Nee (collectively "the Retiring Directors"). The Retiring Directors were assessed on their performance and understanding of the Group's business. Their active participation at the Board meetings showed that there were prepared and were effective in the discharge of his responsibilities. No circumstances have arisen in the past year to impair the independent judgements of the Retiring Directors on matters brought for Board discussion and they have always acted in the best interest of the Company as a whole.

Based on the wealth of experience of the Retiring Directors and the skills that they can bring to the Company, the Board views that their re-election would bring benefits to the Company.

Based on the above, the Board supports the re-election of the Retiring Directors.

Resolution 6:

The proposed Ordinary Resolution will give powers to the Directors to issue up to a maximum ten per centum (10%) of the total number of issued shares of the Company for the time being ("New Shares") for such purposes as the Directors would consider in the best interest of the Company ("General Mandate"). This authority, unless revoked or varied by the Company at a general meeting, will expire at the next Annual General Meeting of the Company.

The General Mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional cost and time. The purpose of this general mandate is for possible fund raising exercises including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital and/or acquisitions or the issuance of shares as consideration for the acquisition of assets.

The mandate obtained at the 20th AGM in 2022 for authority to allot shares of the Company up to 10% of the total number of issued shares of the Company was not utilised.

In accordance with Article 65 of the Company's Constitution, the passing of the Ordinary Resolution No. 6 shall be taken as the members agreement for the New Shares to be issued to such persons as the Director may deem fit without first offer to holders of existing shares.

Resolutions 7 and 8:

Please refer to the Circular to shareholders dated 28 April 2023.

JAKS RESOURCES BERHAD
Registration No. 200201017985 (585648-T)

PROXY FORM

CDS Account No.:	
Number of Shares Held:	

*I/We ______________________________ (Full Name in Block Letters) ______________________

(NRIC (New)/Registration No.:) of ____

______________________ (Address) being *a member / members of JAKS Resources Berhad, hereby appoint

Full Name and Address (in Block Letters)	NRIC/Passport No.	Contact No.	No. of share and % of shareholding
*and			
Full Name and Address (in Block Letters)	NRIC/Passport No.	Contact No.	No. of share and % of shareholding

or failing *him/*her/*them, the Chairman of the Meeting as *my/our *proxy/proxies to attend and vote for *me/us on *my/our behalf, and if necessary, to demand a poll, at the Twenty First Annual General Meeting ("21st AGM") of the Company to be held on a fully virtual basis at the broadcast venue at Tricor Business Centre, Manuka 2 & 3 Meeting Room, Unit 29-01, Level 29, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia on Tuesday, 27 June 2023 at 10.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Resolutions to be proposed at the meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any item arising not summarised below, *my/our *proxy/proxies may vote or abstain from voting at his/her discretion.

No.	Resolutions	For#	Against#
1.	Re-election of Ang Lam Poah as Director		
2.	Re-election of Khor Hun Nee as Director		
3.	Payment of Directors' Fees		
4.	Payment of Meeting Allowance		
5.	Re-appointment of Messrs UHY as Auditors		
6.	Approval to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016		
7.	Approval for the proposed establishment of a dividend reinvestment plan (DRP)		
8.	Approval for the proposed issuance of new shares pursuant to the proposed DRP		

 # Please indicate your vote "For" or "Against" with an "X" within the box provided.
** Delete if not applicable*

Signed this _______ day of ___________ 2023

____
Signature/Common Seal of Shareholder(s)

NOTES:

1. *A Member of the Company who is entitled to participate at this meeting via RPV is entitled to appoint a proxy or in the case of a corporation, to appoint a duly authorised representative to participate and to vote in his stead. A proxy need not be a member of the Company.*
2. *When a Member appoints two or more proxies, the proxies shall not be valid unless the Member specifies the proportion of his shareholdings to be represented by each proxy.*
3. *The instrument appointing proxy shall be in writing under the hands of the appointed or of his attorney duly authorised in writing or, if such appointer is a corporation under its common seal, or the hand of its attorney.*
4. *A Member who has appointed a proxy or attorney or authorized representative to attend, participate, speak and vote at this 21st AGM via RPV facilities must request his/her proxy to register himself/herself at TIIH Online website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Details for Shareholders on the 21st AGM.*
   The instrument appointing a proxy together with the power of attorney (as the case may be) must be deposited at the Share Registrar of the Company at Tricor Investor & Issuing House Services Sdn Bhd, Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or alternatively, the Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur at least 48 hours before the time appointed for holding the meeting or adjourned meeting.
5. *Depositors who appear in the Record of Depositors as at 20 June 2023 shall be regarded as Members of the Company entitled to attend the 21st Annual General Meeting or appoint a proxy to attend and vote on his behalf.*

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JAKS RESOURCES BERHAD
Registration No. 200201017985 (585648-T)
c/o TRICOR INVESTOR & ISSUING HOUSE SERVICES SDN BHD
Unit 32-01, Level 32, Tower A,
Vertical Business Suite, Avenue 3,
Bangsar South, No. 8, Jalan Kerinchi,
59200 Kuala Lumpur

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JAKS RESOURCES BERHAD
Registration No. 200201017985 (585648-T)

Unit B-09-28, Tower B,
Pacific Towers, Jalan 13/6
Section 13, 46200 Petaling Jaya,
Selangor Darul Ehsan.
Tel : 603-76603333 | Fax : 603-76608993

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