



STRIVING FOR GREATER STRENGTH

ANNUAL REPORT 2021



ABOUT US

- 2 Our Story
- 3 Our Values
- 4 Milestones
- 6 Corporate Profile
- 7 Corporate Information
- 8 Group Corporate Structure

FINANCIAL HIGHLIGHTS

- 9 Financial Highlights

AWARDS AND RECOGNITIONS

- 10 Awards and Recognitions

WHAT'S INSIDE

DIGITAL VERSION OF ANNUAL REPORT 2021

Access the digital version of Annual Report 2021 by scanning the QR Code in 3 easy steps:



Download the "QR Code Reader" on App Store or Google Play.



Run the QR Code Reader app and point your camera to the QR Code.



Get access to the soft copy of the Annual Report.



Scan the QR Code or view our Annual Report PDF online version at <https://www.gbg.com.my/investor-relations/reports>



LRT3 - GS04 crossing over ELITE Expressway in Shah Alam

FROM THE BOARD OF DIRECTORS

- 14 Management Discussion & Analysis
- 21 Project Updates
- 30 Board of Directors
- 32 Board of Directors' Profile

KEY SENIOR MANAGEMENT

- 40 Key Senior Management
- 42 Key Senior Management's Profile

SUSTAINABILITY REPORT

- 49 About this Sustainability Report
- 51 Message from the Group CEO
- 52 2021 Sustainability Highlights
- 54 Industry Awards and Market Recognitions
- 55 Our Sustainability Journey
- 56 Governance of Sustainability
- 59 Stakeholder Engagement
- 61 Assessing and Prioritising Material Topics
- 65 Economic Performance
- 70 Environmental Performance
- 80 Workplace
- 84 Talent Composition
- 88 Operations
- 94 UN Sustainable Development Goals (SDG) Index
- 95 Global Reporting Index Content



Dato' Sri Azizan Jaafar



We reported a profit after tax of RM16.4 million for FYE2021, compared to a loss in the previous year. We are proud to be able to deliver profits in FYE 2021, in spite of needing to face with more lockdowns to compared to 2020.



GOVERNANCE

- 109 Corporate Governance Overview Statement
- 122 Audit Committee Report
- 126 Statement on Risk Management and Internal Control
- 128 Directors' Responsibility Statement

FINANCIAL REPORTS

- 130 Directors' Report
- 136 Statement by Directors
- 136 Statutory Declaration
- 137 Independent Auditors' Report
- 142 Statements of Profit or Loss and Other Comprehensive Income
- 143 Statements of Financial Position
- 147 Consolidated Statement of Changes in Equity
- 149 Statement of Changes in Equity
- 150 Statements of Cash Flows
- 154 Notes to the Financial Statements

ADDITIONAL INFORMATION

- 230 List of Properties
- 232 Statistics of Shareholdings
- 235 Statistics of Warrant Holdings
- 238 Additional Compliance Information Disclosures
- 239 Notice of Twelfth Annual General Meeting
- 247 Statement Accompanying Notice of AGM
- 258 Abbreviations
Form of Proxy



The Peak, Johor Bahru

2021 was an unprecedented year with a multitude of challenges faced that were brought by the onslaught of the pandemic. Nevertheless, Gabungan AQRS Berhad managed to sail through the challenging period, and expects to emerge as a stronger organisation in the future as economic and social activities normalise.

ANNUAL GENERAL MEETING

12th

BROADCAST VENUE

The Function Room, G-58-3, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia

DATE/TIME

Thursday, 16 June 2022
10.00 a.m.

OUR STORY



Gabungan AQRS Berhad ("**GBG**") is moving forward to be one of the leading construction companies with the expertise in the construction of infrastructures and purpose-built buildings. We would continue to refine our expertise and grow, in line with the country's infrastructure development, which continues to be enhanced as the country moves to be a fully-developed nation

VISION MISSION



At GBG, we are committed to:

- Instilling a professional organisation culture with employees that are highly committed, rightly experienced and efficient; formulas for us to deliver quality projects to our clients
- Ensuring that we would be able to attract top industry talents, leading to a high quality client base, whilst creating value to our stakeholders and shareholders

OUR VALUES



INTEGRITY

- We aim to create a collaborative, respectful and nurturing work environment and actively contribute to nation building within the communities where we operate
- We ensure the continued success and sustainability of our people, our clients and partners, with trust in both reputation and service quality



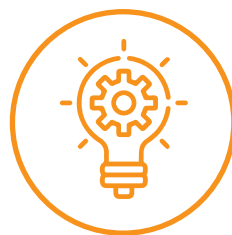
COMMITMENT

- A committed team has ensured for projects to be executed efficiently
- Commitments shown have built a strong sense of business trust with clients, which would be an asset when undertaking future projects



COMPETENCE DRIVING OPERATIONAL EXCELLENCE

- We strive to ensure that a professionally run organization would continuously move the Group to achieve better standards in quality and to deliver extraordinary products on time and within budget



INNOVATIVENESS

- We will go beyond expectations in product design, product development, customer service and sales, to ensure a continuous stream of recurring customers

MILESTONES



SEP 2012

Secured MRT V1 contract worth RM303.5 million



JUL 2012

Listed on Bursa Malaysia

2012



OCT 2017

Appointed main contractor for package GS04 of LRT3

3Q 2017

Appointed turnkey contractor for PR1MA Gambang a sum of RM424 million

DIVIDENDS

2.0 sen (RM8.9m)

2017

2016



APR 2016

- Appointment of Dato' Sri Azizan Jaafar as Group CEO

- Transformation Plan Initiated

AUG 2016

Secured SUKE sub contract worth RM628 million



2018



Best Under Billion Award 2018 - Best Turnaround Story

by Focus Malaysia

Best CEO for Investor Relations 2018 (Small Cap)

by Malaysia Investor Relations Association

Ranked in top 7% of PLCs for overall CG Performance

by Minority Shareholder Watchdog (MSWG) (2018)

Third Merit Award for Most Improved CG Disclosure 2018

by MSWG



JUN 2018

Secured the SUKE Toll Plaza contract worth RM60 million

DIVIDENDS

5.0 sen (RM23.5m)

MILESTONES

[CONT 'D]



Malaysia Best Employer Brand Award 2019

by 14th Employer Branding Awards

Best CEO for Investor Relations 2019 (Small Cap)

by Malaysia Investor Relations Association

Ranked in top 11% of PLCs for overall CG Performance

by MSWG (2019)

DEC 2019

Secured 185 units in property sales worth RM84.7 million

2Q 2019

Relaunch of the property development division

DIVIDENDS

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



2019

DEC 2021

Secured 391 units in property sales worth RM194.0 million

Voted top 26-50% by ESG Ratings amongst PLCs in FBM Emas (assessed by FTSE Russel)

APR 2021

Dato' Kamisah Johan emerged as Substantial Shareholder

JAN 2021

Secured RM83.6 million contracts from Rembawang Holdings

2021

2020

JUN 2020

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

OCT 2020

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

DEC 2020

Secured 358 units in property sales worth RM224.4 million

DIVIDEND

1.0 sen (RM4.9m)



2022

MAR 2022

Secured RM31.8 million Sewer Pipe Relining works



CORPORATE PROFILE



Gabungan AQRS Berhad has been listed as a construction company on Bursa Malaysia since 2012. The Group has its roots of the amalgamation of four companies that were involved in the construction and property development industries. Today, the Group, via its subsidiaries, primarily, Gabungan Strategik Sdn Bhd, AQRS The Building Company Sdn Bhd and SEDCO Precast Sdn Bhd; undertake the businesses of construction, property development and IBS Manufacturing.

TRANSFORMATION THAT CREATED A STRONGER ORGANISATION

Led by its Group CEO and the current single largest-shareholder, in 2016, The Group underwent a major transformation drive which saw a multitude of changes to the organisation. The transformation had to be initiated as the Group was facing multiple operational and financial headwinds.

The entire transformation exercise had completed in 2017, which equates to a total rebirth of the organisation.

Today, the Group having achieved leaps and bounds in change, and results of the transformation continues to be seen within the organisation.

Fast forward to today, the Group is undertaking civil infrastructures and building projects that are worth in excess of three billion ringgit. Amongst the notable jobs that the Group is undertaking and/or completed are the Light Rail Transit 3 (“**LRT3**”), the Sungai Besi Ulu Kelang Expressway (“**SUKE**”), Pusat Pentadbiran Sultan Ahmad Shah (“**PPSAS**”), East Coast Rail Link (“**ECRL**”) and MRT Line 1 (“**MRT**”).

Our IBS Manufacturing arm, SEDCO Precast Sdn Bhd, is currently the largest precast concrete manufacturer in Sabah. Operating on a 18.67 acres parcel of freehold industrial land in Tuaran (Sabah), the facility has been producing precast concrete products that have been recognised by international standards. The concrete products have been supplied to for the construction of key buildings, schools and infrastructures within the State.

VALUING GROWTH

GBG has considerable talents and a wealth of experience across a broad range of infrastructure projects. It is persistent about pursuing better standards in quality to deliver extraordinary products, on time and within budget.

Our capabilities have also been enhanced since the completion of our transformation. This is evidenced by our capabilities in securing new, high quality and prominent construction jobs. We have built our expertise in the construction of urban highways (the SUKE highway), urban railways (MRT & LRT3) purpose-built iconic buildings (PPSAS) and national railways (ECRL).

GBG is committed to providing exceptional value to its employees, business partners, customers and shareholders by always challenging the norm and going beyond expectations in design, product development, customer service and sales. It aims to nurture and grow empowered communities; by creating a collaborative, respectful and nurturing work environment, and being active, contributing citizens in the communities in which it operates. It strives to ensure the continued success and sustainability of its people, clients and partners, their businesses and brands. GBG is in for the long-term; their aim is to leave a legacy that future generations will benefit from.

CORPORATE INFORMATION



BOARD OF DIRECTORS

Y.M. Tunku Alizan bin Raja Muhammad Alias

Independent, Non-Executive Director and Chairman

Dato' Sri Azizan bin Jaafar

Executive Director and Group Chief Executive Officer

Dato' Ow Chee Cheoon

Executive Director and Group Deputy Chief Executive Officer

Ow Yin Yee

Executive Director and Group Chief Financial Officer

Dato' Kamisah binti Johan

Non-Independent, Non-Executive Director

Dato' Muraly Daran A/L M Narayana Menon

Independent, Non-Executive Director

Datuk Ir. Mohd Dom bin Ahmad

Independent, Non-Executive Director

Masleena binti Zaid

Independent, Non-Executive Director

AUDIT COMMITTEE

Dato' Muraly Daran A/L M Narayana Menon
Chairman

Datuk Ir. Mohd Dom bin Ahmad

Member

Masleena binti Zaid

Member

NOMINATION COMMITTEE

Masleena binti Zaid

Chairman

Dato' Muraly Daran A/L M Narayana Menon
Member

Datuk Ir. Mohd Dom bin Ahmad

Member

REMUNERATION COMMITTEE

Datuk Ir. Mohd Dom bin Ahmad

Chairman

Dato' Muraly Daran A/L M Narayana Menon
Member

Masleena binti Zaid

Member

RISK MANAGEMENT & SUSTAINABILITY COMMITTEE

Datuk Ir. Mohd Dom bin Ahmad

Chairman

Y.M. Tunku Alizan bin Raja Muhammad Alias
Member

Dato' Sri Azizan bin Jaafar

Member

Dato' Ow Chee Cheoon

Member

Dato' Kamisah binti Johan

Member

Dato' Muraly Daran A/L M Narayana Menon
Member

Masleena binti Zaid

Member

FORM OF LEGAL ENTITY

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

COMPANY NUMBER

201001028608 (912527-A)

STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad

Sector : Construction

Listing Date : 31 July 2012

Shares Warrants

Stock Name : GBGAQRS GBGAQRS-WB

Stock Code : 5226 5226WB

COMPANY SECRETARIES

Ooi Li Ann

(SSM PC No.: 201908003060)

(MAICSA 7065065)

Chua Siew Chuan

(SSM PC No.: 201908002648)

(MAICSA 0777689)

Tan Ley Theng

(SSM PC No.: 201908001685)

(MAICSA 7030358)

SHARE REGISTRAR

Securities Services Holdings Sdn Bhd

Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights,

50490 Kuala Lumpur

Telephone no. : 603-2084 9000

Facsimile no. : 603-2094 9940

REGISTERED OFFICE

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

PRINCIPAL OFFICE

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

AUDITORS

BDO PLT (LLP0018825-LCA & AF0206)

Chartered Accountants

Level 8, BDO @ Menara CenTARa,

360 Jalan Tuanku Abdul Rahman,

50100 Kuala Lumpur

Telephone no. : 603-2616 2888

Facsimile no. : 603-2616 3190 / 3191

PRINCIPAL BANKERS

Maybank Islamic Berhad

AFFIN Bank Berhad

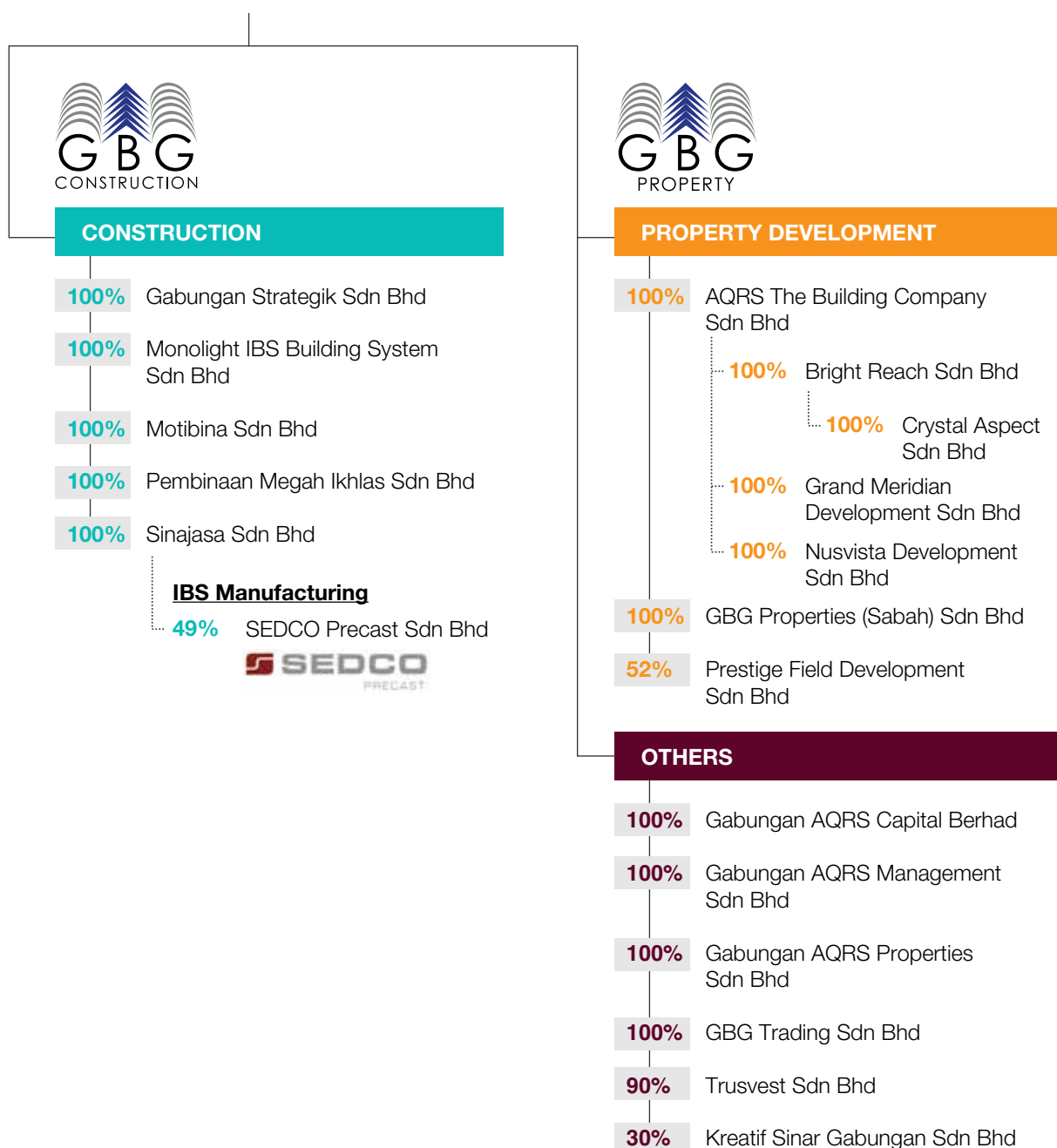
AmBank (M) Berhad

United Overseas Bank (Malaysia) Bhd

WEBSITE

www.gbg.com.my

GROUP CORPORATE STRUCTURE



FINANCIAL HIGHLIGHTS

| | 2021 | 2020 (Restated) |
|--|------------------|--------------------|
| Summarised Statements Of Comprehensive Income For The Financial Year Ended 31 December (RM'000) | | |
| REVENUE | 331,205 | 202,262 |
| PROFIT/(LOSS) BEFORE TAX | 25,678 | (59,488) |
| EBITDA | 37,433 | (50,341) |
| NET PROFIT/(LOSS) Attributable to Equity Holders | 15,709 | (54,270) |
| Statements of Financial Position As At 31 December (RM'000) | | |
| Total Non-Current Assets | 94,851 | 100,686 |
| Total Current Assets | 1,302,860 | 1,224,826 |
| Total Assets | 1,397,711 | 1,325,512 |
| Share Capital | 355,614 | 325,546 |
| Reserves | 125,436 | 109,727 |
| Shareholder's Equity | 481,049 | 435,273 |
| Non-controlling interests | 2,108 | 6,614 |
| Total Equity | 483,158 | 441,887 |
| Total Non-Current Liabilities | 4,464 | 19,741 |
| Total Current Liabilities | 910,090 | 863,884 |
| Total Equity and Liabilities | 1,397,711 | 1,325,512 |
| Summarised Statements of Cash Flows For the Financial Year Ended 31 December (RM'000) | | |
| Operating Profit/(Loss) before working capital changes | 34,624 | (39,780) |
| Net Cash Flows From/(Used in) Operating Activities | 7,569 | (15,202) |
| Net Cash Flows Used in Investing Activities | (46,106) | (286) |
| Net Cash Flows From /(Used in) Financing Activities | 77,491 | (6,087) |
| Net Increase/(Decrease) in Cash and Cash Equivalents | 38,954 | (21,575) |
| Cash and Cash Equivalents at Beginning of Year | (200,815) | (179,240) |
| Cash and Cash Equivalents at End of Year | (161,861) | (200,815) |
| Financial Analysis | | |
| EBITDA Margin | 11.30% | -24.89% |
| Profit/(Loss) Before Tax Margin | 7.75% | -29.41% |
| Net Profit/(Loss) Margin | 4.74% | -26.83% |
| Free Cash Flow (RM'000) | 1,578 | (18,768) |
| Returns on Average Shareholders Equity (ROE) | 3.4% | -11.7% |
| Returns on Average Total Assets (ROA) | 1.2% | -3.9% |
| Earnings Per Share (sen) | 2.96 | (11.00) |
| Net Dividends Per Share (sen) | - | 1.00 |
| Payout Ratio | 0.0% | -9.1% |
| Cash and Bank Balances (RM'000) | 156,192 | 118,706 |
| Total Borrowings (RM'000) | 276,217 | 261,640 |
| Net Gearing (x) | 0.25 | 0.32 |

AWARDS AND RECOGNITIONS

1. **Grade Registered G7 for year (2018 to 14.01.20)**
by SME Corp Malaysia and CIDB Malaysia
2. **Malaysia Best Employer Brand Award 2018**
by 13th Employer Branding Awards
3. **Best Under Billion Awards 2018 - Best Turnaround Story**
by Focus Malaysia
4. **Best CEO for Investor Relations 2018 (Small Cap)**
by Malaysia Investor Relations Association
5. **3rd Merit Award for Most Improved CG Disclosure (2018)**
by Minority Shareholders Watch Group
6. **HR Asia Best Companies to Work for in Asia 2018**
by HR Asia
7. **Appreciation of Best Practices on Construction Solid Waste Management (2019)**
by SWCorp Malaysia / KPKT
8. **Malaysia Best Employer Brand Award 2019**
by 14th Employer Branding Awards
9. **Community Development Recognition 2019**
by The Golden Tigers
10. **Best CEO for Investor Relations 2019 (Small Cap)**
by Malaysia Investor Relations Association
11. **Gold Class 1 Award**
by the Malaysian Society For Occupational Safety And Health (MSOHS)



AWARDS AND RECOGNITIONS

[CONT 'D]







ESTABLISHING EXCELLENT INFRASTRUCTURE

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

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

MANAGEMENT DISCUSSION & ANALYSIS



**Dear
shareholders,**

In FYE 2021, the Group reported a Profit after Tax of RM16.0 million on revenue of RM331.2 million. This is despite the fact that in FYE 2021, we predominantly had to deal more lockdowns as compared to FYE 2020, in bid to contain the spread of COVID-19.

Dato' Sri Azizan Jaafar
Group Chief Executive Officer



MANAGEMENT DISCUSSION & ANALYSIS

[CONT 'D]



E'Island Lake Haven, Puchong

We started the year with an optimal level of operations, however from the second to third quarter of FYE 2021, the various movement control orders had resulted in site operations at key sites to slowdown or come to a complete halt. Nevertheless, post the vaccination drive that began in the third-quarter of 2021, our operating capacity has been able to gradually pick up.

During this period, we continue to focus on strengthening our business fundamentals, which have been successful, evidenced by key financial indicators improving including having achieved another year of record low operating expenses, an improved financial position, and a record high level of unbilled property sales. On another positive note, during the various movement control orders, the Group's procurement division had achieved favourable cost optimisation results that would reduce project costs and would subsequently improve margins.

To ensure the well-being of the team and their family members, the Group had improved healthcare and hospitalisation benefits by up to 100%. We had funded COVID-19 vaccination for our employees under the various vaccination programmes opened to the private sector. In 2021, a total of 138 employees, including staff at construction sites, whose COVID-19 vaccination was funded by the Group.

Future Business Outlook Remains Robust

As at 31 December 2021, we have a total of RM1.8 billion in future gross revenue to be recognised, which will drive earnings and cashflow visibility up to FYE 2023. In terms of breakdown, the construction and property development divisions are expected to generate RM1.1 billion and RM0.7 billion in future revenues respectively.

Going forward, to ensure sustainability and growth of our key businesses, we have set appropriate targets to replenish our construction orderbook and expand our property development portfolio. In FYE 2022, we are targeting to replenish our construction orderbook by RM500 million. As for the property development division, we are currently in the midst of finalising new property development joint-ventures that are expected to expand our Gross Development Value (GDV) by RM400 million.

Financial Performance Turnaround

Moving into another year of the COVID-19 pandemic, we have been able to deliver stronger financial performance in FYE 2021 compared to FYE 2020. This is testimony to the Group's ability to ramp up its operations and deliver earnings growth in spite of dealing with more lockdowns and virus containment measures.

Overall, in FYE 2021, we reported a revenue of RM331.2 million, 63.7% higher compared to FYE 2020, mainly driven by our key construction projects, LRT3, PPSAS, and SUKE; and property development projects including The Peak and E'Island Lake Haven. The Group's full-year earnings in FYE 2021 stood at RM16.0 million, compared to a loss of RM53.6 million reported in FYE 2020. It is worth noting that our FYE 2021 earnings growth is after recognising total Liquidated Ascertained Damages of RM5.1 million for the year.



Pusat Pentadbiran Sultan Ahmad Shah (PPSAS)

MANAGEMENT DISCUSSION & ANALYSIS

[CONT'D]

Net Gearing Remains Healthy

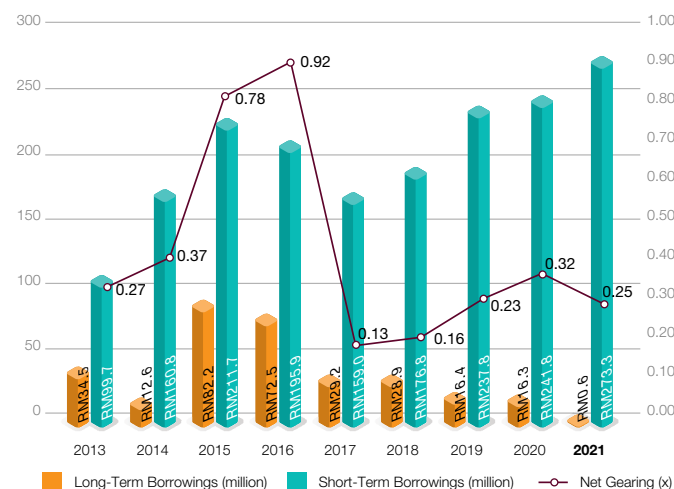
We practice prudence debt management, whereby any debt taken up would have to be backed by a strategic repayment plan.

As at 31 December 2021, our total borrowings stood at RM273.9 million, comprising RM0.6 million in long-term borrowings and RM273.3 million in short-term borrowings. Approximately 65% of our short-term borrowings are utilised to finance the ongoing construction projects and are ring-fenced towards the cashflow proceeds of the respective projects.

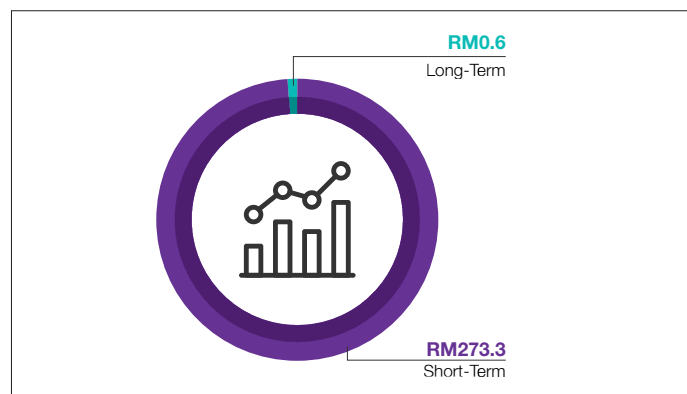
In spite of the challenging business environment, the Group has been able to increase its total cash and cash equivalent balances. As at 31 December 2021, our total cash and cash equivalents stood at 156.2 million, representing a rise of 31.6% or RM37.5 million year-on-year.

As a result of the improved liquidity and higher profits recognised during the year, our net gearing has improved to 0.25x in FYE 2021, from 0.32x recorded in FYE 2020.

Historical Gearing



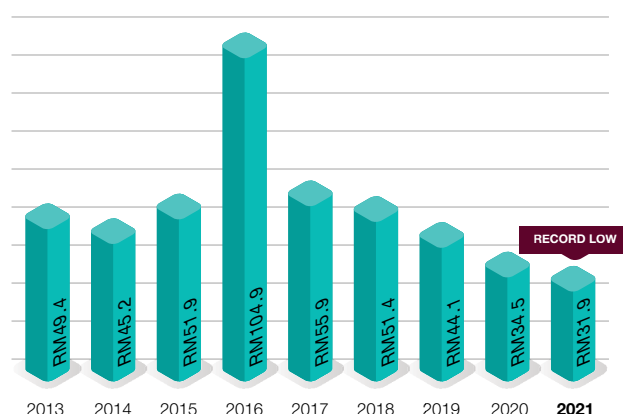
Borrowings FYE2021 (million)



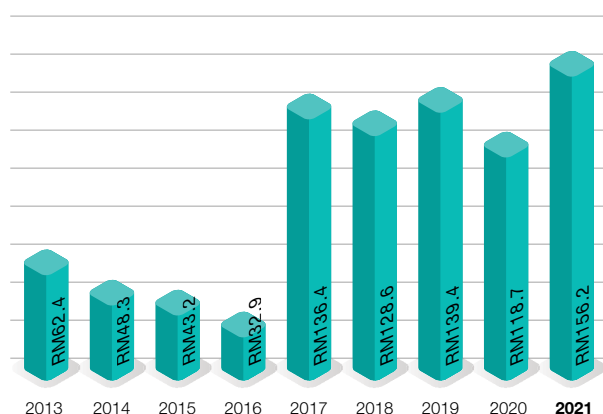
OPEX Continues to Be Optimised, Hits A Record Low

We constantly strive to improve our operating efficiency through a periodic review of our business strategies for core divisions which has yielded favourable results. Our total operating costs declined by 7.5% or RM2.6 million to RM31.9 million in FYE 2021, compared to RM34.5 million (restated) recorded in FYE 2020.

Total Operating Expenses (million)



Cash and Bank Balances (million)



MANAGEMENT DISCUSSION & ANALYSIS

[CONT 'D]



Sungai Besi Ulu Kelang Expressway - Package CA3

Segmental Review - Construction

| (RM million) | 2020 | 2021 |
|------------------------------------|-------------|-------------|
| Revenue | 175.8 | 346.3 |
| Gross (Loss)/Profit | (16.4) | 50.0 |
| (LBT)/PBT | (28.7) | 40.8 |
| (LAT)/PAT | (22.0) | 31.5 |
| Margins | | |
| GP | -9.3% | 14.4% |
| (LBT)/PBT | -16.3% | 11.8% |
| (LAT)/PAT | -12.5% | 9.1% |
| Outstanding Construction Orderbook | 1.3 billion | 1.1 billion |

As at FYE 2021, the Group's construction arm has an unbilled construction orderbook of RM1.1 billion, which will sustain earnings and cashflow contributions up to FYE 2023. In FYE 2022, we are targeting to replenish our orderbook by RM500 million. Year to date in FYE 2022, we have secured RM31.8 million in new orderbook, comprising a sewer pipe relaying project in Kuala Langat.

List of Projects

| Project | Contract Value |
|--|----------------|
| Infrastructure | |
| Sungai Besi Ulu Kelang (SUKE) - Package CA3 | 692 |
| Light Rail Transit 3 (LRT3) - GS04 | 710 |
| ECRL - Subgrade, drainage and culvert work - (Section 6) | 37 |
| Pipe-relining works,* Kuala Langat | 32 |
| Building | |
| The Peak, Johor Bahru | 307 |
| Pusat Pentadbiran Sultan Ahmad Shah (PPSAS) | 410 |
| PR1MA Gambang | 389 |
| E'Island Lake Haven | 220 |
| SUKE Toll Plaza | 60 |
| Solitaire Suites | 38 |
| Teringin Sentral | 46 |
| | 2,941 |

* Secured in 21 March 2022

In FYE 2021, the construction division delivered strong growth, with revenue of RM346.3 million, growing by 97.0% year-on-year and a net profit of RM31.5 million from a loss of RM22.0 million in the corresponding year. The earnings growth is contributed by the strong ramp-up in work activities in the second-half of FYE 2021, coupled with greater operating capacity achieved.

Please refer to pages 21 - 27 for updates on the individual projects.

MANAGEMENT DISCUSSION & ANALYSIS

[CONT'D]

Segmental Earnings Review - Property Development Division

| (RM million) | 2020 | 2021 |
|--------------------------------|--------|---------|
| Revenue | 51.6 | 62.4 |
| Gross (Loss)/Profit | (22.7) | 2.4 |
| LBT | (32.1) | (12.1) |
| LAT | (31.9) | (11.4) |
| Margins | | |
| GP | -44.0% | 3.8% |
| LBT | -62.2% | (19.4)% |
| LAT | -61.9% | (18.3)% |
| Property Sales | 207.1 | 194.0 |
| Sold & Unbilled Property Sales | 244.5 | 352.5 |



E'Island Lake Haven Type C2 Living Area

The property development division is currently developing properties worth RM1.2 billion comprising of two projects, namely E'Island Lake Haven in Puchong and The Peak in Johor Bahru City Centre. As at 31 December 2021, the projects have a take-up rate of 68.9% and 40.4% respectively. Aside that, we have completed and unsold inventories worth RM19.4 million, comprising of Contours in Melawati Heights and Kinrara Uptown in Lestari Perdana.

Going forward, to further extend the visibility of projects, we are finalising new property development joint-ventures worth RM400 million.

List of Ongoing Property Development Projects

| Development | GDV | Number of Units | Take-Up as at 31 Dec 2021 |
|---------------------|-----------------|-----------------|---------------------------|
| E'Island Lake Haven | RM501.8 million | 1140 | 68.9% |
| The Peak | RM689.0 million | 668 | 40.4% |

List of Completed and Unsold Inventory

| Project | Number of Units | Unsold GDV |
|----------------|-----------------|----------------|
| Contours | 2 | RM9.3 million |
| Kinrara Uptown | 2 | RM10.1 million |

In FYE 2021, the property division reported revenue of RM62.4 million, an increase of 20.9% compared to the previous corresponding year. In terms of profitability, the division reported a significantly smaller loss after tax of RM12.1 million, compared to RM31.9 million in FYE 2020. Losses in FYE 2021 is largely due to the recognition of liquidated ascertained damages (LADs) of RM5.1 million. Excluding the LADs, the property development division would have reported a LAT of RM6.3 million.

Please refer to pages 28 - 29 for updates on the individual property development projects.

MANAGEMENT DISCUSSION & ANALYSIS

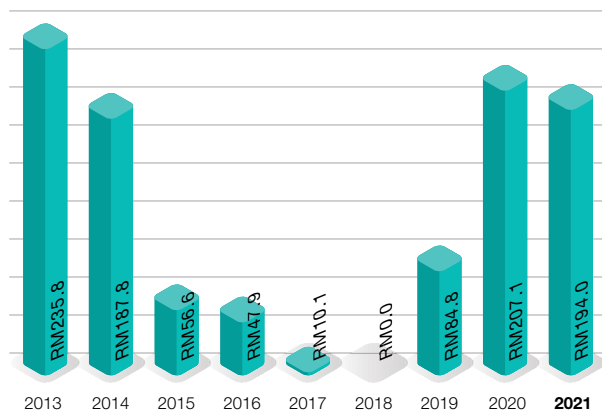
[CONT'D]

Property Sales Remain Robust

To recap, we relaunched our property development division in the second-quarter of FYE 2019, which comprised of 1,645 units of properties worth RM1.1 billion.

We sold a total of 391 units of properties worth RM194 million in FYE 2021, despite facing unprecedented operating challenges. Cumulatively up to 31 December 2021, the property development division has sold 895 units of properties that are both ongoing and completed projects, representing a take-up rate of 54.4%.

Property Sales (million)

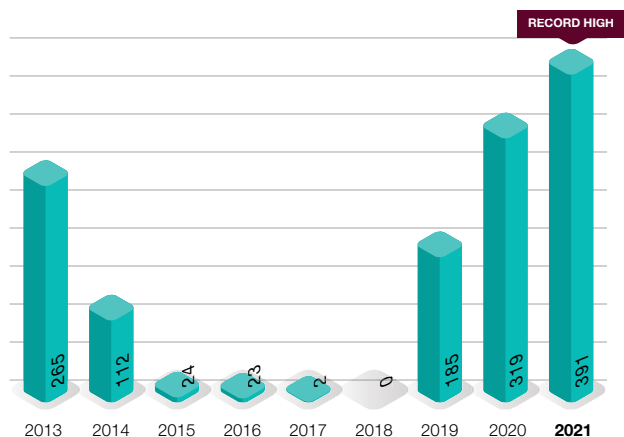


The Peak, Johor Bahru City Centre

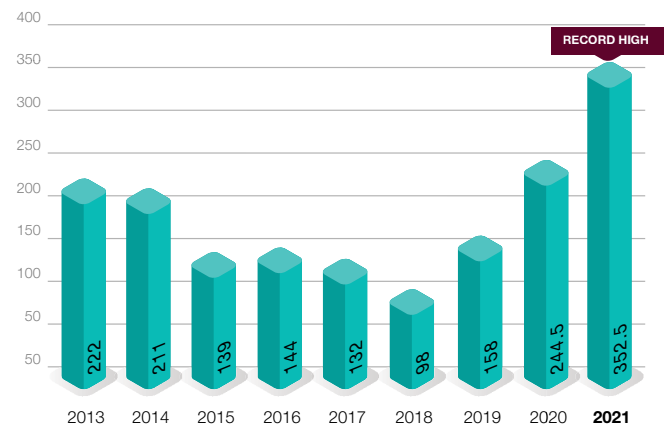
Unbilled Sales at Record High

As at 31 December 2021, our total sold and unbilled sales stand at RM352.5 million, which will mostly be recognised in FYE 2022 and FYE 2023. As a comparison, our total sold and unbilled sales stood at RM244.5 million in 31 December 2020.

Property Sales (unit)



Unbilled Sales (Property Sold) (RM'million)



MANAGEMENT DISCUSSION & ANALYSIS
[CONT 'D]

Embracing Technology in Business

Upon the relaunch of the property development division in the second quarter of FYE 2019, our marketing efforts are skewed towards the usage of digital marketing platforms, including the usage of available social media platforms and websites. Such marketing efforts have been fruitful, particularly from the efficiency of information relay to buyers while maintaining an effective cost. For example, in 2020, we launched our inaugural augmented-reality showrooms for E'Island Lake Haven, which allowed buyers to their dream homes at their own convenience.

GBG Loyalty Programme Mobile App

In 2022, we launched our GBG Loyalty Programme Mobile App. The app had been specially created to reward all purchasers of GBG properties for each successful referral made. Open to all existing E'Island Lake Haven purchasers, as well as to purchasers of future GBG properties, the easy-to-use mobile app is a highly convenient way to register their introductions to GBG, keep track of them, and be gifted for their efforts. Each introduction, when successful, will reward the purchaser in the form of credits that can be used to offset the purchase price of their unit, or as cash pay outs.



PROJECT UPDATES

PUSAT PENTADBIRAN SULTAN AHMAD SHAH (PPSAS)



This project comprises of 4-storey Dewan Undangan Negeri, 7-storey Menteri Besar and State Secretary Office, 7-storey State Building Offices, 7-storey Federal, Building Offices and Related Mechanical & Electrical services and external works and infrastructure works.



Date of Possession:

27 December 2016

Status:

The project is expected to complete in 2022



CONTRACT VALUE
RM410
million



PROJECT UPDATES

[CONT 'D]

SUNGAI BESI - ULU KELANG EXPRESS WAY (SUK) - CA3

The Construction and Completion of Mainline and Other Associated Works for package CA3 starts from CH. 4200 to CH. 7800 which makes the total length of approximately 5.2 km in total. The construction of package CA3 involves mainly elevated expressway mainline structure and minor construction for at grade. The package also involves the construction of Alam Damai interchange with five (5) ramps - MA10, MA20, MA11, MA21 and MA30 and Slip Road Alam Damai.



Date of Possession:

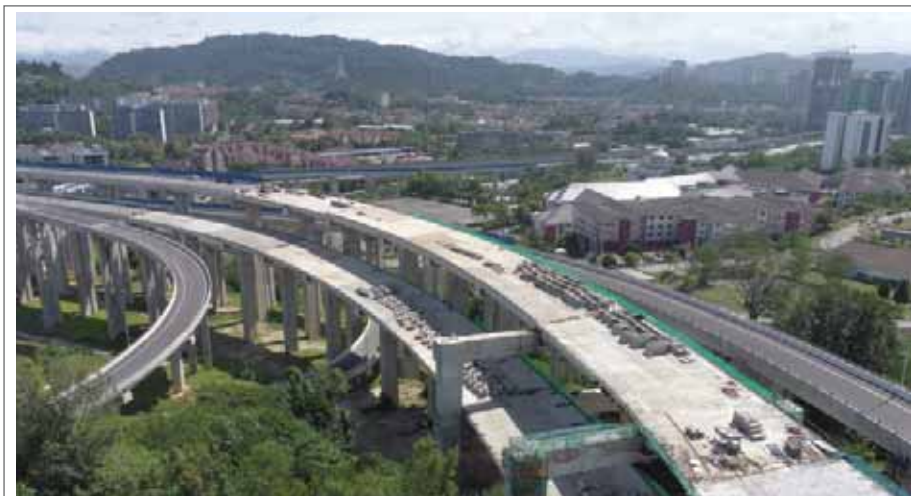
29 August 2016

Status:

The project is expected to complete in 2022



CONTRACT VALUE
RM692
million



PROJECT UPDATES

[CONT 'D]



LIGHT RAIL TRANSIT 3 (LRT3) - GS04

Construction and Completion of Guideway, Stations, Park and Ride, Ancillary Buildings and Other Associated Works for Package GS04 of an approximately 4.6 km in total starts from stadium. In October 2020, we signed the Articles of Agreement with MRCB George Kent (MRCBGK) in relation to our GS04 Light Rail Transit 3 construction package. Both partners have agreed to omit the provisional contract sum, the prime cost sum and the Temasya Station; reduce the scope of work for the Glenmarie and Stadium stations; and agreed to a lump-sum contract of RM709.8 million following our cost optimisation proposal.

Date of Possession:

5 October 2017

Status:

As at 31 December 2021, the project is 64% completed and is expected to complete in November 2023



CONTRACT VALUE

RM710
million



PROJECT UPDATES

[CONT 'D]



EAST COAST RAIL LINK (ECRL)

Construction and Completion of Subgrade, Drainage Works and Culvert Work from Chainage 325+110 to Chainage 331+683 - Section 6.



Date of Possession:

22 June 2020

Status:

As at 31 December 2021, the project is 34% completed it is targeted to complete in January 2023



CONTRACT VALUE
RM37
million



PROJECT UPDATES

[CONT 'D]



SOLITAIRE SUITES

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



CONTRACT VALUE

RM37.9
million



PROJECT UPDATES

[CONT 'D]

TERINGIN SENTRAL

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



CONTRACT VALUE
RM45.7
million



PIPE RELINING

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



CONTRACT VALUE
RM32
million

PROJECT UPDATES

[CONT 'D]



PR1MA GAMBANG

This project consists of 783 units Double Storey Terrace, 289 units Single Storey Terrace, 981 units of Apartment and 36 units of Shop lots (Future). All related infrastructure such as Mosque, Multipurpose Hall and Kindergarten and external works are included at each phase.



CONTRACT VALUE
RM389.2
million



PROJECT UPDATES

[CONT 'D]

THE PEAK, JOHOR BAHRU



Johor Bahru, Johor

Status:

CONSTRUCTION

As at 31 December 2021, the construction is 81.2% completed

PROPERTY DEVELOPMENT

As at 31 December 2021, the project has achieved 270 units of sales worth RM234.9 million



668
units



**GROSS
DEVELOPMENT VALUE**
RM689
million



PROJECT UPDATES

[CONT 'D]

E' ISLAND LAKE HAVEN



Status:

CONSTRUCTION

As at 31 December 2021, the construction is 33.8% completed

PROPERTY DEVELOPMENT

As at 31 December 2021, the project has achieved 785 units of sales worth RM334.9 million



1,140
units



**GROSS
DEVELOPMENT VALUE**
RM502
million



BOARD OF DIRECTORS



From Left To Right:

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

Independent
Non-Executive Director
and Chairman

**DATO' SRI AZIZAN BIN
JAAFAR**

Executive Director and
Group Chief Executive
Officer

**DATO' OW CHEE
CHEOON**

Executive Director and
Group Deputy Chief
Executive Officer

**DATO' KAMISAH
BINTI JOHAN**

Non-Independent
Non-Executive Director

BOARD OF DIRECTORS

[CONT 'D]

**OW YIN YEE**

Executive Director and
Group Chief Financial
Officer

**DATUK IR. MOHD
DOM BIN AHMAD**

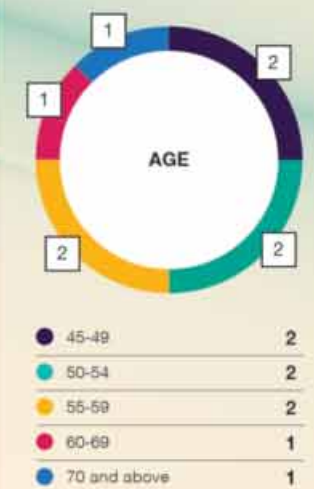
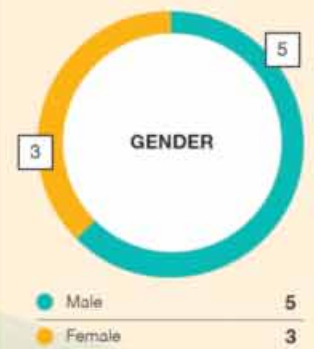
Independent
Non-Executive
Director

**MASLEENA
BINTI ZAID**

Independent
Non-Executive
Director

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

Independent
Non-Executive
Director



BOARD OF DIRECTORS' PROFILE



Y.M. TUNKU ALIZAN BIN RAJA MUHAMMAD ALIAS
Independent Non-Executive Director and Chairman

| Nationality | Gender | Age |
|------------------|--------|------------------|
| | | 56 |
| Board Attendance | | Board Committees |
| | | RMSC |

Date of Appointment:

- 17 March 2017 - Chairman of the Board

Working Experience

In 1991, **Y.M. Tunku Alizan bin Raja Muhammad Alias** was admitted as an Advocate & Solicitor of the High Court of Malaya. He formed Messrs. Zul Rafique & Partners in 1999 together with Dato' Zulkifly Rafique and several other partners. He has been exposed to a wide range of legal experiences in his thirty-one (31) years of post-qualification, specialising in the areas of Corporate and Construction Law.

Directorships of other Public Companies

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

His interest in the securities of the Company is as disclosed on page 232 and 235 of this Annual Report.

Board Committee:

Academic / Professional Qualifications

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



Chairman/Chairperson

AC

Audit Committee

RC

Remuneration Committee



Member

NC

Nomination Committee

RMSC

Risk Management & Sustainability Committee

BOARD OF DIRECTORS' PROFILE

[CONT'D]



| Nationality | Gender | Age |
|--|--------|------------------|
| | | 54 |
| Board Attendance | | Board Committees |
| | | RMSC |
| Date of Appointment: | | |
| <ul style="list-style-type: none"> 6 July 2011 - Independent Non-Executive Director 2 November 2012 - Redesignated as Executive Director 25 April 2016 - Appointed as Chief Executive Officer 1 January 2017 - Redesignated as Group Chief Executive Officer | | |

DATO' SRI AZIZAN BIN JAAFAR

Executive Director and Group Chief Executive Officer

Working Experience

Dato' Sri Azizan bin Jaafar has more than 27 years of experience in the construction industry and 10 years in property industry. He began his career in 1990 with Warrington Martin as an Assistant Quantity Surveyor in Manchester, the United Kingdom. He then joined a London firm, Henry Riley & Sons in 1992 as a Quantity Surveyor and remained working in the United Kingdom until 1995. Upon returning to Malaysia, he became a Senior Quantity Surveyor at Taisei Corporation.

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

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

Directorships of other Public Companies

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

His interests in the securities of the Company are as disclosed on pages 232 and 235 of this Annual Report.





Academic / Professional Qualifications

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

BOARD OF DIRECTORS' PROFILE

[CONT 'D]



| Nationality | Gender | Age |
|--|---|---|
|  |  | 62 |
| Board Attendance | | Board Committees |
|  | |  |
| Date of Appointment: | | |
| <ul style="list-style-type: none"> • 6 July 2011 - Executive Director • 25 April 2016 - Appointed as Deputy Chief Executive Officer • 1 January 2017 - Redesignated as Group Deputy Chief Executive Officer | | |

DATO' OW CHEE CHEOON

Executive Director and Group Deputy Chief Executive Officer

Working Experience

Dato' Ow Chee Cheoon has more than 28 years of experience in the construction and property development industries and is the co-founder of Motibina Sdn Bhd ("Motibina") and AQRS The Building Company Sdn Bhd ("AQRS"). He began his career in 1986 as a Site Engineer with Sungei Way Construction Sdn Bhd (now known as Sunway Construction Berhad), where he was involved in several property development as well as Civil Engineering projects. In 1989, he moved to Melbourne, Australia, where he took up a Municipal Engineer's position in the City of Mentone.

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

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

Directorships of other Public Companies

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

He is also the brother of Ms Ow Yin Yee, a Group Chief Financial Officer of the Company. His interests in the securities of the Company are as disclosed on pages 232 and 235 of this Annual Report.

Academic / Professional Qualifications

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

BOARD OF DIRECTORS' PROFILE

[CONT 'D]



OW YIN YEE

Executive Director and Group Chief Financial Officer

Nationality



Gender



Age

54

Board Attendance



Date of Appointment:

- 12 October 2017 - Executive Director
- 28 December 2017 - Redesignated as Group Chief Financial Officer

Working Experience

Ms Ow Yin Yee has 31 years of working experience in the areas of accounting, commercial business, finance and taxation. She began her career in 1991 with Kassim Chan Tax Services Sdn Bhd as a Tax Executive. She then progressed in her profession as an Accountant for Sunway Building Technology Bhd in 1996.

Between the years 1999 to 2004, she had transitioned into a few commercial companies namely Pioneer Sun-Mix Concrete Sdn Bhd as Commercial cum Accounting Manager, Hanson Pioneer JV Co. as Business Process Manager and Hanson Quarry Products Sdn Bhd as Tax Manager before she re-joined Sunway Group in year 2004 as the Senior Manager of Finance with Sunway Shared Services Centre Sdn Bhd. She was later promoted to Assistant General Manager of Finance in Sunway Shared Services Centre Sdn Bhd in year 2010.

Towards late year 2011, Ms Ow joined Gabungan AQRS Berhad as Group Accountant and was subsequently promoted as General Manager Finance in year 2014. She was redesignated to Group Financial Controller of the Company in year 2016.

Directorships of other Public Companies

She is currently a director in some of our subsidiaries.

She is the sister of Dato' Ow Chee Cheoon, the Group Deputy Chief Executive Officer of the Company. Her interests in the securities of the Company are as disclosed on pages 232 and 235 of this Annual Report.

Academic / Professional Qualifications

- Bachelor Degree in Economics (Majoring in Accounting and Finance) from Monash University, Melbourne, Australia (1990)
- A Fellow Certified Practising Accountant with Certified Public Accountant (CPA) Australia and Chartered Accountant with Malaysia Institute of Accountants (MIA) (since 2001)

BOARD OF DIRECTORS' PROFILE

[CONT 'D]



DATO' KAMISAH BINTI JOHAN
Non-Independent Non-Executive Director

| Nationality | Gender | Age |
|------------------|--------|------------------|
| | | 46 |
| Board Attendance | | Board Committees |
| | | RMSC |

Date of Appointment:

- 12 August 2021 – Non-Independent Non-Executive Director

Working Experience

Dato' Kamisah binti Johan, is the founder and Group Executive Chairman of Rembawang Holdings Sdn Bhd. Dato' Kamisah is a self-made entrepreneur and has more than 10 years of experience in the Property Development sector. She began her career at the age of 17, starting out in hospitality before going into sales, working for several leading hospitality and property development companies.

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

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

Directorships of other Public Companies




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

Her interests in the securities of the Company are as disclosed on page 232 of this Annual Report.

BOARD OF DIRECTORS' PROFILE

[CONT'D]



| Nationality | Gender | Age |
|---|---|---|
|  |  | 71 |
| Board Attendance | | Board Committees |
|  | | <div>AC</div> <div>RC</div> <div>NC</div> <div>RMSC</div> |
| Date of Appointment: <ul style="list-style-type: none"> 28 February 2022 - Independent Non-Executive Director | | |

DATO' MURALY DARAN A/L M NARAYANA MENON
Independent Non-Executive Director

Working Experience

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

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

Directorships of other Public Companies

Dato' Muraly Daran also holds directorships in LYC Healthcare Berhad, Koperasi Permodalan Equitas Berhad and Platinum Trustee Berhad. He also holds directorships in several private limited companies.

Academic / Professional Qualifications

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

BOARD OF DIRECTORS' PROFILE

[CONT 'D]



DATUK IR. MOHD DOM BIN AHMAD
Independent Non-Executive Director

| Nationality | Gender | Age |
|--|--------|-----------------------------------|
| | | 59 |
| Board Attendance | | Board Committees |
| | | <div>RMSCAC</div> <div>RCNC</div> |
| Date of Appointment: | | |
| <div>• 28 February 2022 – Independent Non-Executive Director</div> | | |

Working Experience

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

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

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

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

Directorships of other Public Companies

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

Academic / Professional Qualifications

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

BOARD OF DIRECTORS' PROFILE

[CONT 'D]



MASLEENA BINTI ZAID

Independent Non-Executive Director

| Nationality | Gender | Age |
|---|--------|---|
| | | 47 |
| Board Attendance | | Board Committees |
| | | <div>NC</div> <div>RC</div> <div>AC</div> <div>RMSC</div> |
| Date of Appointment: <ul style="list-style-type: none"> 28 February 2022 - Independent Non-Executive Director | | |

Working Experience

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

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

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

Directorships of other Public Companies

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

Academic / Professional Qualifications

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

Notes:-

Save as disclosed above, none of the Directors has:-

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

KEY SENIOR MANAGEMENT'S



From Left To Right:

1. Si So Tian Ann
2. Nazarul Hisham bin Sabardin
3. Ir. Tai Jiunn Hong

4. Chew Wei Shin
5. Muhammad Ridhwan bin Effendy
6. Thum Peng Yong

7. Ir. Bakri bin Ishak
8. Abd Razak bin Abd Manan
9. Sr. Mustafa bin Mohd Said

Notes:-

Save as disclosed above, none of the Key Senior Managements has:-

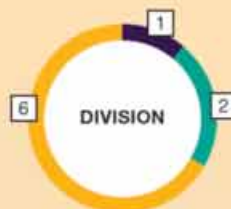
- (a) directorship in other public companies;
- (b) any family relationship with any Director and/or major shareholder of the Company;
- (c) any conflict of interest with the Company;
- (d) any conviction for offences (other than traffic offences) within the past five (5) years; and
- (e) any sanction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

KEY SENIOR MANAGEMENT'S

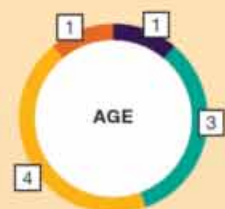
[CONT'D]



| | |
|------------|---|
| 1-5 year | 3 |
| 6-10 year | 5 |
| 11-15 year | 1 |



| | |
|--------------|---|
| Other | 1 |
| Property | 2 |
| Construction | 6 |



| | |
|-------|---|
| 30-39 | 1 |
| 40-49 | 3 |
| 50-59 | 4 |
| 60-69 | 1 |

KEY SENIOR MANAGEMENT’S PROFILE



IR. BAKRI BIN ISHAK
Managing Director, Construction Division

| Nationality | Gender | Age |
|-------------|--------|-----|
| Malaysian | Male | 61 |

Working Experience

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

With about 36 years working experience in the construction industry, Ir. Bakri Ishak has vast hands-on experience as Project Manager and Project Director for various construction projects including low-medium rise buildings, high-rise buildings and infrastructure of both urban elevated highways, interchange, rail tracks including the first Mass Rapid Transit V1 (MRT-V1), Jalan Duta Highway, Persiaran Putrajaya and other developments such as housing, apartments and shop lot development, hospitals, stadiums, universities, mosques and other public amenities such as the iconic Masjid Tuanku Mizan (Putrajaya), Universiti Teknologi Petronas and several other prominent buildings.

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

- Date of Appointment**
- 2 April 2012 - Operation Director
 - 26 May 2016 - Redesignated as Chief Operating Officer of Construction Division
 - 1 March 2018 - Promoted as Managing Director
- Academic / Professional Qualifications**
- Bachelor Degree in Civil Engineering (Hons) from University Malaya (1985)
 - Postgraduate Master Degree in Civil and Environmental Engineering from Kumamoto University, Japan (1994)
 - Registered Practising Professional Engineer with Board of Engineers Malaysia (1995)

KEY SENIOR MANAGEMENT'S PROFILE

[CONT'D]



| IR. TAI JIUNN HONG Managing Director, Property Division | | |
|--|--------|-----|
| Nationality | Gender | Age |
| Malaysian | Male | 44 |

Working Experience

Ir. Tai Jiunn Hong has more than 21 years of working experience in the industry of civil, structural, geotechnical engineering and property development. He began his career with Tonkin & Taylors Malaysia as a Structural and Geotechnical Engineer in 2001. He obtained his Masters of Business Administration with major in Finance and Strategic Management in 2005 and subsequently moved into property development. He joined CP Landmark Sdn Bhd in 2005 and was involved in the redevelopment of the mixed development of Queensbay, Penang.

In year 2008, he joined Bandar Raya Development Berhad ("BRDB"). He was with BRDB for more than 6 years as an Assistant General Manager and was involved in the redevelopment of boutique premium malls namely, Bangsar Shopping Center, BRDB Class A Office Tower, high-end condominium One Menerung, Serai at Bukit Bandaraya and many more high-end mixed and integrated development locally and overseas.

Date of Appointment

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

Academic / Professional Qualifications

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

KEY SENIOR MANAGEMENT'S PROFILE

[CONT 'D]



ABD RAZAK BIN ABD MANAN

Executive Director, Operations

| | | |
|-----------|------|--------|
| Malaysian | Male | Age 54 |
|-----------|------|--------|

Date of Appointment

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

Academic / Professional Qualifications

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

Working Experience

Abd Razak bin Abd Manan is an enthusiastic and dedicated professional with over 28 years working experience derived from wide varieties of prestigious and landmark projects in different engineering and management capacity built upon strong technical knowledge and organizational skill.

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

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



SI SO TIAN ANN

Executive Director, Contracts

| | | |
|-----------|------|--------|
| Malaysian | Male | Age 54 |
|-----------|------|--------|

Date of Appointment

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

Academic / Professional Qualifications

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

Working Experience

Si So Tian Ann has about 28 years of experience in the construction industry and involved in various construction and development contracts. During his tenure with the company, he spearheaded the team in the procurement and contracts management for the projects undertaken by the company.

KEY SENIOR MANAGEMENT'S PROFILE

[CONT'D]



SR. MUSTAFA BIN MOHD SAID

Vice President, Contracts

Malaysian

Male

Age 44

Date of Appointment

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

Academic / Professional Qualifications

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

Working Experience

Sr. Mustafa bin Mohd Said has more than 19 years' experience in various pre and post contracts administration especially in constructions and property development. He began his career in June 2002 with Ahmad Zaki Sdn Bhd as an Assistant Quantity Surveyor and was responsible for contract administration, recommendation of progress payments and variation orders. He was the key person to established and responsible for all Loss and/or Expenses claims for Ahmad Zaki Sdn Bhd projects. He was subsequently transferred to Ahmad Zaki Saudi Arabia Ltd (Riyadh, Saudi Arabia) in year 2005 until 2009 where he is responsible for handling contracts administration and procurements for all Saudi projects. He was involved in overseeing the project operations on a daily basis, involved in technical matters and ensuring the construction cost within the budget. He was involved in the project construction of Alfaisal University Project (Riyadh), King Abdullah University (Jeddah) and Jabal Omar (Mecca). In 2007, he was promoted to Assistant Contracts Manager.

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



THUM PENG YONG

Vice President, Operations

Malaysian

Male

Age 59

Date of Appointment

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

Academic / Professional Qualifications

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

Working Experience

Thum Peng Yong has more than 35 years' experience in the construction industry. With his professional qualification and vast experience, the projects undertaken and successfully completed covers a wide range of projects which comprises of residential and commercial development, high rise condominiums/apartments, public buildings and infra-structure works.

KEY SENIOR MANAGEMENT'S PROFILE

[CONT 'D]



CHEW WEI SHIN

Vice President, Development

Malaysian

Male

Age 43

Date of Appointment

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

Academic / Professional Qualifications

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

Working Experience

Chew Wei Shin has more than 17 years' experience in the construction and property development industries, including construction of institutions, high end residential and commercial developments. Upon his graduation from university, he joined a local contractor firm as a Project Engineer and was involved in various infrastructure projects for private sectors and construction projects for government institutions.

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



MUHAMMAD RIDHWAN BIN EFFENDY

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

Malaysian

Male

Age 32

Date of Appointment

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

Academic / Professional Qualifications

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

Working Experience

Muhammad Ridhwan bin Effendy started his career in UOB Kay Hian Securities as an Equity Research Associate in 2012. He assisted in covering the Malaysian construction, property, REIT and oil & gas sectors. In 2014, he managed the coverage of the Malaysian construction and property sectors as an Investment Analyst. In 2016, he went on to assume the position of Senior Analyst within the same sectors. In 2017, he was awarded two of The Edge's Best Call Awards.

He joined Gabungan AQRS Berhad in April 2018 and is involved in strategic planning, business development and investment.

KEY SENIOR MANAGEMENT'S PROFILE

[CONT'D]



NAZARUL HISHAM BIN SABARDIN

Vice President, Mechanical & Electrical (M&E)

Malaysian

Male

Age 52

Date of Appointment

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

Academic / Professional Qualifications

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

Working Experience

25-years of experience of managing projects involving various M&E works including Airport, Hospital, Viaduct & Stations for MRT & LRT, Office Complex, Retail, High Rise Office Tower and Residential Building.

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

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

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

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

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

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



SUSTAINABILITY REPORT

| | | | |
|-----------|---|-----------|--|
| 49 | About this Sustainability Report | 65 | Economic Performance |
| 51 | Message from the Group CEO | 70 | Environment Performance |
| 52 | 2021 Sustainability Highlights | 80 | Workplace |
| 54 | Industry Awards and Market Recognitions | 84 | Talent Composition |
| 55 | Our Sustainability Journey | 88 | Operations |
| 56 | Governance of sustainability | 94 | UN Sustainable Development Goals (SDG) Index |
| 59 | Stakeholder Engagement | 95 | Global Reporting Index Content |
| 61 | Assesing and Prioritising Material Topics | | |

ABOUT THIS SUSTAINABILITY REPORT



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

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

SCOPE & BOUNDARY

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

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

FRAMEWORKS APPLIED

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

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

REPORT PERIOD

This Statement covers the period of 1 January 2021 to 31 December 2021 (“**FYE 2021**”).

ABOUT THIS SUSTAINABILITY REPORT

[CONT 'D]

LIMITATIONS AND EXCLUSIONS

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

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

REPORT QUALITY & ASSURANCE

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

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

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

This report is made in accordance with a resolution of the Board of Directors dated 26 April 2022.

FORWARD-LOOKING STATEMENTS

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

MEMBERSHIP IN ASSOCIATIONS

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

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

DISTRIBUTION & FEEDBACK

This Report is available for download at <https://www.gbg.com.my/investor-relations/reports>

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



MESSAGE FROM GROUP CEO



Dear Stakeholders,

On behalf of the Board of Directors and Management of Gabungan AQRS Berhad (“**GBG**” or “**the Company**”), I hereby present our Sustainability Report for the financial year ended 31st December 2021 (“**FYE 2021**”).

FYE 2021 was filled with COVID-19 containment policies such as the Movement Control Order (MCO)/ Conditional Movement Control Order (CMCO) in response to the new variants such as Delta and Omicron. Such measures have made it necessary for businesses to adapt themselves with speed to the fast-changing situation. A plus point is the country's COVID-19 vaccination programme rolled out over 2021 which has achieved a very high uptake throughout the targeted population.

This, and other economic incentives implemented by the Government in FYE 2021 has enabled the nation to be in a much stronger position for economic recovery compared to FYE 2020. However, this is not to ignore the lasting effects the pandemic has had throughout the year and how businesses have had to factor in external risks, change their business models and adapt to the ‘new normal’.

GBG has steadfastly adopted the triple bottom-line approach, focusing around people, planet and profit. Here, the non-financial value creation is reviewed alongside the financial performance of the company.

This approach has enabled GBG to develop a more accurate, well-rounded perspective of its operations and relationships with the environment, community and economy, hence driving value creation over the short, medium and long-term landscape.

GBG has entrenched its commitment to cover 15 of the 17 United Nation's Sustainability Development Goals (“**SDGs**”) to drive our business forward in support of a global good. The COVID-19 pandemic had impacted various Group of societies differently, and we at GBG, via our tagline #GBGforSociety had helped in ways that we could to ease the burden of societies where we operate at. In FYE 2021, we made total donations of RM107,261.00 to various non-governmental organisations. To ensure the wellbeing of our employees, we had increased our total hospitalisation and insurance coverage for our employees by up to 100%. To support the Government's drive to vaccinate our population, we had funded a total 138 employees' COVID-19 vaccination via various programmes. In addition, the GBG business had contributed to RM1.3 million in tax payments in FYE 2021.

As at 31 December 2021, we have a total workforce of 325 people, of which 32% of employees are women, with 27% representation of women in middle management.

This Sustainability Report for FYE 2021 provides a detailed management approach for material ESG topics, statistical data that assesses Group performance against set targets, as well as future plans. The report also aims to demonstrate the relevance of identified material ESG topics to GBG's business model and approach to value creation.

GBG will continue to balance financial growth and success with focus on environmental and social performance to ensure our long-term business and operational sustainability, and sustained financial and non-financial value creation.

Dato' Sri Azizan Jaafar
Group Chief Executive Officer
26 April 2022

2021 SUSTAINABILITY HIGHLIGHTS

ECONOMIC



RM1.3

MILLION

Tax Payment



RM20.4

MILLION

Employee Wages
and Benefits



RM28.4

MILLION

Operating Cost



RM331.2

MILLION

Revenue



RM299.7

MILLION

Total Market
Capitalization



RM10.8

MILLION

Payment To
Capital Providers

ENVIRONMENTAL



21%

E'Island Lake Haven,
Puchong

GREEN AREA
INITIATIVE



BEST

PRACTICES ON

Construction Solid
Waste Management



35%

Carbon Emission
Reduced



Use of
**Renewable
Energy (RE)**

Solar PV Installed at
the E'Island Lake Haven
Project

SOCIAL



325 Capable
Staff

Workforce



16 TRAINING
PROGRAMMES

For Employees

2021 SUSTAINABILITY HIGHLIGHTS

[CONT 'D]



30%

Reduction in
Highway Congestion



32%

Women in Overall
Workforce



27%

Women Middle
Management



30.5%

OF EMPLOYEES

Comprising the
younger generation
(aged 30 and below)



100%

Local Manpower
Workforce



ISO45001:2018

ISO CERTIFIED



100%

OF EMPLOYEES

Receive Appraisals to
Develop Competencies



RM107,261

CSR Initiatives' Spend

INDUSTRY AWARDS AND MARKET RECOGNITIONS

ACHIEVEMENTS AND MILESTONES

Following are the list of awards and accolades achieved by GBG:



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

OUR SUSTAINABILITY JOURNEY



The United Nation's Sustainability Development Goals (SDGs), a shared blueprint to work toward global peace and prosperity, has been widely recognised and accepted by countries and organisations alike. GBG has since embraced this blueprint into its way of working, aligning with 15 of the 17 SDGs and hence, linking its own EES agenda in support of this global sustainability journey.

The rationale is to provide a larger sustainability context to GBG's Environmental, Social and Governance (ESG) journey and to ensure that its attempts to create value truly deliver positive outcomes and support the realisation of a more equitable society and a better

world. This has resulted in a more strategic approach in GBG's business mindset, with keen focus on policy development, implementation of plans and performance measurement.

For specific details on GBG's alignment to its SDGs, please refer to the SDG Content Index provided at the end of this report. The Company aims to strengthen its alignment moving forward and the supporting disclosures provided in future reports.

GOVERNANCE OF SUSTAINABILITY



GBG has transitioned over to a two-tier sustainability governance structure to effectively supervise ESG issues and related operational risks when it comes to instilling the Group's sustainability agenda.

The Board provides oversight over GBG's sustainability agenda as well as ESG-related matters across its operations. They are also key decision makers in approving the sustainability budget and annual sustainability report. The Chairman and the Board shall review this policy annually.

Driving sustainability alongside the Board's cooperation is the Risk Management and Sustainability Committee ("**RMSC**"), formed in late 2021. ESG subject matters will be the purview of this committee as well as the BOD/ Senior Management.

In FYE 2021, GBG rolled out the Performance Management System (PMS) which saw the implementation of Phase 1, which was to map out the key results area (KRA) and key performance indicators (KPI) for each employee.

An overview of GBG's two-tier governance structure and responsibility is as below:

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

GOVERNANCE THROUGH ETHICS AND CORPORATE INTEGRITY

Ethical conduct, corporate integrity, accountability and good corporate governance are an integral component of GBG's approach to conducting business. Such components are essential in developing a desired organisational culture focused on professional excellence, meritorious performance and equal opportunity.

Code of Conduct and Ethics ("CoCE")

In reinforcing this desired behaviour across the Group's operations, GBG is guided by its CoCE, which lays the foundation for high levels of integrity and professionalism. This code is applicable throughout all levels of the organisation without exception, from the Board of Directors to all its employees. The CoCE also extends to the Group's supply chain comprising contractors, suppliers of goods and services, business partners and anyone who has a business dealing with the Group. GBG's CoCE can be viewed here <https://www.gbg.com.my/investor-relations/corporate-governance>.

Anti-Corruption Policy and Framework ("ACPF")

GBG's zero-tolerance stance on corruption was further enhanced with the implementation of its ACPF in FYE 2020, in compliance with the requirement of the Section 17A of the Malaysian Anti-Corruption Commission Act. The policy entails key measures and guided points for GBG in managing and addressing any risk or circumstances pertaining to bribery and corruption.

All high-risk sub-contractors and suppliers would have to sign GBG's corporate integrity pact prior to conducting business with the company.

In FYE 2021, there were no incidence of corruption.

Anti-Corruption Training and Group-wide Communication

Training on anti-corruption has been rolled out to all Board members, with various engagement and communication avenues utilised to drive strong awareness on ACPF to GBG's employees on an ongoing basis. GBG's ACPF may be viewed at <https://www.gbg.com.my/investor-relations/corporate-governance>.

GOVERNANCE OF SUSTAINABILITY

[CONT 'D]



In FYE 2021, GBG's anti-corruption policies and procedures have been communicated to all of its 325 employees. Total training hours for employees on this aspect in FYE 2021 was 650 hours, an increase from 610 hours in FYE 2020.

Anti-Corruption Assessment

To further guard against corrupt practices, GBG has in place an ongoing practice to assess and identify potential areas of risk. In this process, it has identified areas within the Company susceptible to higher risks, in particular Procurement and Contracts, to which additional measures are instituted.

No-Gift Policy

To safeguard against corrupt practice as well as incorrect perceptions being formed, GBG has in place a no-gift policy. In compliance with the ISO 37001:2016 Anti-Bribery Management System ("ABMS"), the giving, receiving or soliciting of gifts by any party is expressly prohibited. Exceptions however, are made for corporate gifts that are provided to the Group and not to an individual. Such gifts should not have a significant monetary value, nor be perceived as having an impact on actions or decisions or leading to the expectation of favours to be granted. Furthermore, such gifts must be recorded by Management with pertinent details such as the value of said gifts and name of the giver and receiver.

In the provision of gifts by GBG, all gift giving must comply with existing laws, the ACPF and the recipient's policy on the matter.

Whistleblowing Policy and Reporting Channels

GBG has in place a Whistleblowing policy, updated on 28 April 2021, which aligns closely with the Companies Act 2016, Capital and Market Services Act 2007, and Whistleblower Protection Act 2010 ("Act 711"), accessible on the company website.

A whistleblower who chooses to disclose any improper conduct will be accorded with confidentiality of identity, to the extent reasonably practicable, as long as the disclosure is made in good faith. The whistleblower shall be protected from victimisation, harassment or disciplinary action for his/ her disclosure.

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

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

All whistleblowing reports will be investigated and, where warranted, appropriate action will be taken.

In FYE 2021, there were zero cases reported under the whistleblowing channels.

Conflict of Interest

Employees must not engage in any other occupation, business or have an interest in any business or activity that conflicts with their positions in GBG. This covers capacities of an employee, agent, consultant, director, advisor, shareholder, partner or any other position. Employees are required to report any conflict of interest to Management. Private matters should not be in any conflict whatsoever with the duties of employees or the interests of the Company.

Employees should not derive any profit or advantage in the course of discharging their duties. They are prohibited from competing or becoming rivals to the business interests of the Company.

Upholding Data Privacy

As a property developer and construction company, GBG receives a vast amount of personal data, notably the data of customers. The Company complies with the Personal Data Protection Act ("PDPA 2010"), where all data is regarded as private and confidential and is not made available to third parties, unless mandated by law or enforcement agencies.

All data has been collected with the consent of customers and with their full understanding and awareness that such data is being collected by GBG and may be used for internal purposes as agreed by the customer. Employees are briefed on the Group's Electronic System Policy during their induction into GBG as new employees. Data security is paramount and the Company maintains a robust IT security system to ensure that data remains confidential.

There have been zero cases of data breach throughout the Company's operations.


GOVERNANCE OF SUSTAINABILITY

[CONT 'D]

GOVERNANCE OF THE SUPPLY CHAIN


GBG's governance of the supply chain ensures its suppliers and business partners reflect the values and principles that the Company subscribes to. It also serves to improve the quality of suppliers, quality of goods and services as well as social and environmental aspects provided to GBG.

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



GOVERNANCE

- All suppliers must provide written commitment that they have understood and will abide by GBG's ACPF Policy and CoCE. Failure to abide may lead to contract termination or other penalties, including being reported to the authorities
- The prerequisite to abide by the ABAC and CoCE is written into all tender documents and contracts



ENVIRONMENTAL/ SOCIAL

- Suppliers are assessed on whether they have existing environmental and social policies, and if they have been censured for poor performance in these areas
- Supplier must provide contractual, written undertaking that they will adhere to all environmental and social requirements as stipulated by law. Failing which, GBG has the right to terminate the contract or take other forms of action, including reporting said supplier to the authorities
- All subcontractors are required to use only legal workers with work permit, no forced labour and must comply with OSH rules set out by the government

The Company may explore conducting audits, either desktop or physical inspection audits, to ascertain if suppliers are adhering to GBG's desired EES performance standards.

Kindly refer to the section on Supplier Performance Assessment for specific information on quality of goods and levels of service provided by vendors.






STAKEHOLDER ENGAGEMENT

Stakeholder engagement is a crucial aspect in GBG's sustainability journey. Stakeholders are defined as individuals, groups or entities that have the influence or power to impact GBG's business operations and its reputation, as well as the creation of financial-non-financial values. It also includes individuals, groups or entities that are impacted or can be impacted by the Group's business operations, presence and processes.

By engaging stakeholders, a more inclusive and accurate perception of sustainability is developed by the Board and Management. This enables a more comprehensive understanding and identification of significant material topics to GBG.




GBG continues to actively engage stakeholders using multiple communication channels and platforms. However, due to COVID-19 and concerns on health and wellbeing, online communication has become increasingly the norm de rigour for engaging such stakeholders.

The following is a snapshot of stakeholder engagement activities undertaken over FYE 2021:

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

STAKEHOLDER ENGAGEMENT

[CONT 'D]

| STAKEHOLDER | TOPICS OF CONCERN/ INTEREST | ENGAGEMENT CHANNELS |
|--|--|--|
| Government  | <ul style="list-style-type: none"> Compliance with government policies Adhere to the law and regulation | <ul style="list-style-type: none"> Support government initiatives in complying with the latest statutory development |
| NGOs  | <ul style="list-style-type: none"> Consumerism Employee's human rights Environmental pollution and climate change | <ul style="list-style-type: none"> Address consumers' complaints professionally Comply with the statutory labour law Address the NGO's concern professionally |
| Media  | <ul style="list-style-type: none"> Corporate governance Customer health and safety | <ul style="list-style-type: none"> Press Releases Site Visits Website Social Media |



PR1MA Gambang, Pahang

ASSESSING AND PRIORITISING MATERIAL TOPICS

A thorough materiality assessment exercise was undertaken in FYE 2021 to determine what GBG's top ESG topics are. The assessment saw the participation of Board and Management and was cascaded accordingly across the organisation.

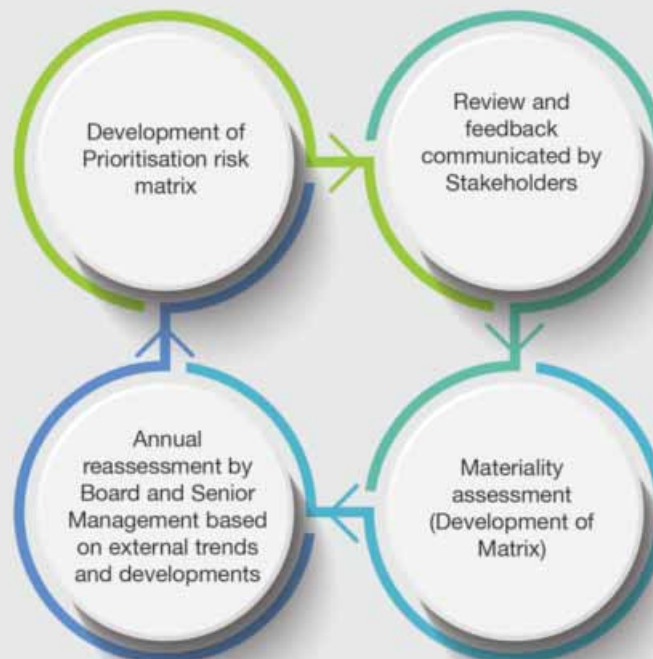
The involvement of the highest decision-making levels at GBG is a reflection of the company's commitment towards ensuring that material topics have been appropriately identified, assessed and prioritised in accordance with recommended best practices.

The Board and Management are of the view that an accurate assessment of material topics will enable the most strategic and effective use of resources to address the most pertinent ESG matters towards yielding optimum results.

The topics for the assessment exercise were drawn from the given EES topics as provided by the following reporting frameworks: Global Reporting Initiative (GRI), Bursa Malaysia, FTSE4 Good Bursa Malaysia Index, Task Force on Climate-Related Financial Disclosures (TCFD) and Sustainable Accounting Standards Board (SASB).



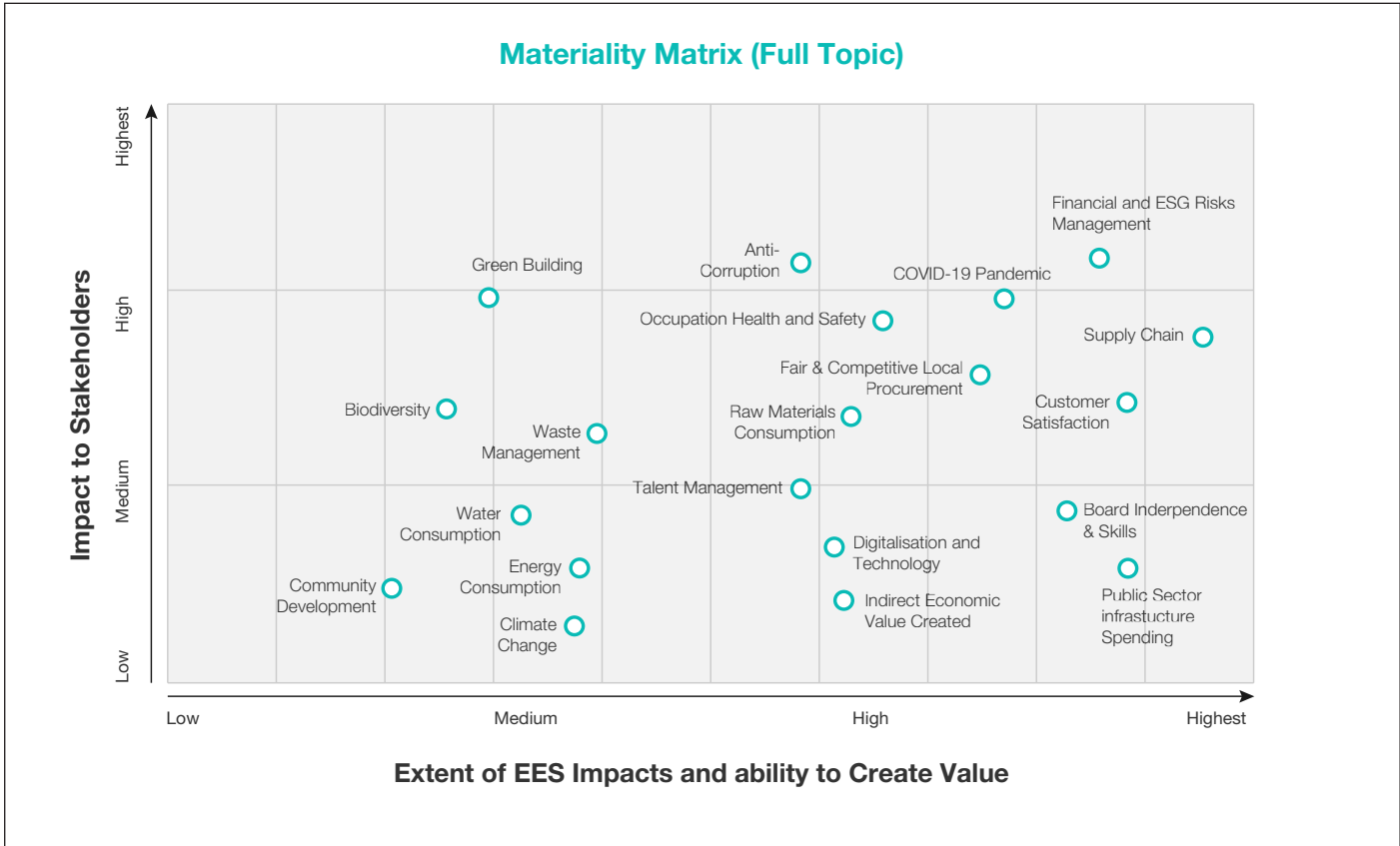
GBG employs the following robust materiality assessment process:



ASSESSING AND PRIORITISING MATERIAL TOPICS

[CONT 'D]

The FYE 2021 materiality matrix, as below, has been approved by the Group CEO and Executive Director, who helms the sustainability management committee:



ASSESSING AND PRIORITISING MATERIAL TOPICS

[CONT'D]

Table showing linkage of materiality topics to stakeholders:

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

ASSESSING AND PRIORITISING MATERIAL TOPICS

[CONT 'D]

The above materiality matrix is simply an expression of views that this topic, given the present operating landscape and business context, is likely to be important to sustained value creation, both to GBG and its stakeholders.

The Board and Senior Management reiterate the existence of comprehensive oversight on all topics deemed material and in ensuring a strategic management approach in addressing such topics. The approach includes assessing the risks or potential impacts (if any) arising from such topics to value creation and subsequently, the development of effective strategies to address those concerns.

In the case of governance related topics, GBG has established a robust, approach that complies with all regulatory requirements for stronger anti-corruption practices, and good corporate governance.

The Group continues to ensure regulatory compliance across all aspects of its operations. This includes adherence to COVID-19 Standard Operating Procedures ("**SOPs**").



ECONOMIC PERFORMANCE

FINANCIAL VALUES CREATED

The continued generation of financial values such as revenues and profits are needed to sustain the business operations any company. Typically, such values also fund the action plans of ESG strategies.

Financial performance is responsible for the creation of indirect economic values for stakeholders. This includes distribution of payment of taxes to the government (which enables social and infrastructure development), dividends to shareholders, repayments to finances and the development and support of community infrastructure and services.

Specific information on financial and operational performance as well as the Company's business model and strategies are provided in the Gabungan AQRS Berhad Annual Report 2021 ("AR 2021").

| DIRECT ECONOMIC VALUES CREATED | 2019 (RM'000) | 2020 (RM'000) | 2021 (RM'000) |
|--|------------------|------------------|------------------|
| Economic Value Generated | 413,987 | 202,262 | 331,205 |
| Economic Value Distributed | 330,216 | 232,292 | 279,021 |
| Economic Value Retained | 83,771 | (30,030) | 52,184 |
| Payments to Employees (Salary and other benefits) | 32,211 | 22,130 | 20,352 |
| EPF & SOCSO (and other contributions for staff) | 4,340 | 3,021 | 3,281 |
| Payments to Suppliers and Partners (Operating expenses) | 40,499 | 29,642 | 28,420 |
| Government (Income tax) | 30,136 | 9,928 | 1,337 |
| Providers of Capital (dividends, finance costs, distribution costs and non-controlling interests) | 20,446 | 10,166 | 10,760 |
| Monies Distributed for Community Development, CSR, etc | 234 | 128 | 107 |

ECONOMIC PERFORMANCE

[CONT 'D]

VALUE IN TERMS OF ECONOMIC IMPACT VS ENVIRONMENTAL FOOTPRINT

For FYE 2021, GBG has introduced the measurement of its economic performance against environmental performance. This is towards gauging the efficiency of business operations against selected environmental matrices.

In FYE 2021, GBG has established the following efficiency measurements using revenue and profits, electricity and diesel consumption, and carbon emissions, as given below:

| ABSOLUTE FIGURES | FYE 2019 | FYE 2020 | FYE 2021 |
|---|----------|----------|----------|
| Revenue (RM '000) | 414.0 | 202.3 | 331.2 |
| Electricity Usage (kWh million) | 1.452 | 1.146 | 0.556 |
| Diesel Usage (litres '000) | 539.0 | 156.6 | 111.3 |
| Water Consumption M3 ('000) | 94.7 | 90.0 | 87.2 |
| Carbon Emissions (tCO ₂ e) | 2,191 | 1,401 | 914 |
| EFFICIENCY RATIOS | FYE 2019 | FYE 2020 | FYE 2021 |
| Total electricity kWh per revenue | 3.51 | 5.66 | 1.68 |
| Total diesel litres per revenue | 1.30 | 0.77 | 0.34 |
| Carbon Emissions (tCO ₂ e) per revenue | 0.00529 | 0.00693 | 0.00276 |
| Total water M3 per revenue | 0.229 | 0.445 | 0.264 |

Overall, GBG's efficiency ratio indicators across the spectrum of energy, fuel and water have shown improvement, attributable to the protracted MCO mandated in FYE 2021 as well as project specific requirements.

CATALYTIC EFFECT OF PROJECTS

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

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

ENHANCING URBAN PUBLIC TRANSPORTATION

Sungai Besi Ulu Kelang Expressway ("SUKE")

The economic value generated from SUKE is an example. This infrastructure development project will open up opportunities for locations throughout its route and enable commercial and residential developments to emerge. Land will appreciate in value, leading to population growth and better economic prospects in the long run.

Travellers will have the convenience of optional routes to avoid traffic congestion, hence reducing traffic congestion. Travelling time will be cut down by 50 minutes, leading to lower fuel consumption by RM7 per day. All in all, SUKE is designed to provide a smoother and more efficient journey ahead with comfortable speeds of up to 80 km/h.

This shortened travel time equates to a much more effective logistic system, which the country's economy is dependent on. With lower cost of distribution, especially for goods and services, the better and more productive the nation's logistic systems can be.



Sungai Besi - Ulu Kelang Expressway (SUKE)

ECONOMIC PERFORMANCE

[CONT 'D]

Light Rail Transit 3 (“LRT3”)

The LRT3 is one of GBG's infrastructure projects designed to enhance urban public transportation by providing greater connectivity and accessibility across Greater Kuala Lumpur. It is Malaysia's first rail project accorded a 5-Star rating (design phase).

Aligned with sustainable urban development, the LRT3 links the suburban residential areas with city centres and commercial epicentres. It further contributes to reduced private vehicles on the road, especially single occupant vehicles, a primary contributor to greenhouse gases and carbon emissions.

The LRT3 represents further democratisation of transportation, enabling people of all walks of life to enjoy seamless, connected public transportation. This also serves as a strategic factor in the development of affordable housing, with land located close to LRT stations being opened up for public residential projects.

This project is expected to accommodate 74,000 passengers and 500,000 residents across the alignment by improving connectivity and reducing traffic congestion on the road. As a point of interest, the trains will travel at a maximum speed of 80km/h and is capable of transporting up to 36,720 passengers an hour. Ten stations across the line will be equipped with parking zones to accommodate approximately 6,000 cars. These stations will be fully equipped with sustainable solutions that includes rainwater harvesting technology, noise reduction and energy management system, and natural ventilation.

In addition, the LRT3 is designed to support communities across Petaling Jaya, Shah Alam and Klang by promoting mixed-use real estate development.



VALUE CREATION THROUGH LANDMARK PROJECTS

Pusat Pentadbiran Sultan Ahmad Shah Kuantan (“PPSAS”)

PPSAS is envisioned to be the new landmark for Pahang and the architecture references the state's identity. The building aspires to heighten the sense of patriotism and pride for its people, as reflected by its iconic emblem, the State's Coat of Arms.



Pusat Pentadbiran Sultan Ahmad Shah, Kuantan (PPSAS)

VALUE CREATION THROUGH AFFORDABLE HOUSING

E'Island Lake Haven

GBG's Property Development arm continues to play a role in meeting Malaysia's growing need for affordable homes, particularly amidst the growing middle-income population in Greater Kuala Lumpur.

One notable project in this space is E'Island Lake Haven, GBG's key residential project. Its design is aligned with the National Affordable Housing Policy in terms of unit built-up size, utilisation of IBS technology to shorten construction time and to reduce construction costs. It also comes with a range of facilities to support quality, holistic community living.

GBG Property is honoured to be appointed as one of a small pool of Malaysian developers for the Housing and Local Government Ministry's plans to build over 227,000 affordable homes over the next 10 years. GBG's E'Island Lake Haven, located in Puchong, Selangor, will support this target.

In addition, our property projects also provide buyers with a wide range of value. This includes capital appreciation (which serves as a natural hedge against inflation) and rental yields. Homeowners will ultimately benefit from having a robust asset with a long-term return on investment whilst enjoying quality lifestyle.

ECONOMIC PERFORMANCE

[CONT 'D]

PRODUCT AND SERVICE QUALITY

GBG measures quality in terms of build quality of its properties as well as service quality or customer satisfaction.

As per its industry peers, GBG aligns to the Construction Industry Development Board's (CIDB) Quality Assessment System in Construction (QLASSIC) quality assessment system for finished units. Through the IBS expertise, GBG continues to achieve consistent and improving QLASSIC scores for its property projects.

Benefits of IBS include more efficient use of resources, reduced reliance on manual labour, increased consistency in quality, which reduces wastage, less energy consumption as most components are produced in a factory environment (and therefore reduced environmental impacts).

Quality is essential in ensuring customer satisfaction, especially in developing repeat buyers, or buyers through referrals. Focussing on quality also leads to improved operational efficiency by reducing waste and resource consumption, while shortening the construction period.

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

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

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

| | FYE 2019 | FYE 2020 | FYE 2021 |
|---|----------|----------|----------|
| Incidents of non-compliance concerning the health and safety impacts of products and services | 0 | 0 | 0 |
| Customer Satisfaction Score (%) | 79% | 78% | 74% |
| PPSAS | 80% | 81% | 76% |
| LRT 3 | 81% | 63% | 58% |
| SUKE | 76% | 89% | 89% |
| Customer complaints received | 101 | 116 | 113 |
| PPSAS | 14 | 2 | 4 |
| LRT 3 | 84 | 55 | 76 |
| SUKE | 204 | 291 | 260 |
| Customer complaints received | 99 | 118 | 104 |
| PPSAS | 9 | 7 | 3 |
| LRT 3 | 84 | 55 | 62 |
| SUKE | 204 | 291 | 246 |
| Substantiated complaints concerning breaches of customer privacy and losses of customer data | 0 | 0 | 0 |
| Total number of identified leaks, thefts or losses of customer data | 0 | 0 | 0 |
| Number of complaints from regulatory bodies | 0 | 0 | 0 |

ECONOMIC PERFORMANCE

[CONT 'D]

STRINGENT PROCUREMENT POLICY

Commitment to Local Procurement and Local Supply Chains

GBG firmly supports local procurement, with local defined as in country in which GBG operates. The Group's preference is to always select local goods and service providers, unless local providers are unable to provide such goods and services at the required specifications and quality.

GBG's commitment to local procurement is made based on the many socio-economic benefits generated for local supply chains, local talent and local communities. GBG's business operations provides it the unique opportunity to generate employment

opportunities and develop many Malaysian small to medium enterprise and industries, which are essential to the economic growth of the nation. Local procurement also enables knowledge and skills transfer whilst reducing the environmental footprint, particularly if importing goods or services from abroad.

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

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

The Company's local procurement spend is as below:

| | FYE 2019 | FYE 2020 | FYE 2021 |
|--|--------------------|--------------------|--------------------|
| Total Procurement Budget (RM) | RM1,547,093,654.08 | RM1,486,715,223.03 | RM1,493,115,223.03 |
| Total of Local Procurement Budget | RM1,547,093,654.08 | RM1,486,715,223.03 | RM1,493,115,223.03 |
| Percentage of Local Procurement Budget | 100% | 100% | 100% |
| Total Number of Supplies | 139 | 201 | 239 |
| Total Number of Local Supplies | 139 | 201 | 239 |
| Percentage of Local Supplies | 100% | 100% | 100% |
| Number of supplies screened / audited for good ESG performance | 45 | 181 | 216 |
| Number of supplies removed from procurement list or cautioned for poor ESG performance | 3 | 17 | 17 |
| Number of supplies endorsed anti-bribery anti-corruption policies | 30 | 30 | 30 |

Commitment to Fair Competition

GBG's stringent procurement process revolves around ISO 9001 and ISO 45001:2018. It consists of an open tender system, with contracts vetted based on financial performance of a potential vendor, their competencies and ESG performance. The final decision to award is then based on the best value proposition offered, in terms of cost, quality and level of service, and appropriate certification/ accreditation, among other criteria. If warranted, a physical inspection of the vendor's premises or operational sites may be conducted.

Once listed as an approved vendor, suppliers are required to maintain their annual competency scores to remain on GBG's list. An appropriate timeframe would be allowed for corrective action where needed, failing which, such vendors would be removed from the list.

ENVIRONMENTAL PERFORMANCE

The construction and property development industry represents a key economic sector and a significant contributor to global and domestic gross domestic product (“GDP”), playing a vital role in driving the nation’s much-needed infrastructure development and economic growth.

This also means enabling sufficient supply of homes, especially affordable homes, to ensure that prices remain within the buying capability of Malaysia’s expanding middle-class demographics, comprising newly-weds, young families, single adults and others.

While the industry contributes a wide range of environmental impacts, GBG is cognisant it also fields a wide opportunity to transition and adopt more sustainable development approaches, such as circular construction, green building design and construction, and continued digitalisation and technology.

This report presents an overview of GBG’s management approach to environmental topics and its strategies in addressing environmental impacts.

GBG recognises that in managing the environmental footprint and strengthening GBG’s business model, new business opportunities may invariably present itself and to this effect, GBG stands prepared to explore such opportunities.

MANAGEMENT APPROACH TO ENVIRONMENTAL FOOTPRINT

To ensure the safety and quality of the environment, GBG adheres closely with local regulations and framework, as below:

- Environmental Management Plan (EMP), which sets out standard operating procedures (“SOP”) for every project site
- Erosion and Sedimentation Control Plan (ESCP) for all project sites
- All project sites must comply with regulations as stipulated by the Department of Environment (“DOE”), local municipal; councils and other authorities for air, water and noise as well and sewage

CLIMATE CHANGE

Climate change is viewed as the single most prominent environmental issue that the world currently faces. There is a growing realisation that climate change is causing significant impacts to weather patterns and the physical environment which, in turn affects entire economic sectors, business activities, our flora and fauna and ultimately quality of life.

GBG remains cognisant of how its business operations may be directly or indirectly contributing to climate change and has aligned with UN’s SDG 12 on Responsible Consumption and Production as well as SDG 13 on Climate Action, as reflected in its ongoing efforts to reduce carbon emissions by improving efficiency in energy and resource consumption as well as in waste management.

Additionally, increased sustainable measures could well open out access to green financing as well as government and regulatory incentives.

One simple yet pertinent example demonstrating GBG’s commitment to manage its impact on the environment is its one-to-one tree replacement assurance. In this, for every tree cut down at a project worksite, another tree is planted elsewhere.

GBG recognises the opportunity it may also bring to the business and environment. The increasing awareness on eco-friendly facilities may also serve as a value enhancing proposition for buyers, with solar rooftops and energy efficient lighting being preferred.

Hence, GBG is focusing on managing climate change and adapting to the changing operating scenario and customers’ expectation. To explore potential measures for consideration, an environmental consultant was engaged to help monitor and control the Company’s performance and impact to the environment.

ENVIRONMENTAL PERFORMANCE

[CONT 'D]

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

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

EMISSIONS

GBG's emissions are essentially from its consumption of electricity and diesel as well as generation of industrial wastes. Industrial wastes take the form of solid waste comprising biomass, excavated material, construction/ domestic wastes and also scheduled waste, covering spent lubricant/ hydraulic oil as well as containers contaminated with chemicals, etc.

Complying with the requirements of the ISO 14001: 2015 standard, the Group has adopted the following measures which have reduced CO2 emissions and noise pollution significantly:

- Using more environmentally friendly diesel such as biodiesel for gensets and machinery
- Reducing use of diesel-powered company vehicles
- Adopting renewable energy alternatives to reduce reliance on electricity from the national grid
- Implementing compact sub-stations from permanent power supply for site operations and site offices

The Group's present emissions are within the limits set by the DOE.



Drip plates below pile rig to prevent ground pollution at E'Island Lake Haven

ENVIRONMENTAL PERFORMANCE

[CONT 'D]

In addition to the above measures, environmental monitoring is conducted to monitor the ambient air quality to ensure compliance with the Environmental Quality (Clean Air) Regulations 2014.

Dust pollution is considered another significant pollution due to the high level of dust (construction dust), which may be harmful to health. Hence, appropriate EIA-approved Dust Control measures are implemented at project sites.

AIR POLLUTION MEASURES UNDERTAKEN AT GBG'S PROJECT SITES

In order to control the emission and the impact to the environment, air monitoring is conducted weekly to ensure compliance with the Pollution Prevention and Mitigation Measures (PMP2).

Apart from this, Compliance Monitoring and Impact Monitoring for Air Quality is carried out monthly, measuring the Total Suspended Particulate (TSP), CO and NO₂, to ensure compliance with the Malaysian Ambient Air Quality.

An Environmental Monitoring Report (EMR) on ambient air quality for TSP will be submitted to the Department of Environment Malaysia (DOE). For good measure, a Performance Monitoring Report (PMR) will also be submitted to the Environmental Performance Monitoring Committee (EPMC).

WASTE MANAGEMENT

Waste management is necessary as waste products produce carbon emissions, which, if not well managed, can pollute water systems, dirty the environment and become an eyesore.

GBG's Scheduled Waste Management ("SWM") approach has proven effective in waste management. It features a start-to-end, systematic process of storing and disposing as well as recycling of waste, where possible. This approach encourages efficient resource use by preventing and reducing waste production as well as documents proper protocols for handling of chemical and hazardous wastes.

Adequate disposal bins at project sites provide temporary collection points for contractors who are licensed and registered by local authorities, to manage collection and proper disposal.

GBG estimates for every activity carried out onsite, there will be a waste generated of about 5-10% of the total amount. Such waste is then carefully collected gathered, recorded and sent to a recycle centre.



Proper basement for leakage control at diesel storage at E'Island Lake Haven

In FYE 2021, total construction waste for Pusat Pentadbiran Sultan Ahmad Shah stood at 341.84 tonnes, of which 0.79 tonnes was recycled. Waste data for the remaining projects are not tracked by weight (tonnage) but in monetary terms (Ringgit Malaysia). On this note, the SUKE project generated waste worth RM116, 895, which was recycled.

The Company continues to partner the Solid Waste Management and Public Cleansing Corporation (SWCorp), an agency under the Ministry of Housing and Local Government (Malaysia) on a campaign for waste management.

To reinforce waste management, each project site will be guided by an Environmental Management Plan (EMP), stipulating how each type of waste is managed. This is in compliance with the Environmental Quality Act 1974, Environmental Quality (Scheduled Wastes) Regulations 2005, Guidelines for Packaging, Labelling and Storage of Scheduled Wastes in Malaysia (DOE) and the EIA Approval Conditions.

GBG is currently incorporating two principles for waste management, which are Protection of the Environment and Human Health and Waste Management Best Practice. To provide expert guidance on materials management for site needs, the Company has also engaged a third-party consultant.

In addition to this is the briefings and activities held annually to educate employees and workers on the importance of recycling and responsible waste disposal.

GBG stands guided by the ISO 14001:2015 and has set as its KPI to reduce waste and minimise the consumption of the resources. GBG is strongly committed to continuous improvement of the waste management environment policy.

ENVIRONMENTAL PERFORMANCE

[CONT 'D]



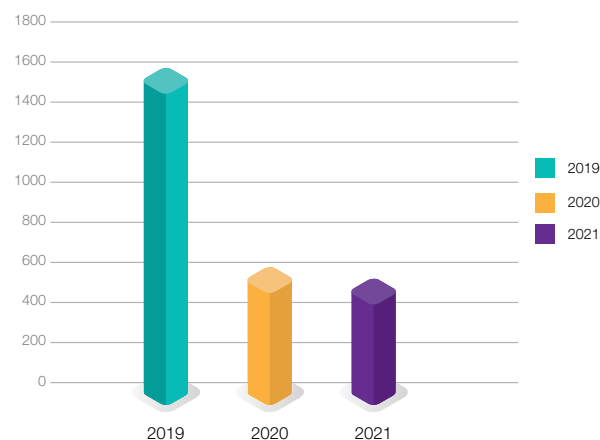
Waste bins for recycling were placed at project sites



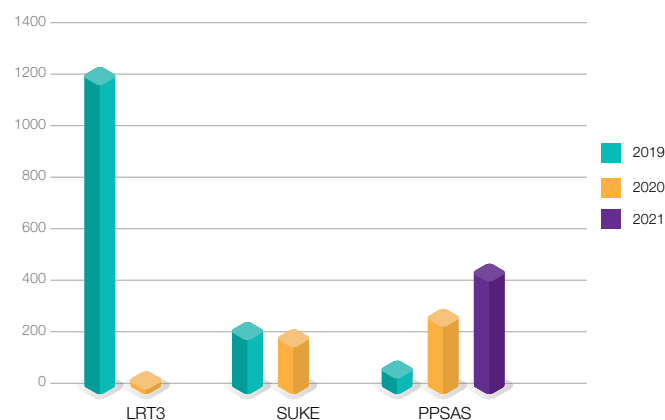
Waste and recycling bin at PPSAS

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

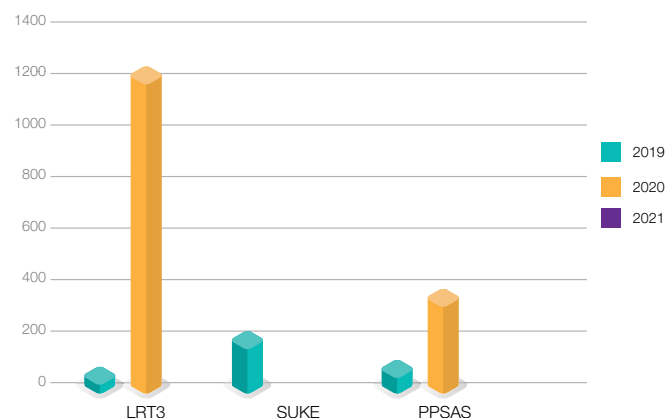
Yearly Waste Generation



Waste Generated by Projects



Total Quantity of Waste Produced by Projects



ENVIRONMENTAL PERFORMANCE

[CONT 'D]

Non-Recycled Waste Generation (Tonnes) at various project sites



ENERGY CONSUMPTION & MANAGEMENT

Energy consumption is directly linked to carbon emissions and hence, climate change. Other impacts of energy consumption include excess heat generated, operating costs and increased water consumption (for cooling of machinery).

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

GBG's primary goal to manage energy consumption across its business operations is a two-prong approach. Firstly, to reduce energy consumption at all operational sites and the head office, and secondly, to cultivate a 'energy conservation culture' amongst its staff.

In moving toward the ISO 14001:2015 standard, the company is cognisant that this will not only ensure the company meets its legal obligation but it will attract new business opportunity and gain client's trust.

Table below shows electricity consumed over three years at GBG's work sites:

| Project Sites | FYE 2019 (RM) | FYE 2020 (RM) | FYE 2021 (RM) |
|---------------|------------------|------------------|------------------|
| LRT3 | 185,209 | 140,173 | 84,324 |
| SUKE CA3 | 9,151 | 22,875 | 56,077 |
| PPAS | 115,880 | 65,660 | 102,574 |
| OFFICE | 215,554 | 177,144 | 182,739 |
| THE PEAK | 228,813 | 95,186 | 60,388 |
| E'ISLAND | - | 1,227 | 35,078 |
| TERINGIN | - | - | 57 |
| TOTAL | 754,607 | 502,265 | 521,237 |

BIODIVERSITY

Despite biodiversity not being directly material to the Group, GBG endeavours to play its part as a conscientious corporate citizen to address biodiversity. Biodiversity preservation goes beyond merely trying to conserve flora and fauna due to its vitality for food security, tourism, safeguarding traditional way of life and livelihood and maintaining healthy eco-systems. GBG is cognisant that the impact to biodiversity could lead to disruptions in the supply chain of food, leading to significant complications on society.

Hence, GBG, as a sustainable business entity, seeks to identify opportunities to contribute to conserve and preserve biodiversity in the locations in which it operates. This includes planting of trees, plants and also as much as possible retaining the existing terrain such as undulating hills and transplanting mature trees.

To the best of the Group's knowledge, as at 31 December 2021, GBG does not operate in or adjacent to sites that deemed to be of high biodiversity value. Nonetheless, GBG will continue to monitor all sites for potential biodiversity value. This includes unique habitats as well as flora and fauna, especially any fauna which is on the IUCN Red List.

ENVIRONMENTAL PERFORMANCE

[CONT'D]

RENEWABLE ENERGY (SOLAR) INITIATIVE

At the corporate level, GBG has been exploring the use of renewable energy ("RE") to power its buildings and offices.

At GBG's E'Island Lake Haven project, plans are in the works for the design and installation of solar photovoltaic panels to generate electricity. The project is to partially meet some of the energy requirements of E'Island Lake Haven. The proposed installation will see PV panels installed on the rooftop of the podium, car park and the respective corridors and lift lobbies of each block.

Moving forward, GBG is exploring the means to enable its buyers to also become more energy efficient and to use renewable energy.

WATER CONSUMPTION

GBG acknowledges that water is a shared and finite resource and access to clean water is a basic human right. Recent disruptions to water supply in various parts in Malaysia serve as reminders on how precious water resources are. Such disruptions can cause significant commercial loss and also affect the quality of life for thousands, if not millions, of people across the Klang Valley.

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

| | FYE 2019 (RM) | FYE 2020 (RM) | FYE 2021 (RM) |
|--------------|------------------|------------------|------------------|
| HQ | 8,689 | 7,289 | 10,278 |
| LRT3 | 7,658 | 13,276 | 12,650 |
| PPSAS | 107,982 | 93,924 | 66,987 |
| THE PEAK | 75,617 | 63,533 | 32,186 |
| SUKE CA3 | 8,291 | 19,506 | 53,730 |
| E'ISLAND | - | 498 | 15,955 |
| TERINGIN | - | - | 119 |
| TOTAL | 208,237 | 198,027 | 191,906 |

Hence, GBG is committed to ensure that its consumption of water should not impact water sources or water bodies. This includes not polluting water bodies such as drains and rivers by ensuring all effluents are within the permissible levels set by the DOE.

On the whole, GBG continues to see a reduction in water consumed by its operations. However, it must be noted that the decrease in consumption is not entirely due to water usage efficiency. It could also be attributable to various factors such as the various lockdowns in FYE 2021 which led to work disruptions at projects sites.

The Group continues to strive towards reducing usage of water and if future, may consider the usage of reclaimed water for non-potable use. Rainwater harvesting will be also further tapped at all work sites.

Increasing efforts are being made to recycle water at project sites for non-potable application. Ongoing initiatives to promote water efficiency includes efforts to reinforce the message of efficient water use among employees.

ENVIRONMENTAL PERFORMANCE

[CONT 'D]

ENVIRONMENTAL POLLUTION MONITORING

GBG has an overarching commitment to monitor environmental pollution and control for air, water and noise pollution. This is in addition possible land/ soil degradation arising from its construction and property development activities.

GBG's approach to projects is to conduct environmental and social impact assessments or related due diligence assessments, prior to commencement of works.

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

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

ENVIRONMENTAL PERFORMANCE

[CONT 'D]

| PROJECT | POLLUTION CATEGORY | MONITORING |
|---------|--------------------|---|
| LRT3 | Air | GBG has achieved excellent performance with monitored air quality at all four worksites registering levels far below the permissible DOE levels. Air quality is measured using the typical benchmark indicators of Total Suspended Particles (TSP), Nitrogen Dioxide (NO ₂), Carbon Monoxide (CO). |
| | Water | In some instances, water quality had exceeded the permissible DOE level for NH ₃ -N, DO and TSS. Remedial action was taken to improve water quality in terms of the aforementioned parameters. Water quality for pH levels, heavy metals and minerals, turbidity, total suspended solids, chemical and biological oxygen demand were within the permissible levels. |
| | Noise | Noise levels have generally been within the permissible levels, though levels at night have at times exceeded the DOE limits. The Group has taken stock of this and is strengthening compliance by monitoring night-time construction work. |
| SUKE | Air | Air quality levels were below the set DOE limits for all necessary parameters. This included TSP, Nitrogen Oxide (NO ₂), Carbon Monoxide (CO). |
| | Water | Water monitoring showed that pollution levels, though having exceeded baseline figures, were still below the permissible threshold set by DOE. The SUKE project shares the drainage system with the surrounding neighbourhood, Alam Damai. Thus, pollutants in water (and the levels recorded) do not just arise from the SUKE project alone. |
| | Noise | Noise levels are closely tracked at all SUKE work sites. For the most part, noise levels have been kept to below the permissible levels set by the DOE for both day and night. On several occasions however, noise levels had slightly exceeded permissible levels. Measures have been taken to ensure increase compliance going forward. This included educating our project teams and workers to strictly adhere to work rules i.e. only undertaking permitted construction works for night-time and other rules and regulations. |
| PPSAS | Air | At the PPSAS project, air quality as measured against the DOE's Malaysian Ambient Air Quality Standards 2013 (Std 2020) was within compliance levels for TSP, Nitrogen Oxide (NO ₂), Carbon Monoxide (CO) across FYE 2021. Assessments were conducted on a quarterly basis. |
| | Water | Water quality at PPSAS has generally been within permissible levels. However, on several occasions during quarterly monitoring, it was found that water quality has exceeded permissible levels for BOD, turbidity and ammoniacal nitrogen. Factors contributing to this could be rainy weather or other commercial and industrial activities that were unrelated to GBG's project site works. |
| | Noise | The average day-time noise level at site N1, measured at 51.1 dB(A) had slightly exceeded DOE's permissible levels of 50dB(A). N2 was within the permissible levels. For night-time measurement, both worksites had exceeded the DOE stipulated limits of 40 dB(A). No construction activities were hence carried out during night-time. Based on the observations made during the monitoring exercise, the main sources of the noise were from the movement of construction vehicles near N1 while at N2, it was due to the movement of resident's vehicles and heavy vehicle (lorries). |

ENVIRONMENTAL PERFORMANCE

[CONT 'D]

GREENTECH ADOPTION

GBG firmly believes that green technology would be the next big thing to come, given the direction of the world towards environmental sustainability.

With this in mind, GBG is strengthening its adoption of green technology (Greentech), keeping its focus on both its environmental footprint as well as business advantage, as seen in its initiatives adopted below:

- Rain Water Harvesting system
- Photovoltaic ("PV") solar systems
- Home Automation system, Security Access system via Bluetooth
- Retaining wall system covered by greenery
- Recyclable aluminium formworks instead of conventional plywood/ timber for concrete casting work
- IBS systems
- Construction and completion of SMK Bandar Sri Bukit Jalil 7
- Design and build at SUKE, PPSAS and LRT3



An EV Charging Station located at GBG HQ

Supporting the Local Community

As part of GBG's good corporate citizenship, the Company steadfastly continues to support the local community it operates in. GBG's numerous outreach programmes over the years have served to ingrain itself into the very fabric of its local community, assisting underprivileged individuals or communities where possible with financial or non-financial assistance.

Despite the challenges amidst the ongoing pandemic, GBG has managed to organise various corporate social responsibility ("CSR") initiatives, adhering to the Ministry of Health Malaysia's (MOH Malaysia) strict guidelines on standard operating procedures (SOPs).

Some of the CSR activities organised are listed below:

| Date | Community Initiatives | Donation (RM) |
|------------------------|--|----------------|
| 12 November 2021 | Pusat Jagaan dan Rawatan Orang Tua Al Ikhlas | 3,000 |
| | Pusat Jagaan Kanak-Kanak Down Syndrome dan Hyper Active | 3,000 |
| | Pusat Jagaan Cahaya Kasih Best | 3,000 |
| | Pusat Jagaan Kasih Harapan | 3,000 |
| 24 December 2021 | Donation for Flood Victim (purchase of essential items) | 23,261 |
| (Monthly contribution) | The National Autism Society of Malaysia (total for financial year) | 72,000 |
| | TOTAL | 107,261 |

ENVIRONMENTAL PERFORMANCE

[CONT 'D]

Such initiatives have further reinforced the strong community spirit within GBG's employees. This was aptly displayed during the floods in December 2021 affecting areas within the Klang Valley and various other states. Employees banded together to provide relief to flood victims by assisting in clean-up operations and donating essential items.

Through GBG's Relief Fund, the Company continues to reach out to the poor and needy and provide financial aid to alleviate their plight. Through such charitable initiatives, GBG strives to make a meaningful difference in the lives of those affected, to lighten their burden and to bring a smile to their faces.



Collaboration with Istana Negara for assistance to Flood Victims



Assistance to Pusat Jagaan Cahaya Kasih Bestari



Contribution to Pusat Jagaan Kanak-kanak Down Syndrome dan HyperActive



Support to Pusat Jagaan Kasih Harapan

WORKPLACE

"In today's business environment, there is no question that the human asset is the key intangible asset for any organisation. In this dynamic and continuously changing business world, it is the human assets and not the fixed or tangible assets that differentiates an organisation from its competitors. The current knowledge economy distinguishes one organisation from another by the most important and powerful factor - its workforce."

GBG is firm advocator of this fact and I am deeply proud of our capable and talented workforce. In such a competitive world, it is our professionalism, skill and dedication which would enable us to achieve our business objectives and desired goals.

Despite the challenges posed by the COVID-19, our workforce has displayed resilience and determination to progress onwards throughout FYE 2021. In turn, we have successfully managed their wellbeing and job security, keeping all positions intact amidst salary cuts and staff cuts, as experienced within the local economy.

With this family-oriented culture at GBG, we look to steering around any future business hurdles and chart a pathway toward stronger business growth."

Dato' Sri Azizan Jaafar
Group Chief Executive Officer



WORKPLACE

[CONT 'D]

TALENT MANAGEMENT

A highly trained, professional workforce equipped with the competencies and knowledge to execute their jobs well is a pre-requisite for optimum productivity and sustained value creation.

This is the guiding standard for GBG's 325-strong workforce, with their strong collective skills, capabilities and experience. GBG continues to prioritise human resources management and development as vital to supporting excellent business performance and continued business growth.

The Group's approach to talent management is centred on hiring, retaining and developing talents to ensuring all staff can function at their fullest professional capabilities. GBG ensures compliance with the Malaysian Employment Act 1995 and other relevant labour laws of the country. At a higher level, the Group subscribes to the International Labour Organisation ("ILO"), the Universal Declaration of Human Rights and also the UN Global Compact 10 Principles as follows:

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

In FYE 2021, GBG continues to uphold its track record for zero reported incidents of infringements of the rights of any persons, adult or child, nor any incidence of forced or compulsory labour.

EMPLOYEE REMUNERATION AND BENEFITS

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

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


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

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




WORKPLACE
[CONT 'D]

A summary of benefits accorded to GBG’s employees is as below:




LEAVE

- Annual
- Sick
- Hospitalisation
- Compassionate
- Study and examination
- Maternity
- Paternity
- Marriage



MEDICAL


- Group hospitalisation and surgical insurance
- Group personal accident insurance
- Outpatient medical treatment for staff, children and spouse
- Health screening
- Dental benefit
- Prolonged Medical (critical illness)




OTHER BENEFITS

- Petrol fleet card
- Mobile phone allowance
- Attendance allowance
- Staff property purchase discount
- Long service award recognition
- Overriding incentive for sales and marketing staff


FULL TIME EMPLOYEES FOLLOWING BENEFITS






Statutory sick pay leave without hospitalisation depending on the period of services.


- 14 days for less than two years
- 18 days between two and five years
- 22 days for more than five years




A period of up to 60 days is granted if hospitalisation is necessary




Company / supported / subsidised health medical insurance plan for staff




Free Medical check-up




Insurance benefits




Allowances and reimbursement claims




Overtime payments (where applicable)



Employee's Wedding Benefits



Employee's New Born Benefits



Employee's Bereavement Wreath.

WORKPLACE

[CONT 'D]

YEARLY PARENTAL LEAVE

In acknowledging the role of the parent to the wellbeing of the family unit, GBG provides parental leave for both men and women staff. Male staff are accorded two days and women are given 60 days paid maternity leave with an additional month of unpaid maternity leave.

Approved applications for parental leave

| | FYE 2019 | FYE 2020 | FYE 2021 |
|-----------------|----------|----------|----------|
| Paternity Leave | 18 | 13 | 13 |
| Maternity leave | 11 | 12 | 14 |

Return to work rates (%)

Return to Work Post Parental Leave

| | FYE 2019 | | FYE 2020 | | FYE 2021 | |
|--|----------|--------|----------|--------|----------|--------|
| | Male | Female | Male | Female | Male | Female |
| Return to Work Rates (return to work after parental leave period) | 100% | 100% | 100% | 92% | 100% | 92% |
| Retention Rates (remain with the organisation for 12 months or more post parental leave) | 100% | 100% | 100% | 92% | 100% | 92% |

WORKING HOURS

Working hours at GBG comply with employment laws and industry standards. Any overtime is voluntary and shall not exceed the limitations provided by the law.

TALENT COMPOSITION

WORKFORCE DIVERSITY

The Group is of the view that diversity in professional backgrounds and experiences as well as gender, ethnicity and culture promote a richness of ideas and perspectives which supports innovative thinking and creativity.

In keeping with this viewpoint, GBG is committed to further developing diversity and inclusion at the workplace. This approach also is motivated by UN SDG 5 on Gender Equality and UN SDG 8 on Decent Work and Economic Growth.

The Group prohibits any discrimination in the hiring, rewarding, remunerating of, and promotion and training of employees based on race, gender and religious background or any other socio-cultural and demographic factors. The same applies to compensation and benefits and employee communication.

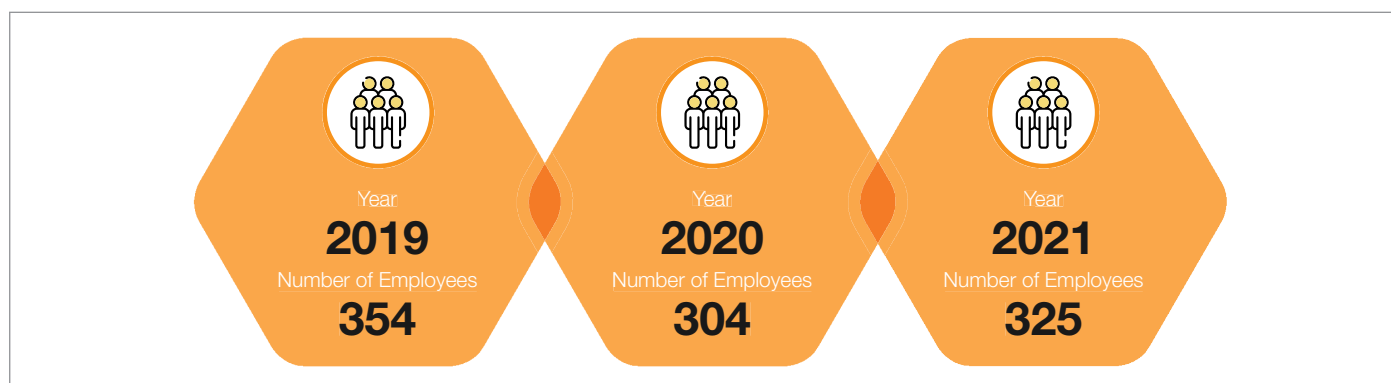
All employees, or candidates for employment are judged purely on merit, qualifications, experience and professional contributions and results achieved.

In pursuing gender equality, the Company is proud to have achieved 38% women composition on the Board in FYE 2021, with at least 50% of women in its workforce over the past 3 years.

Gender equality is a topic under the purview of Senior Management, signalling the Group's strong commitment to progress this agenda forward.

GBG's Workforce breakdown....

By Workforce Growth



Despite the ongoing pandemic and downsizing in the overall business sector, GBG has managed not just to retain its staff but grow its workforce capacity by 16%.

By Gender

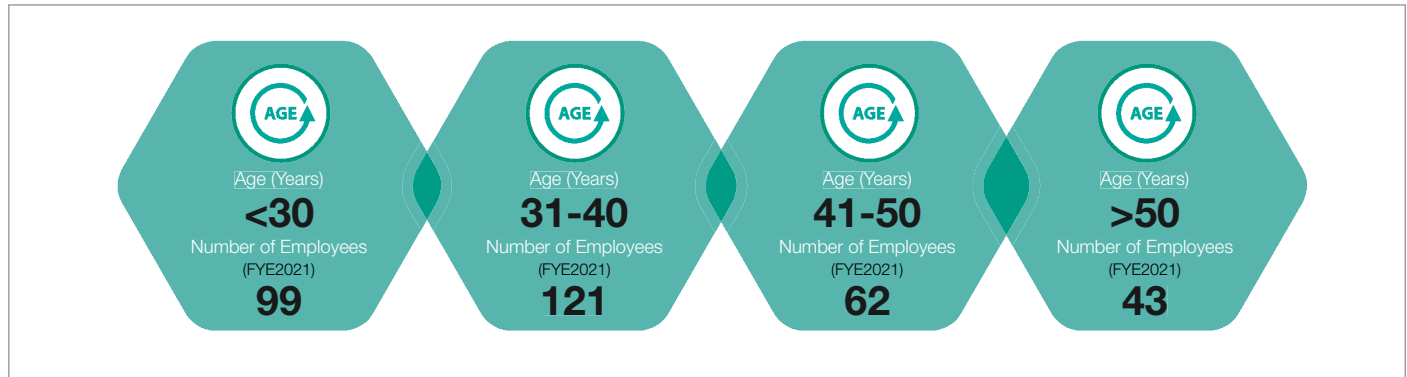
| Level | Gender | FYE 2019 (%) | FYE 2020 (%) | FYE 2021 (%) |
|--------------------|--------|--------------|--------------|--------------|
| Board of Directors | Male | 86 | 71 | 63 |
| | Female | 14 | 29 | 38 |
| Middle Management | Male | 65 | 67 | 73 |
| | Female | 35 | 33 | 27 |
| Executive | Male | 51 | 49 | 56 |
| | Female | 49 | 51 | 44 |
| Operational | Male | 77 | 72 | 79 |
| | Female | 23 | 28 | 21 |

TALENT COMPOSITION

[CONT 'D]

Despite having 27% women at mid-level management, GBG records an impressive 44% women at executive level with 38% women representation at Board level, the highest in the past three years.

By Age Group



The Group has a relatively young work force with 30.5% of its employees below the age of 30 years old.

By Ethnicity

| Ethnicity | Employees (%) | | |
|-----------|---------------|----------|----------|
| | FYE 2019 | FYE 2020 | FYE 2021 |
| Malay | 43 | 57 | 63 |
| Chinese | 57 | 43 | 38 |
| Indian | 0 | 0 | 0 |
| Others | 0 | 0 | 0 |

The Group firmly believes that a multi-cultural workforce enables a diversity of ideas to come to the fore, which enables more effective decision making and problem solving. With its 100% local and capable workforce, GBG supports with capacity and capability building for their personal development.

LONG SERVICE AWARDS

Nurturing a family-oriented culture within the organisation, GBG recognises and values long-serving staff in the Group. Recognition awards are accorded to employees who reach the 10, 15 and 20-year milestones of employment in the Company.

Such recognition serves to heighten employee morale and contributes to a more conducive organisational culture. It also supports employee retention rates, which contributes to the retention of job skills and knowledge.

TALENT COMPOSITION

[CONT 'D]

In FYE 2021, 7 employees had reached particular service milestones, as listed below:

| No | Employee | Department | Years of Service |
|----|-----------------------------|------------------------|------------------|
| 1 | Dato' Sri Azizan bin Jaafar | Management | 10 |
| 2 | Ow Yin Yee | Finance | 10 |
| 3 | Yeo Sook Fong | Pre & Post Contracts | 10 |
| 4 | Shereen See Ying Ying | Development & Projects | 10 |
| 5 | Nur Rukaini binti Ruslan | Finance | 10 |
| 6 | Fauziah binti Md Isa | Sales Administration | 10 |
| 7 | Maslinda binti Ramli Lee | Human Resource | 5 |

TALENT DEVELOPMENT AND TRAINING

Fair and equitable training opportunities are provided to employees throughout all levels of the organisation with the objective to enhance their professional development. This in turn, promotes high-performance and productivity from employees, which supports financial and non-financial value creation. A post-training assessment is conducted via a Training Evaluation Form.

GBG adopts a training approach based on 'training needs' analysis, suitably highlighted in an employee's performance appraisal. Any competency gaps may be addressed by offering training opportunities.

| Training KPI | FYE 2019 | FYE 2020 | FYE 2021 |
|---|--------------------------------|-------------------------------|-----------------------------|
| Total training spend per Division/ Business Unit (RM) | 13,971 (AQRS) 79,021 (GSSB) | 1,118 (AQRS) 15,320 (GSSB) | 320 (AQRS) 27,310 (GSSB) |
| Average training spend per employee (RM) | 269 | 50 | 84.5 |
| Total number of training hours | 216 (AQRS) 680 (GSSB) | 24 (AQRS) 856 (GSSB) | 8 (AQRS) 152 (GSSB) |
| Average training hours per employee | 2.5 | 2.9 | 0.49 |

*Note: Gabungan Strategik Sdn Bhd (GSSB) is a wholly-owned subsidiary of GBG
AQRS The Building Company Sdn Bhd (AQRS) is a wholly-owned subsidiary of GBG*

TALENT COMPOSITION

[CONT 'D]

Training organised for staff in FYE 2021:

| Date (FYE 2021) | Training/ Activity | Facilitator |
|--------------------|---|--|
| 18-19 March | Ulangkaji Permit C (Paip & Retikulasi) Sistem Bekalan Air | Suruhanjaya Perkhidmatan Air Negara (SPAN) |
| 26 March | Tax Webinar 2021 - Taxation at its Best during Pandemic - Employer's Preparedness | Malaysian Employers Federation (MEF) |
| 30 March | Sustainability Reporting Workshops: Score & Materiality in Sustainability Reporting | Bursa Malaysia |
| 8-10 June | MIA Conference 2021 | Malaysian Institute of Accountants (MIA) |
| 5 August | Auditing the ISO 9001:2015 Quality Management System | Sysnovate Solution Sdn Bhd |
| 6-8 October | MAICSA Annual Conference | Malaysian Institute of Chartered Secretaries and Administrators (MAICSA) |
| 7-8 August | OSH Management System Online Course | Doshtech Group Sdn Bhd |
| 2 November | QLASSIC Awareness Course | Sysnovate Solution Sdn Bhd |
| 22-23 December | Lifting Supervisor Training | Master Builders Association Malaysia (MBAM) |

COLLECTIVE BARGAINING AND FREEDOM OF ASSOCIATION

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

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

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

GRIEVANCE MECHANISM

Employees have full access to an official grievance mechanism, managed by HR, to express dissatisfaction with regards to any company related matter. Management unequivocally supports employees' rights to bring up issues via this official channel for redress or further action.

Employees are neither censured nor discouraged from using this grievance mechanism.

In FYE 2021, there were zero cases of grievance raised through such channels.

OPERATIONS

UPHOLDING COMMITMENT TO OCCUPATIONAL SAFETY AND HEALTH (“OSH”)

OSH is of paramount importance to any company as it is a global standard for occupational safety and health that make a workplace safer and increase the value of the company. OSH is considered to be part of ESG as implementations of safety and health covers all aspects from beginning to the end of all processes in ESG.

GBG steadfastly adheres to the Occupational Safety and Health Management System (OSHMS) procedures, standards and guidelines. The OSHMS is compliant with the Malaysian Occupational Safety and Health Act 1994, Environmental Quality Act 1974, regulation orders and other Codes of Practice.

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

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

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

As at 31 December 2021, 100% of the Group's operational sites are ISO 45001:2018 certified, with all OSH data being independently verified by a third-party audit consultant.

COMPREHENSIVE OSH POLICY

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

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

The above policy commitments have also been communicated to GBG' suppliers, vendors, contractors and business partners, who need to abide by these tenets at all times.

The Group has an established OSH policy which is available on GBG's server and the One Drive Microsoft provided by GBG. It is a practice of the company to disseminate this policy throughout the office as well as all project sites.

STRONG REPRESENTATION ON OSH COMMITTEES

All GBG worksites have a comprehensive OSH Committee, with sufficient worker representation. This is not just to align with the mandatory requirement but more importantly, to collectively strive to achieve and maintain an incident-free work site.

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



OPERATIONS

[CONT 'D]

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

| Site | Chairman | Secretary | Employer Representatives | Employee Representatives |
|----------|----------|-----------|-----------------------------|-----------------------------|
| SUKE | 1 | 1 | 10 | 10 |
| PPSAS | 1 | 1 | 10 | 27 |
| LRT3 | 1 | 1 | 12 | 16 |
| THE PEAK | 1 | 1 | 6 | 9 |
| OFFICE | 1 | 1 | 8 | 8 |

OSH COMMITTEE STRUCTURE

GBG's HSE Committees are responsible for ensuring safe and secure work environments and the continued realisation of OSH KPIs and targets.

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

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

OPERATIONS

[CONT 'D]

BOARD OVERSIGHT ON SAFETY AND HEALTH

GBG's Board and Management ensures oversight on OSH matters through the earlier mentioned sustainability governance structure.

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

Such reports include qualitative information such as specific incident reports outlining pertinent details of major safety and health incidents such as the root causes of incidents and remedial/ preventive action taken to reduce or eliminate future occurrences.

The Senior Management also conduct site visits and initiate investigations into major OSH incidents. Results are measured and verified by an internal audit committee, followed by external ISO auditors.

MANAGING AREAS OF HIGHER RISK

As part of its due diligence to mitigate risks, GBG has identified the following works as having a higher risk of an OSH incident. Here, the Group practices a Permit-to-Work approach, where all such higher risk works can only be undertaken after having being assessed and approved by the Safety and Health Officer ("**SHO**").

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

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

ROBUST OSH TRAINING

OSH training is required to ensure a high level of competence and vigilance, to which GBG recorded a total of more than 30 employees trained on OSH in FYE 2021.

GBG also organises safety awareness sessions comprising fire prevention and first aid briefing/ refresher courses. In addition, all site staff must possess at least a CIDB green card, for which they are required to renew every 2 years.

External training sessions organised for employees during FYE 2021:

| DATE | TRAINING |
|-----------------------|---|
| 29 June 2021 | ISO 45001 Awareness with Impact by Mega Mekar |
| 22 - 23 December 2021 | Lifting supervisor Training by MBAM |

Under its Safe Work Practice, GBG organises the following sessions on an ongoing basis:

1. Safety and Health Induction (*weekly*)
2. Toolbox Meeting (*daily and weekly*)
3. Safe Work Method Statement (*once, for new activity, reviewed on a quarterly basis*)
4. Safe Work Instruction (SWI) (*once, for high and medium risk jobs*)
5. HIRADC Analysis (*once, for new activity, reviewed on a quarterly basis*)
6. Safe Operating Procedure

OSH INCIDENT INVESTIGATION

GBG's policy requires all incidents to be reported to Management and Department of Occupational Safety and Health ("**DOSH**"). The incident is to be thoroughly investigated and if warranted, the work site would be shutdown, either just the affected area or the entire project site.

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

Such findings would be shared with all project sites and where relevant, incorporated into the existing OSH SOPs.

OSH PERFORMANCE

In FYE 2021, GBG has chartered close to 5 million manhours across its operational worksites.

During this financial period, there were three fatalities and with 69 lost days/ Lost Time Injury (LTI). The cause of the incident was investigated by the Construction Industry Development Board, to which the main contractor and the sub-contractor, who were not GBG employees, were found liable and were subsequently fined. GBG has since heightened awareness on the importance of OSH to relevant personnel at all project sites.

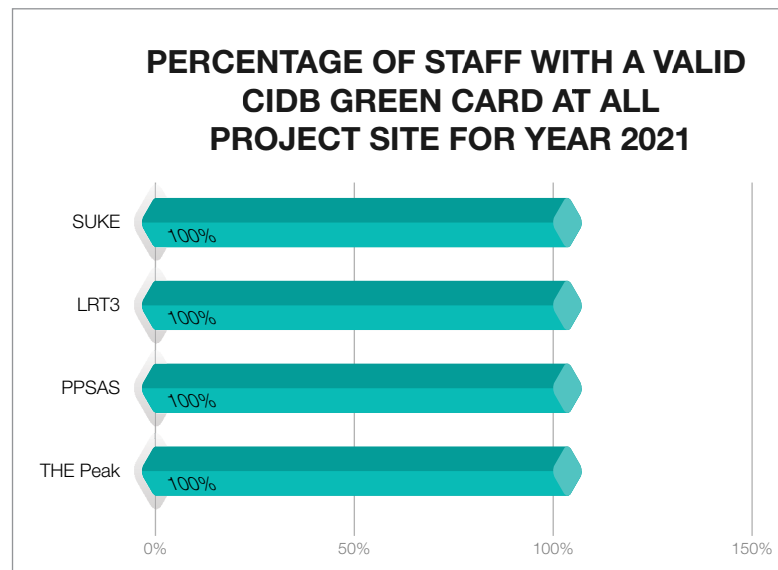
OPERATIONS

[CONT 'D]

A summary of OSH performance over FYE 2021 is as below:

| CATEGORY | FYE 2019 | FYE 2020 | FYE 2021 |
|--|-----------|-----------|-----------|
| Total manhours worked | 5,829,670 | 4,503,896 | 4,962,099 |
| Fatalities | 0 | 0 | 3 |
| Number of recordable work-related injuries | 0 | 0 | 1 |
| Total number of lost days / LTI | 0 | 0 | 69 |

Following these incidences, the prevention of unsafe act and unsafe condition at our workplace were disseminated to all levels and staffs for implementation and continuous improvement.



The chart shows 100% scores for staff who attended the green card class and earned a valid CIDB membership. Staff at project site shall require a valid CIDB card to enter the site.

All staff are compliance with GBG's OSH requirements and thus achieved the OSH objective for year 2021.

ASSESSMENT OF HAZARDS THROUGH HIRARC

GBG continues to champion safe and secure project worksites. Some of the ongoing measures implemented is training to site staff as well as conducting a site assessment based on the Hazard Identification, Risk Assessment and Risk Control (HIRARC) method.

Such workplace inspection and internal audits are conducted monthly at worksites, endorsed by the SHO, assessing performance against set targets as well as the previous year's level of achievement.

GBG endeavours to provide a safe workplace condition and conducts a thorough investigation of any hazards identified at workplace in order to protect the employees and prevent any near miss or accident.

OSH Compliance

The company works strongly to ensure compliance with standards set by the Department of Environment ("DOE") and other regulatory authorities pertaining to air, water and noise pollution at all its infrastructure project sites.

In FYE 2021, there were no environmental fines and penalties imposed by the authorities.

OPERATIONS

[CONT 'D]

COVID-19 PRECAUTIONARY MEASURES

Given the ongoing COVID-19 virus and its variants, GBG's continues its rigorous efforts to keep stakeholders as safe as possible by minimising the risk of infections at all operating sites, while ensuring continued business operations at optimum capacity. GBG's efforts are in strict compliance with all SOPs as mandated by the government and its regulatory authorities.

With safety and health of employees as its highest priority, GBG organised for its staff and workers to be administered the COVID-19 vaccination by healthcare professionals and thereafter, the booster dose. Workers and staff continue to be screened daily for COVID-19.

To reduce the impact of COVID-19 outbreak on workers, the public and at overall sites, GBG has developed a Safe Work Procedure (SOP) to heightens guidance and protection against COVID-19, as per MOH Malaysia and DOSH guidelines.



COVID-19 prevention measures implemented at the office and at operational sites

OPERATIONS

[CONT 'D]



COVID-19 SOP awareness poster strategically placed at the office and operational sites

Various stringent measures were incorporated at the workplace. Regular disinfection was initiated throughout GBG's offices and a work from home system for employees was initiated, on a rotation system where feasible. Daily temperatures scans were enforced, supported by COVID-19 testing for all staff working at sites on a fortnightly basis, as well as random testing. Other initiatives included bi-weekly self-test and declaration; provision of hand sanitisers, masks and gloves for staff was also undertaken.

This was in collaboration with ongoing health and safety awareness messages to staff using online channels, posters, emails and other avenues of communication.

Any employee or worker found to be tested COVID-19 positive was immediately isolated and reported to the medical authorities for subsequent quarantine and where needed, given medical treatment.

In support of the country's national COVID-19 vaccination campaign, GBG actively encouraged its staff to obtain full vaccination together with the booster dose.

The Group's Risk Register and Business Continuity Plan ("BCP") have also been updated to ensure continued operations throughout the pandemic period.

Working in tandem with the Ministry of Health (MOH) Malaysia, the Ministry of Domestic Trade and Consumer Affairs (MDTCA) and other related agencies, the number of COVID-19 positive cases across the Group in FYE 2021 have been low.

The stringent precautionary measures adopted at GBG's project sites have enabled the company to maintain progress on projects to ensure timely completion and progressive revenue recognition.

UN SUSTAINABLE DEVELOPMENT GOALS (SDG) INDEX

| | | |
|---|--|---|
| E'Island Lake Haven | E'Island Lake Haven undertakes various measures to make sure the lake's water habitation is protected and clean water flows nearby its surrounding projects. Use of technology to improve the cost and time and therefore improve the well-being of the residents |    |
| Corporate Social Responsibility and GBG's policy | GBG undertakes various CSR programmes during the year to give back to society. GBG has maintained 30% women at work over the last 3 years |   |
| SUKE highway/ LRT3 | Large infrastructure projects have improved the connectivity of the cities and communities |  |
| Construction waste/ Energy saving | Waste management at the construction sites has helped to reduce the impact to the climate action. Overall, carbon emission was reduced by 35% in FYE 2021 |       |
| Local supply chain | Gabungan AQRS Berhad continues to move forward in economic growth and continues to move the supply chain forward with subcon payments and churning out work progress of its projects |   |
| Pusat Pentadbiran Sultan Ahmad Shah | PPSAS is an iconic infrastructure which references the state's identity which will instill the patriotism to the state government |  |
| Donation | Donations to various non-governmental organisations and families who were severely affected by COVID-19 and the flooding in Pahang and Selangor |   |
| Anti-Corruption Policy and Anti-Corruption Framework | GBG implemented the ACPF during the year which is effective from 1 June 2020 to comply with the requirement of the Section 17A of the Malaysian Anti-Corruption Commission Act |  |
| Local Procurement | GBG's commitment to local procurement is based on the socio-economic benefits generated i.e. generate employment and business opportunities, enables knowledge growth and skills transfer whilst reducing the environmental footprint and enabling facilities for the people |     |
| OSH | GBG promotes employees' wellbeing and health by working in partnership with relevant authorities to provide a safe and conducive working environment. |   |

GLOBAL REPORTING INDEX CONTENT

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|-----------------------------------|---|------------------------------|---|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| GRI 101: Foundation 2016 | | | | | |
| General Disclosures | | | | | |
| GRI 102: General Disclosures 2016 | Organizational profile | | | | |
| | 102-1 Name of the organization | Front Cover, Back Cover | | | |
| | 102-2 Activities, brands, products, and services | 6-8 | Corporate Profile | | |
| | 102-3 Location of headquarters | | | | |
| | 102-4 Location of operations | | | | |
| | 102-5 Ownership and legal form | | | | |
| | 102-6 Markets served | | | | |
| | 102-7 Scale of the organization | | | | |
| | 102-8 Information on employees and other workers | 80-87 | Workplace | | |
| | 102-9 Supply chain | 58,69 | Governance of Sustainability – Governance of the Supply Chain, Stringent Procurement Policy – Commitment to Local Procurement and Local Supply Chains | | |
| | 102-10 Significant changes to the organization and its supply chain | | | | |
| | 102-11 Precautionary Principle or approach | 49-50,119-121, 126-127 | About this Sustainability Report – ESG approach, Corporate Governance Statement (Principle B: Effective Audit and Risk Management), Statement of Risk Management and Internal Control | | |
| | 102-12 External initiatives | 4-5, 54, 59-60, 78-79 | Milestones, Industry Awards and Market Recognitions, Stakeholder Engagement, Supporting the Local Community | | |
| | 102-13 Membership of associations | 50 | About This Sustainability Report - Membership in Associations | | |
| | Strategy | | | | |
| | 102-14 Statement from senior decision-maker | 51 | Message from Group CEO | | |
| | 102-15 Key impacts, risks, and opportunities | 55, 61-64, 94 | Our Sustainability Journey, Assessing and Prioritising Material Topics, UN Sustainable Development Goals (SDG) Index | | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|---|--|------------------------------|---|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| GRI 101: Foundation 2016 | | | | | |
| General Disclosures | | | | | |
| GRI 102: General Disclosures 2016 | Ethics and integrity | | | | |
| | 102-16 Values, principles, standards, and norms of behavior | 56-57 | Governance of Sustainability - Governance Through Ethics and Corporate Integrity | | |
| | 102-17 Mechanisms for advice and concerns about ethics | 57 | Governance of Sustainability - Governance Through Ethics and Corporate Integrity, Whistle-blowing Policy and Reporting Channels | | |
| | Governance | | | | |
| | 102-18 Governance structure | 56, 109-121 | Governance of Sustainability, Corporate Governance Overview Statement | | |
| | 102-19 Delegating authority | | | | |
| | 102-20 Executive-level responsibility for economic, environmental, and social topics | | | | |
| | 102-21 Consulting stakeholders on economic, environmental, and social topics | 59-60, 61-64 | Stakeholder Engagement, Assessing and Prioritising Material Topics | | |
| | 102-22 Composition of the highest governance body and its committees | 56, 109-121 | Governance of Sustainability, Corporate Governance Overview Statement | | |
| | 102-23 Chair of the highest governance body | 56-57, 109-121 | Governance of Sustainability, Conflict of Interest, Corporate Governance Overview Statement | | |
| | 102-24 Nominating and selecting the highest governance body | 56-57, 109-121 | Governance of Sustainability, Corporate Governance Overview Statement | | |
| | 102-25 Conflicts of interest | | | | |
| | 102-26 Role of highest governance body in setting purpose, values, and strategy | 56, 109-121 | Governance of Sustainability, Corporate Governance Overview Statement | | |
| | 102-27 Collective knowledge of highest governance body | 56-58, 109-121 | Governance of Sustainability, Corporate Governance Overview Statement | | |
| 102-28 Evaluating the highest governance body's performance | 56-58 | | | | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|-----------------------------------|---|------------------------------|---|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| GRI 101: Foundation 2016 | | | | | |
| General Disclosures | | | | | |
| GRI 102: General Disclosures 2016 | Governance | | | | |
| | 102-29 Identifying and managing economic, environmental, and social impacts | 59-60, 61-64 | Stakeholder Engagement, Assessing and Prioritising Material Topics | | |
| | 102-30 Effectiveness of risk management processes | 119-121 | Corporate Governance Overview Statement – Risk Management and Internal Control Framework | | |
| | 102-31 Review of economic, environmental, and social topics | 61-64, 65-79 | Assessing and Prioritising Material Topics, Economic Performance, Environmental Performance, Supporting the Local Community | | |
| | 102-32 Highest governance body’s role in sustainability reporting | 56-58 | Governance of Sustainability | | |
| | 102-33 Communicating critical concerns | 59-60, 61-64 | Stakeholder Engagement, Assessing and Prioritising Material Topics, Economic Performance – Product and Service Quality | | |
| | 102-34 Nature and total number of critical concerns | 68 | | | |
| | 102-35 Remuneration policies | 81-82, 118-119 | Workplace – Employee Remuneration and Benefits, Corporate Governance Overview Statement – Remuneration Committee | | |
| | 102-36 Process for determining remuneration | 81-82, 118-119 | | | |
| | 102-37 Stakeholders involvement in remuneration | 81-82, 118-119 | | | |
| | Stakeholder engagement | | | | |
| | 102-40 List of stakeholder groups | 59-60 | Stakeholder Engagement | | |
| | 102-41 Collective bargaining agreements | 81-82 | Workplace – Talent Management, Talent Composition – Collective Bargaining and Freedom of Association | | |
| | 102-42 Identifying and selecting stakeholders | 59-60 | Stakeholder Engagement | | |
| | 102-43 Approach to stakeholder engagement | 59-60 | | | |
| | 102-44 Key topics and concerns raised | 59-60 | | | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|------------------------------------|--|---|---|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| GRI 101: Foundation 2016 | | | | | |
| General Disclosures | | | | | |
| | Reporting practice | | | | |
| | 102-45 Entities included in the consolidated financial statements | 129-229 | Financial Statements | | |
| | 102-46 Defining report content and topic Boundaries | 49, 61-64 | About This Sustainability Report – Scope and Boundary, Assessing and Prioritising Material Topics | | |
| | 102-47 List of material topics | 61-64 | Assessing and Prioritising Material Topics | | |
| | 102-49 Changes in reporting | N/A | No significant changes to reporting for FYE 2021 | | |
| | 102-50 Reporting period | 49 | About This Sustainability Report - Reporting Period | | |
| | 102-52 Reporting cycle | 49 | About This Sustainability Report - Reporting Period | | |
| | 102-53 Contact point for questions regarding the report | 50 | About This Sustainability Report – Distribution and Feedback | | |
| | 102-54 Claims of reporting in accordance with the GRI Standards | 49, 61-64 | About this Sustainability Report – Frameworks Applied, Assessing and Prioritising Material Topics | | |
| | 102-55 GRI content index | 95-108 | GRI Content Index | | |
| 102-56 External assurance | 50 | About This Sustainability Report - Report Quality and Assurance | | | |
| Material Topics | | | | | |
| GRI 200 Economic Standard Series | | | | | |
| Economic Performance | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 65-69 | Economic Performance | | |
| | 103-2 The management approach and its components | 65-69 | | | |
| | 103-3 Evaluation of the management approach | 65-69 | | | |
| GRI 201: Economic Performance 2016 | 201-1 Direct economic value generated and distributed | 65 | Economic Performance – Financial Values Created | | |
| | 201-2 Financial implications and other risks and opportunities due to climate change | 65-66, 70 | Economic Performance – Direct Economic Values Created, Value in terms of Economic Impact vs Environmental Footprint, Environmental Performance – Management Approach to Environmental Footprint, Climate Change | | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission |
|-------------------------------------|--|------------------------------|--|
| Material Topics | | | |
| GRI 200 Economic Standard Series | | | |
| Economic Performance | | | |
| | 201-3 Defined benefit plan obligations and other retirement plans | 81 | Workplace - Employee Remuneration and Benefits |
| | 201-4 Financial assistance received from government | N/A | Gabungan AQRS, Berhad did not receive any assistance from the government |
| Market Presence | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 65-69 | Economic Performance |
| | 103-2 The management approach and its components | 65-69 | |
| | 103-3 Evaluation of the management approach | 65-69 | |
| | 202-2 Proportion of senior management hired from the local community | 84-85, 116 | Talent Composition – Workforce Diversity, Corporate Governance Overview Statement – Board Diversity |
| Indirect Economic Impacts | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 65-66 | Economic Performance – Direct Economic Values Created, Value in terms of Economic Impact vs Environmental Footprint, |
| | 103-2 The management approach and its components | 65-66 | |
| | 103-3 Evaluation of the management approach | 65-66 | |
| | 203-2 Significant indirect economic impacts | 65-66 | |
| Procurement Practices | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 65-66 | Economic Performance – Direct Economic Values Created, Value in terms of Economic Impact vs Environmental Footprint, |
| | 103-2 The management approach and its components | 65-66 | |
| | 103-3 Evaluation of the management approach | 65-66 | |
| GRI 204: Procurement Practices 2016 | 204-1 Proportion of spending on local suppliers | 65-66 | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|---|------------------------------|---|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| Material Topics | | | | | |
| GRI 200 Economic Standard Series | | | | | |
| Anti-corruption | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 56-58 | Governance of Sustainability – Anti-Corruption Policy and Framework, Anti-Corruption Training and Group-wide Communication, Anti-Corruption Assessment, No-Gift Policy, Whistle-blowing Policy and Reporting Channels, Conflict of Interest, Upholding Data Privacy, Governance of the Supply Chain | | |
| | 103-2 The management approach and its components | 56-58 | | | |
| | 103-3 Evaluation of the management approach | 56-58 | | | |
| GRI 205: Anticorruption 2016 | 205-1 Operations assessed for risks related to corruption | 56 | Governance of Sustainability – Anti-Corruption Policy and Framework | | |
| | 205-2 Communication and training about anticorruption policies and procedures | 56-57 | Governance of Sustainability - Anti-Corruption Training and Group-wide Communication | | |
| | 205-3 Confirmed incidents of corruption and actions taken | 57 | Governance of Sustainability - Whistle-blowing Policy and Reporting Channels | | |
| GRI 300 Environmental Standards Series | | | | | |
| Materials | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 72-74 | Environmental Performance – Waste Management | | |
| | 103-2 The management approach and its components | 72-74 | | | |
| | 103-3 Evaluation of the management approach | 72-74 | | | |
| GRI 301: Materials 2016 | 301-1 Materials used by weight or volume | 72-74 | | | |
| | 301-2 Recycled input materials used | 72-74 | | | |
| Energy | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 74-77 | Environmental Performance – Energy Consumption and Management, Environmental Pollution Monitoring | | |
| | 103-2 The management approach and its components | 74-77 | | | |
| | 103-3 Evaluation of the management approach | 74-77 | | | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|---|------------------------------|---|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| Material Topics | | | | | |
| GRI 300 Environmental Standards Series | | | | | |
| Energy | | | | | |
| GRI 302: Energy 2016 | 302-1 Energy consumption within the organization | 74-77 | Environmental Performance – Energy Consumption and Management, Environmental Pollution Monitoring | | |
| | 302-2 Energy consumption outside of the organisation | 74-77 | | | |
| | 302-3 Energy intensity | 66 | Environmental Performance - Value in Terms of Economic Impact vs Environmental Footprint | | |
| Water and Effluents | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 75-77 | Environmental Performance – Water Consumption, Environmental Pollution Monitoring | | |
| | 103-2 The management approach and its components | 75-77 | | | |
| | 103-3 Evaluation of the management approach | 75-77 | | | |
| GRI 303: Water and Effluents 2018 | 303-1 Interactions with water as a shared resource | 75-77 | | | |
| | 303-2 Management of water discharge-related impacts | 75-77 | | | |
| | 303-4 Water discharge | 75-77 | | | |
| | 303-5 Water consumption | 75-77 | | | |
| Biodiversity | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 49-50,74 | About this Sustainability Report, Environmental Performance – Biodiversity | | |
| | 103-2 The management approach and its components | 49-50,74 | | | |
| | 103-3 Evaluation of the management approach | 49-50,74 | | | |
| GRI 304: Biodiversity 2016 | 304-1 Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas | 49-50,74 | | | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|--|------------------------------|--|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| Material Topics | | | | | |
| GRI 300 Environmental Standards Series | | | | | |
| Biodiversity | | | | | |
| GRI 304: Biodiversity 2016 | 304-2 Significant impacts of activities, products, and services on biodiversity | 49-50, 74 | About this Sustainability Report, Environmental Performance – Biodiversity | | |
| | 304-4 IUCN Red List species and national conservation list species with habitats in areas affected by operations | 49-50, 74 | | | |
| Emissions | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 71-72 | Environmental Performance - Emissions | | |
| | 103-2 The management approach and its components | 71-72 | | | |
| | 103-3 Evaluation of the management approach | 71-72 | | | |
| GRI 305: Emissions 2016 | 305-1 Direct (Scope 1) GHG emissions | 66, 71-72 | Economic Performance - Value in Terms of Economic Impact vs Environmental Footprint, Environmental Performance - Emissions | | |
| | 305-2 Energy indirect (Scope 2) GHG emissions | 66, 71-72 | | | |
| | 305-4 GHG emissions intensity | 66 | Economic Performance - Value in Terms of Economic Impact vs Environmental Footprint | | |
| Waste | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 72-74 | Environmental Performance - Waste Management | | |
| | 103-2 The management approach and its components | 72-74 | | | |
| | 103-3 Evaluation of the management approach | 72-74 | | | |
| GRI 306: Waste 2020 | 306-1 Waste generation and significant waste-related impacts | 72-74 | | | |
| | 306-2 Management of significant waste-related impacts | 72-74 | | | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|--|------------------------------|--|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| Material Topics | | | | | |
| GRI 300 Environmental Standards Series | | | | | |
| Waste | | | | | |
| GRI 306: Waste 2020 | 306-3 Waste generated | 72-74 | Environmental Performance - Waste Management | | |
| | 306-4 Waste diverted from disposal | 72-74 | | | |
| | 306-5 Waste directed to disposal | 72-74 | | | |
| Environmental Compliance | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 70, 76-77 | Environmental Performance – Management Approach to Environmental Footprint, Environmental Performance – Environmental Pollution Monitoring | | |
| | 103-2 The management approach and its components | 70, 76-77 | | | |
| | 103-3 Evaluation of the management approach | 70, 76-77 | | | |
| GRI 307: Environmental Compliance 2016 | 307-1 Non-compliance with environmental laws and regulations | 70, 76-77 | | | |
| Supplier Environmental Assessment | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 58 | Governance of Sustainability – Governance of the Supply Chain | | |
| | 103-2 The management approach and its components | 58 | | | |
| | 103-3 Evaluation of the management approach | 58 | | | |
| GRI 400 Social Standards Series | | | | | |
| Employment | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 80-83 | Workplace | | |
| | 103-2 The management approach and its components | 80-83 | | | |
| | 103-3 Evaluation of the management approach | 80-83 | | | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|--|------------------------------|--|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| Material Topics | | | | | |
| GRI 300 Environmental Standards Series | | | | | |
| Employment | | | | | |
| GRI 401: Employment 2016 | 401-1 New employee hires and employee turnover | 84-85 | Talent Composition – Workforce Growth | | |
| | 401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees | 81-83 | Workplace – Employee Remuneration and Benefits | | |
| | 401-3 Parental leave | 83 | | | |
| Labor/Management Relations | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 81, 87 | Workplace - Talent Management, Talent Composition – Collective Bargaining and Freedom of Association | | |
| | 103-2 The management approach and its components | 81, 87 | | | |
| | 103-3 Evaluation of the management approach | 81, 87 | | | |
| GRI 402: Labor/ Management Relations 2016 | 402-1 Minimum notice periods regarding operational changes | 87 | Talent Composition – Collective Bargaining and Freedom of Association | | |
| GRI 403: Occupational Health and Safety | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 88 | Operations – Upholding Commitment to OSH, Comprehensive OSH Policy | | |
| | 103-2 The management approach and its components | 88 | | | |
| | 103-3 Evaluation of the management approach | 88 | | | |
| GRI 403: Occupational Health and Safety 2018 | 403-1 Occupational health and safety management system | 88 | Operations – Upholding Commitment to OSH, Comprehensive OSH Policy | | |
| | 403-2 Hazard identification, risk assessment, and incident investigation | 90, 91 | Operations – Managing Areas of Higher Risks, Assessment of Hazards through HIRARC | | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | | | | |
|--|---|------------------------------|---|--------|-------------|--|--|--|
| | | | Part Omitted | Reason | Explanation | | | |
| Material Topics | | | | | | | | |
| GRI 400 Social Standards Series | | | | | | | | |
| GRI 403: Occupational Health and Safety | | | | | | | | |
| GRI 403: Occupational Health and Safety 2018 | 403-4 Worker participation, consultation, and communication on occupational health services | 88 | Operations – Comprehensive OSH Policy | | | | | |
| | 403-5 Worker training on occupational health and safety | 90 | Operations – Robust OSH Training | | | | | |
| | 403-6 Promotion of worker health | 92-93 | Operations - COVID-19 Precautionary Measures | | | | | |
| | 403-8 Workers covered by an occupational health and safety management system | 88-91 | Operations – Upholding Commitment to OSH, Comprehensive OSH Policy, Robust OSH Training | | | | | |
| | 403-9 Work-related injuries | 90-91 | Operations – OSH Performance | | | | | |
| | 403-10 Work-related ill health | 90-91 | Operations – OSH Performance | | | | | |
| Training and Education | | | | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of thematerial topic and its Boundary | 86-87 | Talent Composition – Talent Development and Training | | | | | |
| | 103-2 The management approach and its components | 86-87 | | | | | | |
| | 103-3 Evaluation of the management approach | 86-87 | | | | | | |
| GRI 404: Training and Education 2016 | 404-1 Average hours of training per year per employee | 86-87 | | | | | | |
| | 404-2 Programs for upgrading employee skills and transition assistance programs | 86-87 | | | | | | |
| | 404-3 Percentage of employees receiving regular performance and | 53, 81-83 | | | | Sustainability Highlights - Employee Appraisals, Workplace - Employees Remuneration and Benefits | | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|--|--|------------------------------|--|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| Material Topics | | | | | |
| GRI 400 Social Standards Series | | | | | |
| Diversity and Equal Opportunity | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 84-85 | Talent Composition – Workforce Diversity | | |
| | 103-2 The management approach and its components | 84-85 | | | |
| | 103-3 Evaluation of the management approach | 84-85 | | | |
| GRI 405: Diversity and Equal Opportunity 2016 | 405-1 Diversity of governance bodies and employees | 84-85, 115-116 | Talent Composition – Workforce Diversity, Corporate Governance Overview Statement - Board Diversity and Independence | | |
| Non-discrimination | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 81-85 | Workplace – Talent Management, Employee Remuneration and Benefits, Talent Composition, Workforce Diversity | | |
| | 103-2 The management approach and its components | 81-85 | | | |
| | 103-3 Evaluation of the management approach | 81-85 | | | |
| Freedom of Association and Collective Bargaining | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 87 | Talent Composition – Collective Bargaining and Freedom of Association | | |
| | 103-2 The management approach and its components | 87 | | | |
| | 103-3 Evaluation of the management approach | 87 | | | |
| Child Labor | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 81 | Workplace - Talent Management | | |
| | 103-2 The management approach and its components | 81 | | | |
| | 103-3 Evaluation of the management approach | 81 | | | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|-----------------------------------|--|------------------------------|--|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| Material Topics | | | | | |
| GRI 400 Social Standards Series | | | | | |
| Forced or Compulsory Labor | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 58, 81 | Governance of Sustainability – Governance of the Supply Chain, Workplace – Talent Management | | |
| | 103-2 The management approach and its components | 58, 81 | | | |
| | 103-3 Evaluation of the management approach | 58, 81 | | | |
| Human Rights Assessment | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 81 | Workplace – Talent Management | | |
| | 103-2 The management approach and its components | 81 | | | |
| | 103-3 Evaluation of the management approach | 81 | | | |
| Local Communities | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 59-60, 61-64 | Stakeholder Engagement, Assessing and Prioritising Material Topics, Supporting the Local Community | | |
| | 103-2 The management approach and its components | 59-60, 61-64 | | | |
| | 103-3 Evaluation of the management approach | 59-60, 61-64 | | | |
| GRI 413: Local Communities 2016 | 413-1 Operations with local community engagement, impact assessments, and development programmes | 78-79 | | | |

GLOBAL REPORTING INDEX CONTENT

[CONT 'D]

| GRI Standard | Disclosure | Page number(s) and/or URL(s) | Omission | | |
|-----------------------------------|--|------------------------------|---|--------|-------------|
| | | | Part Omitted | Reason | Explanation |
| Material Topics | | | | | |
| GRI 400 Social Standards Series | | | | | |
| Supplier Social Assessment | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 56, 58, 69, 88 | Governance of Sustainability – CoCE, ACPF, Governance of the Supply Chain, Economic Performance - Commitment to Fair Competition, Operations – Comprehensive OSH Policy | | |
| | 103-2 The management approach and its components | 56, 58, 69, 88 | | | |
| | 103-3 Evaluation of the management approach | 56, 58, 69, 88 | | | |
| Public Policy | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 87 | Talent Composition – Collective Bargaining and Freedom of Association | | |
| | 103-2 The management approach and its components | 87 | | | |
| | 103-3 Evaluation of the management approach | 87 | | | |
| Customer Health and Safety | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 68 | Economic Performance – Product and Service Quality, Customer Satisfaction Survey | | |
| | 103-2 The management approach and its components | 68 | | | |
| | 103-3 Evaluation of the management approach | 68 | | | |
| Customer Privacy | | | | | |
| GRI 103: Management Approach 2016 | 103-1 Explanation of the material topic and its Boundary | 57, 68 | Governance of Sustainability – Upholding Data Privacy, Economic Performance – Product and Service Quality, | | |
| | 103-2 The management approach and its components | 57, 68 | | | |
| | 103-3 Evaluation of the management approach | 57, 68 | | | |
| GRI 418: Customer Privacy 2016 | 418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data | 57, 68 | | | |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

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

The Board is aspired and committed to ensure that the applicable principles and recommendations as set out in the Malaysian Code on Corporate Governance (“MCCG”) and the Main Market Listing Requirements (“MLLR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”) respectively are applied throughout the Group so as to enhance the value to our shareholders and other stakeholders as well as to generate long term sustainability and growth.

The Board is pleased to present the Corporate Governance Overview Statement (“**CG Statement**”), which provides key highlights on how the Company complies with the three (3) principles of the MCCG during the financial year ended 31 December 2021 (“**FYE 2021**”), which are as follows:-

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

The CG Statement is prepared in compliance with the MMLR of Bursa Securities and it is to be read together with the Company’s Corporate Governance Report for FYE 2021 (“**CG Report 2021**”) which is available on the website of Bursa Securities together with Company’s Annual Report 2021 and is also posted on the Company’s website at <https://www.gbg.com.my/>.

The CG Report 2021 provides details on how the Company has applied each Practice as set out in the MCCG throughout FYE 2021 save for the exceptions which are fully described in the CG Report 2021.

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD’S RESPONSIBILITIES

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

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

I. BOARD'S RESPONSIBILITIES (CONT'D)

Key Focus Areas during FYE 2021

During FYE 2021, in addition to routine matters, the following are the key focus areas enhancing corporate governance practices:-

- The Company had leveraged the technology to facilitate Annual General Meeting of the Company by having it fully virtual with the shareholders of the Company.
- Enhancement of the digital platform to engage with prospective customers and stakeholders and to expedite sales conversion.
- The Company has implemented work from home and vaccination programme for all employees in the Group whom unable to register themselves for National Immunisation Programme.
- The gap analysis on the revised MCCG issued by the Securities Commission Malaysia on 28 April 2021 ("MCCG 2021").
- In continuous effort to improve the quality of the internal audit function, the Board had reviewed and established a plan in setting up an in-house internal audit function.
- The Board and Management initiated anti-corruption awareness journey involving education and commitment from all levels, including employees, suppliers, subcontractors, and business partners. In addition, the monitoring of corruption risk has been tasked by the Risk Management Committee with the oversight responsibility.
- Periodically reviewed the relevant terms of references and policies including anti-corruption pursuant to the MCCG 2021.

Future Priorities

Looking ahead towards financial year ending 31 December 2022, the following areas are the priorities by the Board which they have been and will be focusing on:-

- The Board Renewal and Composition.
- Embedded Sustainability matters officially be governed under Risk Management Committee and had renamed to Risk Management & Sustainability Committee.
- Complete transition from engaging outsourced independent professional service provider for Internal Audit Function into in-house Internal Audit Function.

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

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

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

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

Qualified and Competent Company Secretaries

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

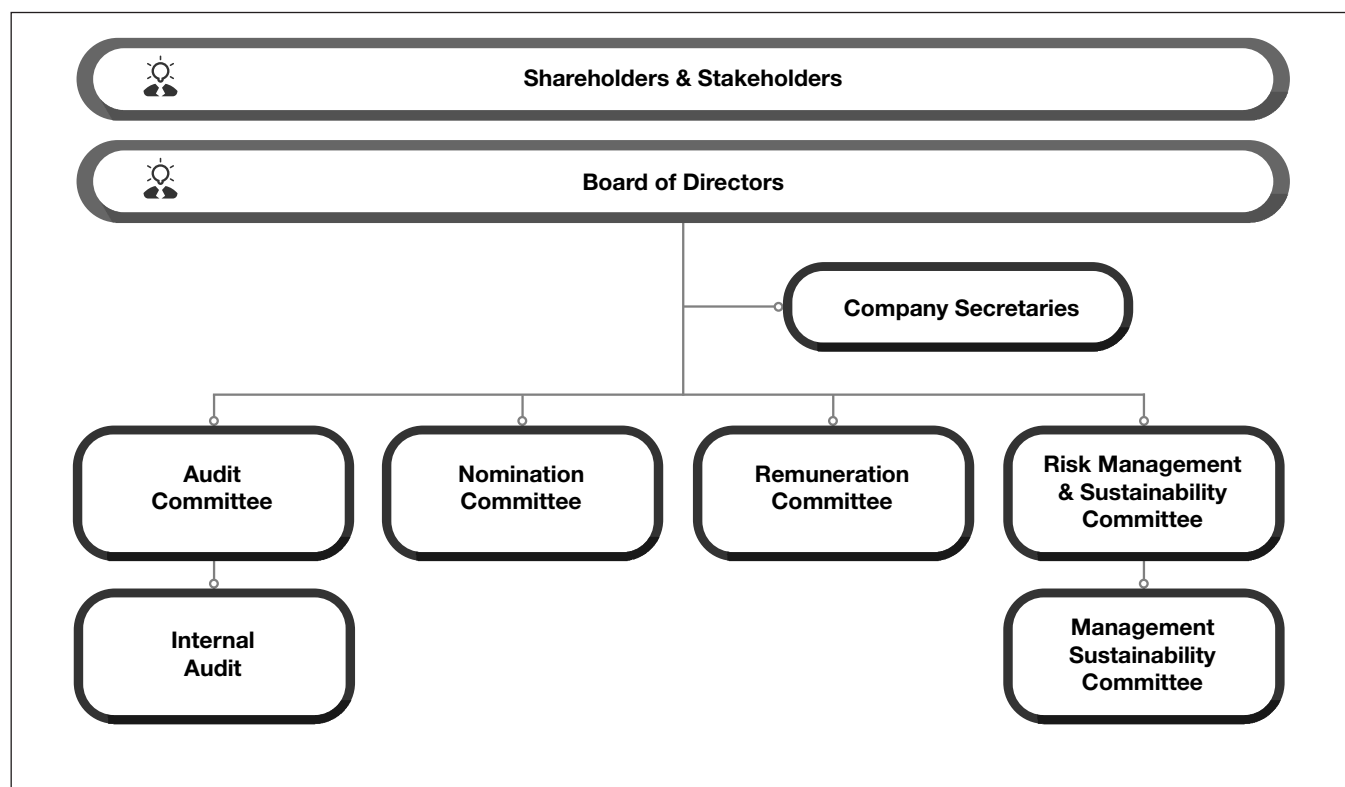
[CONT'D]

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

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

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

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



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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

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

I. BOARD'S RESPONSIBILITIES (CONT'D)

Board Committees (cont'd)

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

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

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

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

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

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

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

Sustainability Strategies

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

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

II. BOARD COMPOSITION

NOMINATION COMMITTEE

The Nomination Committee comprises entirely Independent Non-Executive Directors ("INED"). The members of the Nomination Committee in office during FYE 2021 up to present are as follows:-

| Name of Committee Members | Designation | No. of Meetings Attended/No. of Meetings Held During FYE 2021 |
|--|-------------|---|
| Muk Sai Tat (Resigned on 28 February 2022) | Chairman | 3/3 |
| Masleena binti Zaid (Appointed on 28 February 2022) | Chairman | - |
| Datuk Kamarudin bin Md Ali (Resigned on 28 February 2022) | Member | 3/3 |
| Latifah binti Abdul Latiff (Resigned on 10 January 2022) | Member | 3/3 |
| Dato' Muraly Daran A/L M Narayana Menon (Appointed on 28 February 2022) | Member | - |
| Datuk Ir. Mohd Dom bin Ahmad (Appointed on 28 February 2022) | Member | - |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT 'D]

**PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS
(CONT'D)****II. BOARD COMPOSITION (CONT'D)****NOMINATION COMMITTEE (cont'd)**

The Nomination Committee meets at least once a year or as and when deemed fit and necessary.

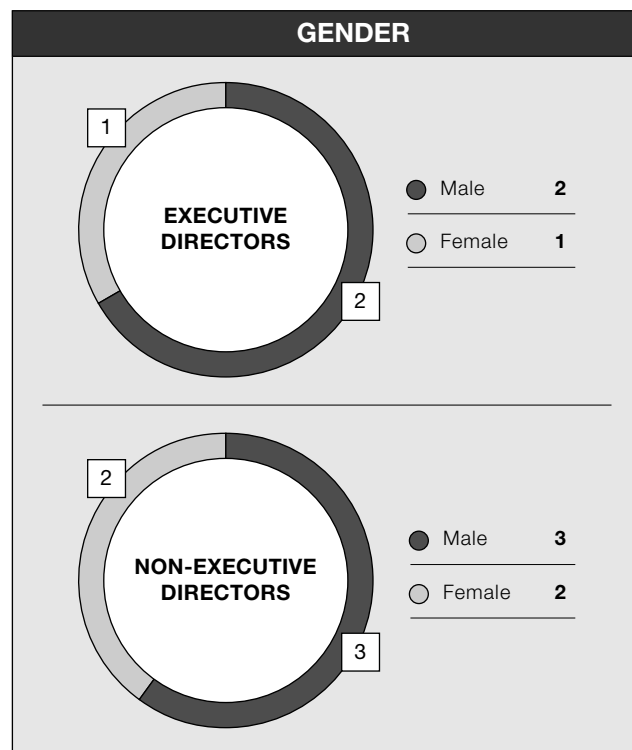
The key responsibilities of the Nomination Committee are to assess the performance of Directors, as well as to evaluate and recommend suitable candidates for the Board and Senior Management, if necessary.

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

Board Composition

The Board of the Company currently has eight (8) members, comprising three (3) Executive Directors, four (4) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director. The Board composition is in compliance with Paragraph 15.02 of the MMLR of Bursa Securities which states that at least two (2) Directors or 1/3 of the Board, whichever is higher, are independent directors. This is also in line with Practice 5.2 of the MCCG which requires at least half of the Board comprises independent directors. The profile of the Directors is as set out in the Directors' Profile in this Annual Report.

The composition of the Board which comprises eight (8) members as of to-date of this Statement can be dissected as below:



CORPORATE GOVERNANCE OVERVIEW STATEMENT
[CONT 'D]

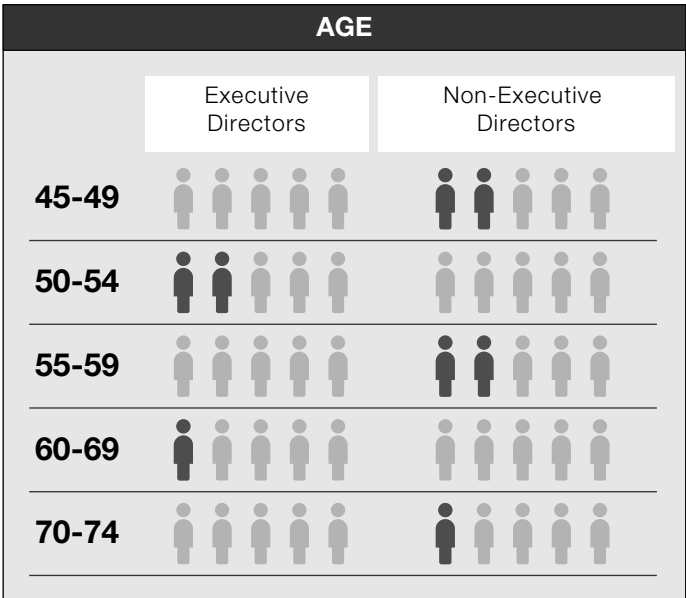
PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)

II. BOARD COMPOSITION (CONT'D)

NOMINATION COMMITTEE (cont'd)

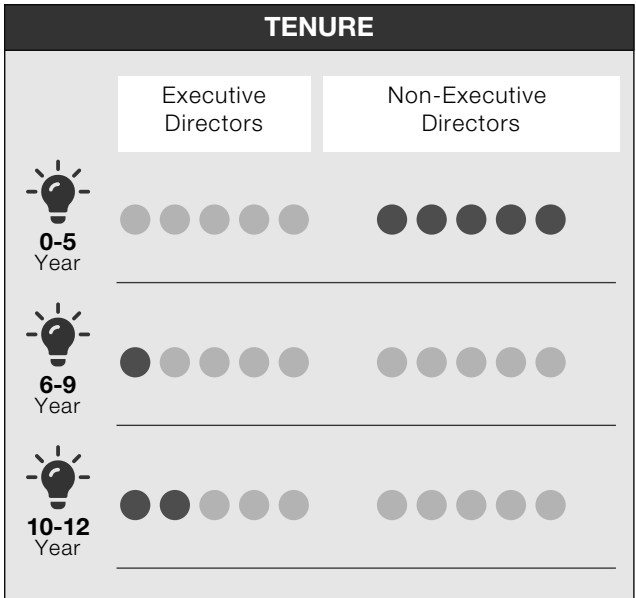
Board Composition (cont'd)

The composition of the Board which comprises eight (8) members as of to-date of this Statement can be dissected as below (cont'd):



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

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



The table below sets out the composition of skills and experience of the Board:-

| SKILLS AND EXPERIENCES OF THE DIRECTORS | |
|---|--------|
| Legal & Regulatory | 100% |
| Accounting & Financial | 85.71% |
| Corporate Governance | 100% |
| Construction & Property Development | 100% |
| Strategic Planning | 100% |
| Breadth of Business Experience | 100% |
| Stakeholders Engagement | 100% |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT'D]

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**II. BOARD COMPOSITION (CONT'D)****NOMINATION COMMITTEE (cont'd)****Independence**

The concept of independence adopted by the Board is in tandem with the definition of an Independent Director in the MMLR. The MMLR's definition of independence includes a series of objective tests such as Independent Director is not an employee of the Company and is not engaged in any type of business dealings with the Company.

The Board assesses the independence of the Independent Non-Executive Directors on an annual basis by taking into account the individual Director's ability to exercise independent judgment at all times and based on the criteria as set out in the MMLR of Bursa Securities. In addition, during the assessment conducted, the Board studied the results of the evaluation and is generally satisfied with its current size, composition as well as the mix of skill sets and the independence of its Independent Non-Executive Directors. None of the Independent Directors has engaged in the day-to-day management of the Company, participated in any business dealings or was involved in any other relationship with the Company (other than in situations permitted by the applicable regulations).

Tenure of Independent Directors

The MCCG recommends that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an Independent Director may continue to serve on the Board subject to the Directors' re-designation as a Non-Independent Director. The MCCG also sets out a recommendation that the Board must justify and seek shareholders' approval in the event it retains an Independent Director who has served in the capacity for more than nine (9) years.

During FYE 2021, both Datuk Kamarudin bin Md. Ali and Mr Muk Sai Tat had remained in the Board after the resolutions for their retention as Independent Non-Executive Directors were approved by the shareholders at the 11th Annual General Meeting.

Datuk Kamarudin bin Md. Ali and Mr Muk Sai Tat have subsequently resigned on 28 February 2022, after the Board has taken into consideration of the latest provisions of the MCCG and amendments to the MMLR imposing a 12-year limit on the tenure of an Independent Director.

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

Time Commitment

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

A total of 6 Board meetings were held during the financial year ended 31 December 2021. The attendance of Directors who were in office during the financial year under review are set out below:-

| Name of Director | No. of Meetings Attended/No. of Meetings Held During FYE 2021 |
|---|---|
| Y.M. Tunku Alizan bin Raja Muhammad Alias | 6/6 |
| Datuk Kamarudin bin Md. Ali (Resigned on 28 February 2022) | 6/6 |
| Dato' Sri Azizan bin Jaafar | 6/6 |
| Dato' Ow Chee Cheoon | 6/6 |
| Ow Yin Yee | 6/6 |
| Muk Sai Tat (Resigned on 28 February 2022) | 6/6 |
| Latifah binti Abdul Latiff (Resigned on 10 January 2022) | 6/6 |
| Dato' Kamisah binti Johan (Appointed on 12 August 2021) | 2/2 |

All the Directors complied with the minimum 50% attendance in respect of Board Meetings held during the FYE 2021 as stipulated under Paragraph 15.05 of the MMLR of Bursa Securities. Additionally, in between Board Meetings, the Directors also approved various matters requiring the sanction of the Board by way of circular resolutions.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT 'D]

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

II. BOARD COMPOSITION (CONT'D)

NOMINATION COMMITTEE (cont'd)

Appointments to the Board

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

In evaluating the suitability of candidates, the Nomination Committee considers, inter-alia their character, background, knowledge, integrity, competency, experience, commitment (including time commitment) and potential contribution to the Group, and additionally, in the case of candidates proposed for appointment as INEDs, the candidates' independence must be established. The final decision as to who shall be appointed as Director remains the responsibility of the full Board, after considering the recommendation of the Nomination Committee.

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

Board Diversity

The Board recognises diversity in the boardroom as an essential component of a good corporate governance. The Board's aim is to have a broad range of approaches, backgrounds, skills and experience represented on the Board and to make appointments on merit, and against objective criteria, with due regard given to the benefits of diversity on the Board, including gender, age and ethnicity.

The Board acknowledges the recommendation of the MCCG on gender diversity but believes that the overriding factors in the selection of Director must be based on skill, experience, competency and wealth of knowledge, before taking into consideration the diversity of the Board. The Group had established a Gender Diversity Policy to formalise its diversity approach as above.

During financial year 2021, the Board appointed Dato' Kamisah binti Johan as a Non-Independent Non-Executive Director of the Company on 12 August 2021 which has strengthened the profile of the Board and improved the Board's gender diversity. As a result, the Board now comprises three (3) female directors out of eight (8) directors which resulted in an increase from 28.57% to 37.5% of women directors. This has reflected the Board's commitment towards achieving a more gender-diverse Board.

Annual Assessment

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

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

Summary of Work

During the financial year ended 31 December 2021, the Nomination Committee held three (3) meetings with full attendance of all its members, to deliberate the following matters:-

- Reviewed the size and composition of the Board and Board Committee.
- Reviewed annual assessment of the effectiveness and performance of the Board.
- Reviewed and assessed the effectiveness of each individual Director by undertaking an evaluation process involving self/ peer-assessment by individual Directors.
- Reviewed and assessed the performance of Audit Committee and its members as a whole by undertaking an evaluation process involving self and peer assessment by the member of Audit Committee.
- Reviewed and assessed the independence of the Independent Directors based on the criteria set out in the MMLR of Bursa Securities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT 'D]

PRINCIPLE A : BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**II. BOARD COMPOSITION (CONT'D)****NOMINATION COMMITTEE (cont'd)****Summary of Work (cont'd)**

During the financial year ended 31 December 2021, the Nomination Committee held three (3) meetings with full attendance of all its members, to deliberate the following matters (cont'd):-

- Nominated for the re-election of Board members at the forthcoming Annual General Meeting ("AGM") and recommended to the Board that a resolution for their re-election be tabled at the forthcoming AGM.

- Recommended to the Board for resolution for retention of the Directors as Independent Non-Executive Directors who have served more than 9 years be tabled at the upcoming AGM.
- Reviewed and recommended to the Board for approval, the appointment of Dato' Kamisah binti Johan as Non-Independent Non-Executive Director of the Company, after having considered her skillset, experience, competency and fulfilment of the necessary criteria and also the changes in the composition of women directors.
- Reviewed a Senior Management's promotion and recommended to the Board for approval.

Board's Development and Training

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

The details of seminars and training programmes attended by the Directors during the financial year ended 31 December 2021 are set out below:-

| Director | Date of Training/ Programme | Training/Seminars/Conferences |
|--|--------------------------------|---|
| Y.M. Tunku Alizan bin Raja Muhammad Alias | 19.08.2021 | SC Updates the Malaysian Code on Corporate Governance to Promote Board Leadership and Oversight of Sustainability |
| | 25.08.2021 | Malaysian Code on Corporate Governance |
| | 06.09.2021 | Board Room Workshop for Directors Inspiring Your Board Performance |
| Dato' Sri Azizan bin Jaafar | 25.08.2021 | Malaysian Code on Corporate Governance |
| Dato' Ow Chee Cheoon | 25.08.2021 | Malaysian Code on Corporate Governance |
| Ow Yin Yee | 08.04.2021 | MICPA - Digital Revolution: What does the future hold? |
| | 22.04.2021 | Future CFO Virtual Summit Malaysia |
| | 08.06.2021 - 10.06.2021 | MIA Conference 2021 |
| | 27.07.2021 | IB Webex : Affin Hwang Capital Webinar Forum 2H21 - Macro and Market Outlook: Nearing An Inflection Point |
| | 19.08.2021 | SC Updates the Malaysian Code on Corporate Governance to Promote Board Leadership and Oversight of Sustainability |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT 'D]

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

II. BOARD COMPOSITION (CONT'D)

NOMINATION COMMITTEE (cont'd)

Board's Development and Training (cont'd)

| Director | Date of Training/ Programme | Training/Seminars/Conferences |
|---------------------------|--------------------------------|---|
| Ow Yin Yee | 25.08.2021 | Malaysian Code on Corporate Governance |
| | 06.09.2021 | Board Room Workshop for Directors "Inspiring Your Board Performance" - Organised by Smart Focus |
| | 10.11.2021 | BDO Tax Budget Webinar 2021 |
| Dato' Kamisah binti Johan | 25.08.2021 | Malaysian Code on Corporate Governance |
| | 01.11.2021 - 03.11.2021 | Mandatory Accreditation Program |

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

III. REMUNERATION COMMITTEE

The Company has a Remuneration Committee consisting exclusively of Independent Non-Executive Director. The members of the Remuneration Committee in office during FYE 2021 up to present are as follows:-

| Name of Committee Members | Designation | No. of Meetings Attended/ No. of Meetings Held During FYE 2021 |
|--|-------------|--|
| Datuk Kamarudin bin Md Ali (Resigned on 28 February 2022) | Chairman | 3/3 |
| Datuk Ir. Mohd Dom bin Ahmad (Appointed on 28 February 2022) | Chairman | - |
| Muk Sai Tat (Resigned on 28 February 2022) | Member | 3/3 |
| Latifah binti Abdul Latiff (Resigned on 10 January 2022) | Member | 3/3 |
| Dato' Muraly Daran A/L M Narayana Menon (Appointed on 28 February 2022) | Member | - |
| Masleena binti Zaid (Appointed on 28 February 2022) | Member | - |

CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT 'D]

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

III. REMUNERATION COMMITTEE (CONT'D)

Directors & Senior Management's Remuneration

The Remuneration Policy of the Board provides that all Executive Directors and Senior Management are remunerated based on the Group and individual's performances, market conditions and their responsibilities whilst the remuneration of the Non-Executive Directors is determined in accordance with their experience, level of responsibilities assumed in the Board Committees, their attendance and/or special skills and expertise they bring to the Board. The Remuneration Policy of Directors and Senior Management is available for reference at the Company's website at <https://www.gbg.com.my/>.

The remuneration of the Executive Directors is reviewed and recommended by the Remuneration Committee to the Board for approval. The Independent Non-Executive Directors are remunerated with Directors' fees are subject to shareholders' approval at the AGM annually in accordance with the Company's Constitution and Section 230(1) of the Companies Act 2016. Therefore, in terms of recommending the proposed Directors' fees, the Remuneration Committee takes into consideration the qualification, duty and responsibility, and contribution required from a Director in view of the Group's complexity, and also the market rate in the industry. The Board then collectively determines the remuneration for the Independent Non-Executive Directors based on the RC's recommendation. All Directors shall abstain from discussion and decisions on their own remuneration.

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

In regards to the remuneration of the Senior Management's remuneration, the Company notes that such disclosure may give rise to recruitment and talent retention challenges. Hence, the Company has departed from Practice 8.2 and not adopting Step-Up Practice 8.3 of the MCCG which requires disclosure of the remuneration of the top 5 Senior Management personnel on a named basis in bands of RM50,000 as the Board is of the view that such information, if disclosed, raises personal security concerns on the part of the Senior Management personnel and could result in employee poaching by competitors.

Detailed information on the Directors' remuneration for the financial year ended 2021 on a named basis are disclosed under Practice 8.1 of the CG Report.

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

The Audit Committee ("AC") consists exclusively of Independent Non-Executive Directors. The authority, duties and responsibilities of the AC.

The summary of the work carried out to discharge its duties for FYE 2021 are set out in the AC Report in this Annual Report.

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

Relationship with External Auditors

The AC meets with the External Auditors to discuss their audit plan, audit findings and the Company's financial statements. At least twice a year and whenever necessary, the AC shall meet with the External Auditors without the presence of Executive Board members or management personnel to allow the AC and the External Auditors to exchange independent views on matters which need to be brought to the AC's attention. In addition, the external auditors are also invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their report.

The AC considered the non-audit services provided by the External Auditors during the FYE 2021 and concluded that the provision of these services did not compromise the External Auditors' independence and objectivity. The amount of fees paid for these services was not significant when compared to the total fees paid to the External Auditors.

The External Auditors have confirmed to the AC that they are, and have been, independent throughout the conduct of the audit engagement in accordance with the independence rules of the MIA.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT 'D]

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

The RMC is also responsible for implementing risk management policies and strategies approved by the Board. It monitors and manages the principal risk exposure by ensuring that the Management has taken the necessary steps to mitigate such risks and recommends action where

necessary. The RMC is charged with monitoring the effectiveness of risk management systems and is required to report to the Board on any significant risk exposure.

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

The members of the Risk Management & Sustainability Committee in office during FYE 2021 up to present are as follows:-

| Name of Committee Members | Designation | No. of Meetings Attended/ No. of Meetings Held During FYE 2021 |
|--|-------------|--|
| Muk Sai Tat (Resigned on 28 February 2022) | Chairman | 4/4 |
| Datuk Ir. Mohd Dom bin Ahmad (Appointed on 28 February 2022) | Chairman | - |
| Y.M. Tunku Alizan bin Raja Muhammad Alias | Member | 4/4 |
| Datuk Kamarudin bin Md. Ali (Resigned on 28 February 2022) | Member | 4/4 |
| Dato' Sri Azizan bin Jaafar | Member | 3/4 |
| Dato' Ow Chee Cheoon | Member | 4/4 |
| Dato' Kamisah binti Johan (Appointed on 28 February 2022) | Member | - |
| Latifah binti Abdul Latiff (Resigned on 10 January 2022) | Member | 4/4 |
| Dato' Muraly Daran A/L M Narayana Menon (Appointed on 28 February 2022) | Member | - |
| Masleena binti Zaid (Appointed on 28 February 2022) | Member | - |

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

Internal Audit Function

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

[CONT 'D]

PRINCIPLE B : EFFECTIVE AUDIT AND RISK MANAGEMENT (CONT'D)

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK (CONT'D)

Internal Audit Function (cont'd)

The function of the internal auditors and the work carried out to discharge its duties for FYE 2021 are set out in the AC Report of this Annual Report.

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

I. COMMUNICATION WITH STAKEHOLDERS

The Board recognises that information is the lifeblood of capital market and effective communication between the Group and its stakeholders is imperative for informed decision-making. The Group also places a strong emphasis on the importance of timely and equitable dissemination of information to shareholders and other stakeholders. Whilst the Group endeavours to provide as much information as possible to its stakeholders, it is mindful of the legal and regulatory framework governing the release of material and price-sensitive information.

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

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

The practice of disclosure of information is not established just to comply with the requirement of the MMLR of Bursa Securities, but also to adopt the best practices recommended in the MCCG with regard to strengthening engagement and communication with shareholders.

The Directors have general responsibility for taking such steps to safeguard the assets of the Group and of the Company and to prevent and detect fraud and other irregularities.

II. CONDUCT OF GENERAL MEETINGS

The Board views shareholders' general meetings as an ideal opportunity to communicate with shareholders.

The Board had adopted the recommendation of MCCG for the notice of AGM to be given to shareholders at least 28 days prior to the meeting. Explanation for each proposed resolution is set out in the Notice of AGM to assist shareholders in decision making and exercising their voting rights. In line with Paragraph 8.29(1) of the MMLR, all resolutions set out in the Notice of AGM will be put to vote by poll.

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

In part due to the COVID-19 pandemic, the Company has held its AGMs virtually in year 2021. Shareholders have been able to participate remotely via live streaming webcast and vote in absentia using remote participation and voting facilities.

The Company will continue to monitor developments in the market for more cost effective technology to enable shareholders to participate and vote at AGMs remotely.

COMPLIANCE STATEMENT

This CG Statement together with the Corporate Governance Report 2021 were approved by the Board on 26 April 2022.

AUDIT COMMITTEE REPORT

COMPOSITION OF THE AUDIT COMMITTEE

The Members of the Audit Committee in office during the financial year ended 31 December 2021 and up to present are as follows:-

| Name of Committee Members | Designation |
|--|-------------|
| Latifah binti Abdul Latiff (Resigned on 10 January 2022) | Chairman |
| Dato' Muraly Daran A/L M Narayana Menon (Appointed on 28 February 2022) | Chairman |
| Datuk Kamarudin bin Md. Ali (Resigned on 28 February 2022) | Member |
| Muk Sai Tat (Resigned on 28 February 2022) | Member |
| Datuk Ir. Mohd Dom bin Ahmad (Appointed on 28 February 2022) | Member |
| Masleena binti Zaid (Appointed on 28 February 2022) | Member |

The composition of AC is in compliance with Paragraphs 15.09 and 15.10 of the MMLR of Bursa Malaysia Securities Berhad and the Malaysian Code on Corporate Governance whereby all three (3) AC members are Independent Non-Executive Directors. None of the Independent Directors have appointed alternate directors.

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

TERMS OF REFERENCE

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

MEETINGS AND ATTENDANCE

The AC held seven (7) meetings during FYE 2021. The details of attendance of the Committee members who were in office during FYE 2021 are as follows:-

| Name of Committee Members | Designation | No. of Meetings Attended / No. of Meetings Held During FYE 2021 |
|-----------------------------|-------------|---|
| Latifah binti Abdul Latiff | Chairman | 7/7 |
| Datuk Kamarudin bin Md. Ali | Member | 7/7 |
| Muk Sai Tat | Member | 7/7 |

The Group Chief Financial Officer was invited to all AC meetings to facilitate direct communications and to provide clarification on financial reports. Other Board members and designated members of Senior Management may also attend these meetings on the invitation of the AC. The internal auditors and external auditors are also invited to attend the AC meetings to present their audit plan and audit findings respectively, and for the external auditors to assist the AC in its review of year-end financial statements.

AUDIT COMMITTEE REPORT

[CONT'D]

MEETINGS AND ATTENDANCE (CONT'D)

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

SUMMARY OF THE WORK OF THE AC

The work undertaken by the AC in the discharge of its functions and duties during the financial year ended 2021 are summarised as follows:-

A. FINANCIAL REPORTING

- (i) FYE 31 December 2020
 - a. On 25 February 2021, the AC reviewed and recommended the unaudited fourth quarterly financial results for the period ended 31 December 2020 at its meeting, prior to deliberation and approval by the Board.
 - b. The AC at its meeting held on 28 April 2021, reviewed the Audit Financial Statements of the Group for FYE 31 December 2020, and recommended the same for the Board's approval.
- (ii) FYE 31 December 2021
 - a. The AC reviewed the unaudited first, second and third quarterly financial results for the respective periods ended 31 March 2021, 30 June 2021, 30 September 2021 at the meetings held on 17 June 2021, 30 August 2021 and 30 November 2021 respectively.

In respect to the above, the matters were discussed with Management and the external auditors and make the necessary recommendations to the Board prior to release to the relevant authorities and public including:-

- compliance with existing and new accounting standards, policies and practices affecting the construction and property development industry;
- any significant adjustments or unusual events; and
- compliance with the applicable Malaysian Financial Reporting Standards, International Financial Reporting Standards, the requirements of the Companies Act 2016 in Malaysia, Main Market Listing Requirements of Bursa Malaysia Securities Berhad, policies and practices affecting the construction and property development industry and other regulatory requirements.

B. ANNUAL REPORT REQUIREMENTS

- (i) Reviewed and approved the AC Report for inclusion in the 2020 Annual Report, at its meeting held on 28 April 2021.
- (ii) The Statement on Risk Management and Internal Control was also reviewed and recommended to the Board for approval, for the inclusion in the 2020 Annual Report, at its meeting held on 28 April 2021.

C. EXTERNAL AUDIT

- (i) On 25 February 2021, the AC deliberated on the Audit Completion for the financial year ended 31 December 2020 ("**Audit Completion Report**") with External Auditor, Messrs BDO PLT ("**BDO**") at its meeting with regards to the following:-

- Audit status and significant changes to audit plans;
- Findings on areas of significant to auditor's attention;
- Compliance with laws and regulation, fraud-related matters and review of material litigations and claims;
- Summary of misstatements;
- Recommendation for improvement in internal controls;
- Key Audit Matters ("**KAM**")

arising from the statutory audit of the Group and the Company for FYE 2020.

- (ii) On 25 February 2021, BDO had also confirmed that they are not aware of any matter that impairs their professional independence and will continuously comply with the relevant ethical requirements regarding independence with respect to the audit of the financial statements of the Company and Group for FYE 31 December 2020 in accordance with the Malaysian Institute of Accountants By-Laws (on Professional Conduct and Ethics) and International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants.
- (iii) During the review of the Audited Financial Statements of the Group and Company for FYE 31 December 2020 at its meeting on 28 April 2021, the AC reviewed the comparison between the announcement and audited results and also on the analysis of uncorrected audit misstatements which did not have material impact to the financial statements for FYE 31 December 2020.

AUDIT COMMITTEE REPORT

[CONT 'D]

SUMMARY OF THE WORK OF THE AC (CONT'D)

C. EXTERNAL AUDIT (CONT'D)

- (iv) On 30 November 2021, the AC reviewed the Audit Planning Memorandum for the FYE 31 December 2021 prepared by BDO, outlining the following:-
- Engagement and reporting responsibilities, BDO audit approach, materiality and performance materiality, areas of significant auditor attention, engagement team, reporting, deliverables, audit fees and auditing updates; and
 - Transparency Report.
- (v) The AC had met with the external auditors without the presence of the Management staff and the Executive Board members twice (2) on 25 February 2021 and 30 November 2021 respectively, in order to provide the external auditors with an avenue to candidly express any concerns they may have, including those relating to their ability to perform their work without restraint or interference.

The AC also evaluated the performance of the external auditors, their independence and objectivity, their ability to serve the Group in terms of technical competencies and manpower resource sufficiency, as well as the audit fees of the external auditors. After carrying out an evaluation of the performance of the external auditors, the AC recommended to the Board to propose to shareholders the re-appointment of the external auditors at the forthcoming Twelfth Annual General Meeting of the Company.

D. INTERNAL AUDIT

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

During the financial year under review, the Internal Auditors had conducted the audit activities as per the approved audit plan and presented their Internal Audit reports on 25 February 2021, 17 June 2021, 30 August 2021 and 30 November 2021 respectively to the AC.

The AC had one (1) private session with the Internal Auditors without the presence of the Management staff and the Executive Board members on 30 November 2021. Internal Auditors did not highlight any significant internal audit issue to be brought to the AC's attention.

The AC also evaluated the engagement between the Group with the outsourced internal auditors and had recommended to the Board for a change internal audit function by having in-house internal audit function. The AC had on 5 November 2021, 12 November 2021 and 30 November 2021 to establish a plan in setting up an in-house internal audit function to improve the quality of the internal audit function. The following items were discussed by the AC and had subsequently proposed to the Board for approval:-

- Team structure;
- Timeline and transition periods between outsourced internal audit function and in-house internal audit function;
- Assurance on the objectivity and independence of the in-house internal audit function;
- Budget Allocation for team structure of in-house Internal Audit Function; and
- Terms of Reference for in-house Internal Audit.

The establishment and transition into in-house internal audit function will be fully implemented in year 2022.

E. RELATED PARTY TRANSACTIONS

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

AUDIT COMMITTEE REPORT

[CONT 'D]

INTERNAL AUDIT FUNCTION

The Internal Audit Function is outsourced to an independent professional services firm, IA Essential Sdn Bhd ("**IA Essential**"), which reports directly to the AC and has direct access to the AC Chairman on all internal control and audit issues. The AC assesses the adequacy of the scope, functions, competency and resources of the outsourced Internal Auditors.

The Management is responsible for ensuring that corrective actions are taken within the required timeframe and all findings identified by the Internal Audit function were tracked and followed up on a quarterly basis with the status of the implementation reported to the AC accordingly.

The Board had on 19 January 2022 approved the appointment of Encik Asfia Heikal bin Ali ("**Encik Asfia**") as Manager, Group Internal Audit.

Encik Asfia joined the Group since 7 February 2022 to be in-charge with the Group's in-house Internal Audit Department ("**IAD**"). He graduated from University Technology Mara (UiTM) with a Bachelor in Quantity Surveying (Hons.) in 2009 and is an associate member of IIAM. Encik Asfia has 11 years of experience in the field of internal audit.

Presently, the Group's internal audit function is being carried out via the co-sourcing arrangement with IA Essential, to support the in-house Group Internal Audit during the first half of calendar year 2022.

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

The Internal Auditors perform their work in accordance with the principles of the international internal auditing standards covering the conduct of the audit planning, execution, documentations, communication of findings and consultation with key stakeholders on the audit concerns. In order to ensure that the audit focus is on relevant and appropriate risk areas, the internal audit plan was developed in consultation with management taking into consideration the Group's risk profile. The proposed internal audit plan will then be presented to the AC for deliberation and approval before internal audit reviews are carried out. Any significant changes to the internal audit plan will be referred to the AC for approval prior to the commencement of the internal audit.

The total cost incurred in relation to the conduct of the outsourced internal audit functions of the Group for the FYE 2021 amounted to RM109,530 against RM108,182 in FYE 2020.

SUMMARY OF WORK OF INTERNAL AUDIT FUNCTION FOR THE FINANCIAL YEAR

The Internal Auditors adopts a risk-based auditing approach, guided by the International Professional Practices Framework (IPPF) issued by the Institute of Internal Auditors, prioritising audit assignments based on the Group's business activity, risk management and past audit findings. They evaluated the adequacy and effectiveness of key controls in responding to risks within the organisation's governance, operations and information systems, in terms of:

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

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

- Recurrent Related Party Transactions Review
- Status of Management Implementation of Corporate Liability Plans
- Internal Audit Report for IT General Controls
- Internal Report on Human Resource Management
- Audit Progress Report for Contract Administration, Claims and Collection and
- Follow-up Audit Reports

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

This AC Report has been reviewed by the AC and approved by the Board on 26 April 2022.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors (“Board”) is pleased to present this Statement on Risk Management and Internal Control (“Statement”) for the financial year ended 31 December 2021. The preparation of this statement is required under paragraph 15.26(b) of the Main Market Listing Requirements (“MMLR”) and guided by the “Statement on Risk Management & Internal Control-Guidelines for Directors of Listed Issuers” which was endorsed by Bursa Malaysia Securities Berhad (“Bursa Securities”).

BOARD’S RESPONSIBILITIES

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

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

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

RISK MANAGEMENT

The Board formed the RMC for overseeing the risk management framework and ensuring the implementation of appropriate systems to manage material risk exposure in the Group. The Committee comprises six members majority of whom are Independent Non-Executive Directors.

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

The risk management processes are embraced in both major operating and business segments of the Group in construction and property development. Currently, the respective divisional Managing Directors report to the RMC. During the financial year, RMC has conducted 4 meetings with both the Construction and Property Divisions to deliberate the causes, existing controls, impact and action plans for managing and mitigating the risks.

The project progress, health and safety and cash flows are the key risk focus of the Group during the financial year. The Group continues to be vigilant in preventing COVID-19 infection in the workplace by adhering to the SOPs of the health authority, introducing “work-from-home” and leveraging electronic communication and virtual meeting technology to minimise physical contact.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

[CONT'D]

To bolster the overall financial performance of the Group under the prolonged pandemic environment, Management has strengthened and streamlined the Group's cash flow by improving the marketing and sales of the inventory, optimising the operating costs, accelerating the digitisation for its systems, balancing the progress billing and receipts for all on-going construction and development projects, the banking facilities, exercising prudence cash flow management and conserving the cash reserve.

INTERNAL CONTROLS

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

- i. Management organisation structure defining the management responsibilities and hierarchical structure for directing, planning, executing, controlling and monitoring the business operations;
- ii. Limit of authority and approval facilitating delegation of authority and oversight control;
- iii. Monitoring of construction work progress against the work schedule program as well as the performance, productivity and quality of work of the contractors and sub-contractors;
- iv. Tracking of construction costs against the project budgets;
- v. Benchmarking actual cash flows with the forecast;
- vi. Periodic Safety and Health Committee meetings to enforce safety awareness at site;
- vii. Selection procedures for sub-contractors, suppliers and consultants based on price, resources availability, track record and finance capability criteria;
- viii. Performance evaluation of suppliers' and sub-contractors' performance for future reference and selection;
- ix. Review of divisional operating performance by the respective heads of the key management team;
- x. Legal review to ensure contractual risks are addressed and managed before entering into material contracts or agreements;
- xi. Job descriptions provide understanding to employees of the actions needed in discharging their responsibilities; and
- xii. The establishment and implementation of the Anti-Corruption and Bribery Framework, Corporate Code of Conduct and Ethics, and Whistleblower Protection Policy.

MANAGEMENT RESPONSIBILITIES AND ASSURANCE

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

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

BOARD ASSURANCE AND LIMITATION

The Board is satisfied that there is an on-going process for identifying, evaluating and managing significant risks faced by the Group and the existing level of systems of internal control and risk management are adequate and effective to enable the Group to achieve its business objectives.

There were no significant weaknesses in the systems of risk management and internal control that have caused material impact on the operations of the Group for the financial year under review.

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

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

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

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

This Statement is made in accordance with the resolution of the Board of Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

for the Audited Financial Statements

The Directors are responsible for ensuring that the annual financial statements of the Group and of the Company are drawn up in accordance with the applicable Malaysian Financial Reporting Standards (MFRS), International Financial Reporting Standards (IFRS), the provision of the Companies Act 2016 and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The annual financial statements are prepared with reasonable accuracy from the accounting records of the Group and Company so as to give a true and fair view of the financial position of the Group and the Company as at 31 December 2021, and of the financial performance and cash flows for the financial year then ended.

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

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

The Directors are also responsible for:-

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

The Directors confirmed that they have complied with the above requirements for the annual financial statements for the financial year ended 31 December 2021.



FINANCIAL REPORTS

| | |
|------------|---|
| 130 | Directors' Report |
| 136 | Statement by Directors |
| 136 | Statutory Declaration |
| 137 | Independent Auditors' Report |
| 142 | Statements of Profit or Loss and Other Comprehensive Income |
| 143 | Statements of Financial Position |

| | |
|------------|---|
| 147 | Consolidated Statement of Changes in Equity |
| 149 | Statement of Changes in Equity |
| 150 | Statements of Cash Flows |
| 154 | Notes to the Financial Statements |

DIRECTORS' REPORT

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 17 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

| | Group RM | Company RM |
|-------------------------------|-------------|---------------|
| Profit for the financial year | 16,026,752 | 1,469,894 |
| Attributable to: | | |
| Owners of the parent | 15,708,618 | 1,469,894 |
| Non-controlling interests | 318,134 | - |
| | 16,026,752 | 1,469,894 |

DIVIDENDS

No dividend has been paid, proposed or declared by the Company since the end of the previous financial year. The Directors do not recommend the payment of any dividend in respect of the financial year ended 31 December 2021.

RESERVES AND PROVISIONS

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

ISSUE OF SHARES AND DEBENTURES

During the financial year, the issued share capital of the Company was increased from 494,594,267 to 543,937,119 by way of issuance of 49,342,852 new ordinary shares.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

The Company did not issue any debentures during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT

[CONT'D]

WARRANT B 2018/2023

A total of 119,394,669 free Warrants were issued on 27 September 2018 pursuant to the Deed Poll dated 5 September 2018 ("Deed Poll B") to all the shareholders of the Company on the basis of one (1) warrant for every four (4) existing ordinary shares held on 25 September 2018. These warrants were listed on Bursa Malaysia Securities Berhad on 4 October 2018. The Company had fixed the exercise price for the free Warrants at RM1.12 each. The details of the Warrants are disclosed in Note 28 to the financial statements.

REPURCHASE OF OWN SHARES

The shareholders of the Company, by an ordinary resolution passed at the 11th Annual General Meeting held on 24 June 2021, renewed the mandate to the Company to repurchase up to 10% of its existing issued share capital ("Share Buy Back").

The Directors of the Company are committed in enhancing the value of the Company to its shareholders and believe that the Share Buy Back can be applied in the best interests of the Company and its shareholders. The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends at a later date. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 543,937,119 (2020: 494,594,267) issued ordinary shares as at the end of each reporting period, 1,165,744 (2020: 1,165,744) ordinary shares purchased for RM1,427,468 (2020: RM1,427,468) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 542,771,375 (2020: 493,428,523).

DIRECTORS

The Directors who have held office during the financial year and up to the date of this report are as follows:

Gabungan AQRS Berhad

Y.M. Tunku Alizan bin Raja Muhammad Alias

Dato' Sri Azizan bin Jaafar

Dato' Ow Chee Cheoon

Ow Yin Yee

Dato' Kamisah binti Johan

Dato' Muraly Daran A/L M Narayana Menon

Datuk Ir. Mohd Dom bin Ahmad

Masleena binti Zaid

Latifah binti Abdul Latiff

Datuk Kamarudin bin Md. Ali

Muk Sai Tat

(appointed on 12 August 2021)

(appointed on 28 February 2022)

(appointed on 28 February 2022)

(appointed on 28 February 2022)

(resigned on 10 January 2022)

(resigned on 28 February 2022)

(resigned on 28 February 2022)

DIRECTORS' REPORT

[CONT'D]

DIRECTORS (CONT'D)

The Directors who have held office during the financial year and up to the date of this report are as follows: (cont'd)

Subsidiaries of Gabungan AQRS Berhad

Pursuant to Section 253 of Companies Act 2016 in Malaysia, the list of Directors of the subsidiaries during the financial year and up to the date of this report is as follows:

Dato' Sri Azizan bin Jaafar
Dato' Ow Chee Cheoon
Ir. Bakri bin Ishak
Ow Yin Yee
Choo Choon Seng
Norahmad bin Yussuff
Ir. Tai Jiunn Hong
Si So Tian Ann
Abd Razak bin Abd Manan
Tan Ban Eu
Azhar Khan bin Badil Zaman

In accordance with Clause 118 of the Company's Constitution, Dato' Kamisah binti Johan, Dato' Muraly Daran A/L M Narayana Menon, Datuk Ir. Mohd Dom bin Ahmad and Masleena binti Zaid retire by casual vacancy at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

In accordance with Clause 119 of the Company's Constitution, Dato' Ow Chee Cheoon retires by rotation at the forthcoming Annual General Meeting and being eligible, offers himself for re-election.

DIRECTORS' INTERESTS

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants in the Company and of its related corporations during the financial year ended 31 December 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows:

| Shares in the Company | ----- Number of ordinary shares ----- | | | |
|---|--|-----------|----------|--------------------------------|
| | Balance as at 1.1.2021/ Date of Appointment* | Bought | Disposal | Balance as at 31.12.2021 |
| <u>Direct interests</u> | | | | |
| Y.M. Tunku Alizan bin Raja Muhammad Alias | 1,200,492 | - | - | 1,200,492 |
| Datuk Kamarudin bin Md. Ali | 354,000 | 150,000 | - | 504,000 |
| Dato' Sri Azizan bin Jaafar | 2,935,146 | - | - | 2,935,146 |
| Dato' Ow Chee Cheoon | 33,966,774 | - | - | 33,966,774 |
| Ow Yin Yee | 163,812 | - | - | 163,812 |
| Dato' Kamisah binti Johan* | 49,342,852 | 2,387,700 | - | 51,730,552 |
| <u>Indirect interest</u> | | | | |
| Dato' Sri Azizan bin Jaafar | 53,602,938 | - | - | 53,602,938 |

DIRECTORS' REPORT

[CONT'D]

DIRECTORS' INTERESTS (CONT'D)

The Directors holding office at the end of the financial year and their beneficial interests in ordinary shares and warrants in the Company and of its related corporations during the financial year ended 31 December 2021 as recorded in the Register of Directors' Shareholdings kept by the Company under Section 59 of the Companies Act 2016 in Malaysia, were as follows: (cont'd)

| | ----- Number of warrants ----- | | |
|---|--------------------------------|--------|--------------------------------|
| | Balance as at 1.1.2021 | Bought | Balance as at 31.12.2021 |
| Warrants B 2018/2023 | | | |
| <u>Direct interests</u> | | | |
| Y.M. Tunku Alizan bin Raja Muhammad Alias | 173,650 | - | 173,650 |
| Datuk Kamarudin bin Md. Ali | 400,200 | - | 400,200 |
| Dato' Sri Azizan bin Jaafar | 460,575 | - | 460,575 |
| Dato' Ow Chee Cheoon | 8,325,190 | - | 8,325,190 |
| Ow Yin Yee | 40,150 | - | 40,150 |
| <u>Indirect interest</u> | | | |
| Dato' Sri Azizan bin Jaafar | 6,820,500 | - | 6,820,500 |

The other Directors, Muk Sai Tat and Latifah binti Abdul Latiff did not hold any interest in ordinary shares and warrants in the Company or ordinary shares, warrants and debentures of its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, none of the Directors have received or become entitled to receive any benefit (other than those benefits included in the aggregate amount of remuneration received or due and receivable by the Directors as shown in the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, other than the followings:

- any benefit which may be deemed to have arisen by virtue of those transactions entered into in the ordinary course of business as disclosed in Note 34 to the financial statements; and
- certain Directors who received remuneration from the subsidiaries as Directors of the subsidiaries as disclosed in Note 9 to the financial statements.

There were no arrangements during and at the end of the financial year, to which the Company is a party, which had the object of enabling the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate except for the warrants issued to the Directors as disclosed in Note 28 to the financial statements.

DIRECTORS' REMUNERATION

The details of Directors' remuneration are disclosed in Note 9 to the financial statements.

DIRECTORS' REPORT

[CONT'D]

INDEMNITY AND INSURANCE FOR OFFICERS AND AUDITORS

The Group and the Company effected Directors' liability insurance during the financial year to protect the Directors of the Group and of the Company against potential costs and liabilities arising from claims brought against the Directors.

During the financial year, the total amount of insurance premium paid for the Directors and the officers of the Group and of the Company is RM19,000.

There were no indemnity given to or insurance effected for the auditors of the Group and of the Company during the financial year.

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY

(I) AS AT THE END OF THE FINANCIAL YEAR

- (a) Before the financial statements of the Group and of the Company were prepared, the Directors took reasonable steps:
 - (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts had been written off and that adequate provision had been made for doubtful debts; and
 - (ii) to ensure that any current assets other than debts, which were unlikely to realise their book values in the ordinary course of business have been written down to their estimated realisable values.
- (b) In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature.

(II) FROM THE END OF THE FINANCIAL YEAR TO THE DATE OF THIS REPORT

- (c) The Directors are not aware of any circumstances:
 - (i) which would necessitate bad debts to be written off or render the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any material extent;
 - (ii) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; and
 - (iii) 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.
- (d) In the opinion of the Directors:
 - (i) there has not arisen 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; and
 - (ii) no contingent or other liability has become enforceable, or is likely to become enforceable, within the period of twelve (12) months after the end of the financial year, which would or may affect the ability of the Group and of the Company to meet their obligations as and when they fall due.

DIRECTORS' REPORT

[CONT'D]

OTHER STATUTORY INFORMATION REGARDING THE GROUP AND THE COMPANY (CONT'D)

(III) AS AT THE DATE OF THIS REPORT

- (e) There are no charges on the assets of the Group and of the Company which have arisen since the end of the financial year to secure the liabilities of any other person.
- (f) There are no contingent liabilities of the Group and of the Company which have arisen since the end of the financial year.
- (g) The Directors are not aware of any circumstances not otherwise dealt with in the report or financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

Significant event during the financial year is disclosed in Note 35 to the financial statements.

AUDITORS

The auditors, BDO PLT (LLP0018825-LCA & AF 0206), have expressed their willingness to continue in office.

Auditors' remuneration of the Group and of the Company for the financial year ended 31 December 2021 amounted to RM292,300 and RM77,000 respectively.

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

.....
Dato' Sri Azizan bin Jaafar
 Director

Kuala Lumpur
 26 April 2022

.....
Dato' Ow Chee Cheoon
 Director

STATEMENT BY DIRECTORS

In the opinion of the Directors, the financial statements set out on pages 142 to 229 have been 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 at 31 December 2021 and of the financial performance and cash flows of the Group and of the Company for the financial year then ended.

On behalf of the Board,

.....
Dato' Sri Aziz bin Jaafar
Director

Kuala Lumpur
26 April 2022

.....
Dato' Ow Chee Cheoon
Director

STATUTORY DECLARATION

I, Ow Yin Yee (CA 10002), being the Director primarily responsible for the financial management of Gabungan AQRS Berhad, do solemnly and sincerely declare that the financial statements set out on pages 142 to 229 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly)
declared by the abovenamed at)
Kuala Lumpur this)
26 April 2022)

Ow Yin Yee

Before me:

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GABUNGAN AQRS BERHAD (Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gabungan AQRS Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 142 to 229.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") 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 ("ISAs"). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

(a) Revenue recognition for construction contracts and property development

Revenue from construction contracts and property development is set out in Note 6 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the satisfaction of performance obligations as stated in the contracts with customers, transaction price allocations and costs in applying the input method to recognise revenue over time, which is based on the stage of completion method. The determination of stage of completion requires management to exercise significant judgement in estimating the total costs to complete.

In estimating the budgeted contract costs and budgeted development costs, the Group considered the completeness and accuracy of its cost estimation, including its obligations to contract variations, claims and cost contingencies.

INDEPENDENT AUDITORS' REPORT

[CONT'D]

Key Audit Matters (cont'd)

(a) Revenue recognition for construction contracts and property development (cont'd)

Audit response

Our audit procedures included the following:

- (i) Reviewed the terms and conditions of the sales transactions to determine that revenue recognised conforms with the Group policies and the requirements of MFRS 15 Revenue from Contracts with Customers;
- (ii) Compared management's estimates of budgeted contract costs and budgeted development costs to relevant supporting documents and recomputed the progress towards complete satisfaction of performance obligations determined by management for revenue recognition based on actual costs incurred up to the end of the reporting period;
- (iii) Inspected documentation to support cost estimates made including contract variations and cost contingencies;
- (iv) Inquired with in-house quantity surveyors and project managers to corroborate the status of the works and the stage of completion; and
- (v) Inspected documentation from technical experts and sub-contractors in relation to variations and claims to corroborate key judgements applied by management.

(b) Recoverability of trade and other receivables

The carrying amount of trade and other receivables is set out in Note 23 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement in determining the probability of default by trade and other receivables, appropriate forward looking information and significant increase in credit risk. We focused on the audit risk that the impairment losses on trade and other receivables may be understated and hence, further impairment losses may be required.

Audit response

Our audit procedures included the following:

- (i) Assessed the expected credit loss ("ECL") for portfolios of trade receivables and other receivables based on customer segments, historical information on payment trend and forward-looking information;
- (ii) Recomputed the probability of default using historical data and forward-looking information adjustment applied by the Group;
- (iii) Inquired of management to assess the rationale underlying the relationship between the forward-looking information and expected credit losses; and
- (iv) Assessed the appropriateness of the indicators of significant increase in credit risk applied by management and the resultant basis for classification of exposure into respective stages.

INDEPENDENT AUDITORS' REPORT

[CONT'D]

Key Audit Matters (cont'd)

(c) *Impairment assessment of the carrying amount of intangible assets*

Included in intangible assets is customer contract with a carrying amount of RM27,355,028, which arose from the acquisition of a subsidiary in prior years as disclosed in Note 21 to the financial statements.

We determined this to be a key audit matter because it requires management to exercise significant judgement and estimates about the future results and key assumptions applied to probability-weighted expected cash flow projections of the subsidiary in determining the recoverable amount. These key assumptions include forecast growth in future revenues and operating profit margins, as well as determining an appropriate pre-tax discount rate and growth rates, which are among others, dependent on forecasted economic conditions.

Audit response

Our audit procedures included the following:

- (i) Reviewed cash flow projections and assessed the reasonableness of the key assumptions in the projections; and
- (ii) Evaluated the reasonableness of pre-tax discount rate by comparing to the weighted average cost of capital of the intangible assets and relevant risk factors.

(d) *Impairment assessment of the carrying amount of an investment in a subsidiary at Company level*

As at 31 December 2021, an investment in a subsidiary of the Company, Monolight IBS Building System Sdn. Bhd., was RM27,395,687, net of impairment of RM2,141,423.

We determined this to be a key audit matter because it requires management to exercise significant judgement and estimates about the future results and key assumptions applied to probability-weighted expected cash flow projections of the subsidiary. In this instance, its recoverable amount is based on its value-in-use method. These key assumptions include budgeted operating profit margins and growth rates as well as determining an appropriate pre-tax discount rate.

Audit response

Our audit procedures included the following:

- (i) Compared cash flow projections against recent performance and historical accuracy of cash flow projections prepared by management and assessed the reasonableness of key assumptions used in the probability-weighted expected cash flow projections; and
- (ii) Evaluated the reasonableness of pre-tax discount rate by comparing to the weighted average cost of capital of the Company and relevant risk factors.

INDEPENDENT AUDITORS' REPORT

[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 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 MFRSs, IFRSs, 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 ability of the Group and of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and ISAs 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 ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) 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.
- (b) 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 internal control of the Group and of the Company.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

INDEPENDENT AUDITORS' REPORT

[CONT'D]

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

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

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

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

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

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

Other Matters

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

BDO PLT

LLP0018825-LCA & AF 0206
Chartered Accountants

Kuala Lumpur
26 April 2022

Francis Cyril A/L S.R Singam

03056/04/2023 J
Chartered Accountant

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the financial year ended 31 December 2021

| | | | Group | | Company |
|--|-------|---------------|--------------------------|--------------|-------------|
| | Note | 2021 RM | 2020 RM (Restated) | 2021 RM | 2020 RM |
| Revenue | 6 | 331,205,450 | 202,262,353 | 17,319,423 | 26,652,995 |
| Cost of sales | 7 | (279,021,149) | (232,291,994) | (10,353,694) | (1,392,995) |
| Gross profit/(loss) | | 52,184,301 | (30,029,641) | 6,965,729 | 25,260,000 |
| Other income | | 3,608,021 | 6,596,478 | 1,195,577 | 574,046 |
| Net gain/(loss) on impairment of financial instruments | | 3,331,179 | (1,937,132) | (1,253,368) | (4,700,362) |
| Operating costs | | (28,420,020) | (29,642,466) | (3,261,433) | (7,840,664) |
| Finance costs | 8 | (5,936,428) | (4,991,282) | (2,292,549) | (1,071,796) |
| Share of profit of an associate, net of tax | 18 | 76,668 | 151,755 | - | - |
| Share of profit of a joint venture, net of tax | 19 | 834,072 | 364,672 | - | - |
| Profit/(Loss) before tax | | 25,677,793 | (59,487,616) | 1,353,956 | 12,221,224 |
| Taxation | 11 | (9,651,041) | 5,856,254 | 115,938 | (112,550) |
| Profit/(Loss) for the financial year | | 16,026,752 | (53,631,362) | 1,469,894 | 12,108,674 |
| Other comprehensive income, net of tax | | - | - | - | - |
| Total comprehensive income/(loss), net of tax | | 16,026,752 | (53,631,362) | 1,469,894 | 12,108,674 |
| Attributable to: | | | | | |
| Owners of the parent | | 15,708,618 | (54,270,495) | 1,469,894 | 12,108,674 |
| Non-controlling interests | 17(d) | 318,134 | 639,133 | - | - |
| | | 16,026,752 | (53,631,362) | 1,469,894 | 12,108,674 |
| Earnings/(Loss) per ordinary share attributable to equity holders of the Company: | | | | | |
| Basic earnings/(loss) per ordinary share (sen) | 12 | 2.96 | (11.00) | | |
| Diluted earnings/(loss) per ordinary share (sen) | 12 | 2.42 | (11.00) | | |

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

STATEMENTS OF FINANCIAL POSITION

as at 31 December 2021

| | Note | 31.12.2021 RM | Group 31.12.2020 RM (Restated) | 01.01.2020 RM (Restated) |
|--|-------|----------------------|---|--------------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, plant and equipment | 14 | 27,759,616 | 25,481,430 | 29,561,689 |
| Investment properties | 16 | 31,815,413 | 32,624,783 | 33,437,738 |
| Investment in an associate | 18 | 3,660,383 | 3,583,715 | 3,431,960 |
| Investment in a joint venture | 19 | 1,040,383 | 1,706,311 | 1,341,639 |
| Deferred tax assets | 20 | 3,220,010 | 9,934,994 | 6,121,832 |
| Intangible assets | 21 | 27,355,028 | 27,355,028 | 28,711,182 |
| | | 94,850,833 | 100,686,261 | 102,606,040 |
| Current assets | | | | |
| Inventories | 22 | 339,026,138 | 348,931,859 | 403,200,946 |
| Trade and other receivables | 23 | 187,034,829 | 211,694,794 | 188,989,208 |
| Contract assets | 24 | 619,000,563 | 541,884,598 | 631,656,419 |
| Other investment | 25 | 306,015 | 1,074,117 | 225,302 |
| Current tax assets | | 1,300,161 | 2,534,200 | 2,605,502 |
| Short term funds | 26 | 253,073 | 316,036 | 1,922,412 |
| Cash and bank balances | 27 | 155,939,040 | 118,390,344 | 137,501,854 |
| | | 1,302,859,819 | 1,224,825,948 | 1,366,101,643 |
| TOTAL ASSETS | | 1,397,710,652 | 1,325,512,209 | 1,468,707,683 |
| EQUITY AND LIABILITIES | | | | |
| Equity attributable to owners of the parent | | | | |
| Share capital | 28 | 355,613,547 | 325,545,730 | 325,545,730 |
| Reserves | 29 | 125,435,632 | 109,727,014 | 168,931,794 |
| | | 481,049,179 | 435,272,744 | 494,477,524 |
| Non-controlling interests | 17(d) | 2,108,365 | 6,614,231 | 6,215,098 |
| TOTAL EQUITY | | 483,157,544 | 441,886,975 | 500,692,622 |

STATEMENTS OF FINANCIAL POSITION

[CONT'D]

| | Note | 31.12.2021 RM | Group 31.12.2020 RM (Restated) | 01.01.2020 RM (Restated) |
|-------------------------------------|------|------------------|---|--------------------------------|
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Borrowings | 30 | 581,672 | 16,272,747 | 16,388,868 |
| Lease liabilities | 15 | 2,239,876 | 3,158,648 | 6,521,664 |
| Deferred tax liabilities | 20 | 1,642,048 | 309,504 | 305,313 |
| | | 4,463,596 | 19,740,899 | 23,215,845 |
| Current liabilities | | | | |
| Trade and other payables | 31 | 628,356,884 | 596,684,744 | 666,729,228 |
| Contract liabilities | 24 | 5,668,199 | 22,602,413 | 27,240,437 |
| Borrowings | 30 | 273,296,830 | 241,769,057 | 237,793,311 |
| Lease liabilities | 15 | 2,284,176 | 2,689,326 | 3,570,008 |
| Current tax liabilities | | 483,423 | 138,795 | 9,466,232 |
| | | 910,089,512 | 863,884,335 | 944,799,216 |
| TOTAL LIABILITIES | | 914,553,108 | 883,625,234 | 968,015,061 |
| TOTAL EQUITY AND LIABILITIES | | 1,397,710,652 | 1,325,512,209 | 1,468,707,683 |

STATEMENTS OF FINANCIAL POSITION

[CONT'D]

| | | Company | |
|---|------|--------------------|--------------------|
| | | 31.12.2021 | 31.12.2020 |
| | Note | RM | RM |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 14 | 354,847 | 266,428 |
| Lease receivables | 15 | 220,408 | 336,158 |
| Investments in subsidiaries | 17 | 312,535,087 | 315,236,767 |
| Investment in a joint venture | 19 | 255,000 | 255,000 |
| Other receivables | 23 | 21,697,644 | 21,942,466 |
| | | 335,062,986 | 338,036,819 |
| Current assets | | | |
| Lease receivables | 15 | 115,750 | 106,880 |
| Trade and other receivables | 23 | 39,256,526 | 14,853,138 |
| Contract assets | 24 | 2,470,473 | 1,382,840 |
| Current tax assets | | 10,052 | - |
| Short term funds | 26 | 40,384 | 107,195 |
| Cash and bank balances | 27 | 63,592,993 | 8,060,873 |
| | | 105,486,178 | 24,510,926 |
| TOTAL ASSETS | | 440,549,164 | 362,547,745 |
| EQUITY AND LIABILITIES | | | |
| Equity attributable to owners of the Company | | | |
| Share capital | 28 | 355,613,547 | 325,545,730 |
| Reserves | 29 | 17,290,344 | 15,820,450 |
| TOTAL EQUITY | | 372,903,891 | 341,366,180 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Lease liabilities | 15 | 495,748 | 511,048 |
| | | 495,748 | 511,048 |

STATEMENTS OF FINANCIAL POSITION

[CONT'D]

| | | | Company |
|-------------------------------------|------|------------------|------------------|
| | Note | 31.12.2021 RM | 31.12.2020 RM |
| LIABILITIES | | | |
| Current liabilities | | | |
| Trade and other payables | 31 | 15,562,405 | 11,847,297 |
| Borrowings | 30 | 51,376,395 | 8,506,299 |
| Lease liabilities | 15 | 210,725 | 209,295 |
| Current tax liabilities | | - | 107,626 |
| | | 67,149,525 | 20,670,517 |
| TOTAL LIABILITIES | | 67,645,273 | 21,181,565 |
| TOTAL EQUITY AND LIABILITIES | | 440,549,164 | 362,547,745 |

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2021

| Group | Note | Non-distributable | | | Distributable | | Total attributable to owners of the parent RM | Non- controlling interests RM | Total equity RM |
|---|------|------------------------|--------------------------|----------------------------|---------------|--------------|---|--|-----------------------|
| | | Share capital RM | Treasury shares RM | Retained earnings RM | | | | | |
| Balance as at 1 January 2020, as previously reported | | 325,545,730 | (1,427,468) | 184,924,249 | | 509,042,511 | 6,215,098 | 515,257,609 | |
| Effects of IFRIC Agenda Decision on IAS 23 | 37 | - | - | (14,564,987) | | (14,564,987) | - | (14,564,987) | |
| Balance as at 1 January 2020, as restated | | 325,545,730 | (1,427,468) | 170,359,262 | | 494,477,524 | 6,215,098 | 500,692,622 | |
| (Loss)/Profit for the financial year | | - | - | (54,270,495) | | (54,270,495) | 639,133 | (53,631,362) | |
| Other comprehensive income, net of tax | | - | - | - | | - | - | - | |
| Total comprehensive (loss)/income, net of tax | | - | - | (54,270,495) | | (54,270,495) | 639,133 | (53,631,362) | |
| Transactions with owners | | | | | | | | | |
| Dividend payable | 13 | - | - | (4,934,285) | | (4,934,285) | - | (4,934,285) | |
| Dividend paid to non-controlling interests | | - | - | - | | - | (240,000) | (240,000) | |
| Total transactions with owners | | - | - | (4,934,285) | | (4,934,285) | (240,000) | (5,174,285) | |
| Balance as at 31 December 2020 | | 325,545,730 | (1,427,468) | 111,154,482 | | 435,272,744 | 6,614,231 | 441,886,975 | |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

[CONT'D]

| Group | Note | Non-distributable | | | Distributable | | Total attributable to owners of the parent RM | Non- controlling interests RM | Total equity RM |
|---|------|------------------------|--------------------------|----------------------------|---------------|--------------|---|--|-----------------------|
| | | Share capital RM | Treasury shares RM | Retained earnings RM | | | | | |
| Balance as at 1 January 2021, as previously reported | | 325,545,730 | (1,427,468) | 125,536,985 | | 449,655,247 | 6,614,231 | 456,269,478 | |
| Effects of IFRIC Agenda Decision on IAS 23 | 37 | - | - | (14,382,503) | | (14,382,503) | - | (14,382,503) | |
| Balance as at 1 January 2021, as restated | | 325,545,730 | (1,427,468) | 111,154,482 | | 435,272,744 | 6,614,231 | 441,886,975 | |
| Profit for the financial year | | - | - | 15,708,618 | | 15,708,618 | 318,134 | 16,026,752 | |
| Other comprehensive income, net of tax | | - | - | - | | - | - | - | |
| Total comprehensive income, net of tax | | - | - | 15,708,618 | | 15,708,618 | 318,134 | 16,026,752 | |
| Transactions with owners | | | | | | | | | |
| Ordinary shares issued pursuant to private placement | 28 | 30,153,417 | - | - | | 30,153,417 | - | 30,153,417 | |
| Share issuance expenses | 28 | (85,600) | - | - | | (85,600) | - | (85,600) | |
| Dividend paid to non-controlling interests | | - | - | - | | - | (4,824,000) | (4,824,000) | |
| Total transactions with owners | | 30,067,817 | - | - | | 30,067,817 | (4,824,000) | 25,243,817 | |
| Balance as at 31 December 2021 | | 355,613,547 | (1,427,468) | 126,863,100 | | 481,049,179 | 2,108,365 | 483,157,544 | |

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

STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 December 2021

| Company | Note | Non-distributable Share capital RM | Treasury shares RM | Distributable Retained earnings RM | Total equity RM |
|--|------|---|--------------------------|---|-----------------------|
| Balance as at 1 January 2020 | | 325,545,730 | (1,427,468) | 10,073,529 | 334,191,791 |
| Profit for the financial year | | - | - | 12,108,674 | 12,108,674 |
| Other comprehensive income, net of tax | | - | - | - | - |
| Total comprehensive income, net of tax | | - | - | 12,108,674 | 12,108,674 |
| Transaction with owners | | | | | |
| Dividend payable | 13 | - | - | (4,934,285) | (4,934,285) |
| Total transaction with owners | | - | - | (4,934,285) | (4,934,285) |
| Balance as at 31 December 2020 | | 325,545,730 | (1,427,468) | 17,247,918 | 341,366,180 |
| Balance as at 1 January 2021 | | 325,545,730 | (1,427,468) | 17,247,918 | 341,366,180 |
| Profit for the financial year | | - | - | 1,469,894 | 1,469,894 |
| Other comprehensive income, net of tax | | - | - | - | - |
| Total comprehensive income, net of tax | | - | - | 1,469,894 | 1,469,894 |
| Transaction with owners | | | | | |
| Ordinary shares issued pursuant to private placement | 28 | 30,153,417 | - | - | 30,153,417 |
| Share issuance expenses | 28 | (85,600) | - | - | (85,600) |
| Total transaction with owners | | 30,067,817 | - | - | 30,067,817 |
| Balance as at 31 December 2021 | | 355,613,547 | (1,427,468) | 18,717,812 | 372,903,891 |

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

STATEMENTS OF CASH FLOWS

for the financial year ended 31 December 2021

| | | Group | | Company | |
|--|-------|-------------|--------------------------|-------------|--------------|
| | Note | 2021 RM | 2020 RM (Restated) | 2021 RM | 2020 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Profit/(Loss) before tax | | 25,677,793 | (59,487,616) | 1,353,956 | 12,221,224 |
| Adjustments for: | | | | | |
| Depreciation of: | | | | | |
| - property, plant and equipment | 14 | 6,269,816 | 5,600,464 | 101,422 | 103,133 |
| - investment properties | 16 | 813,282 | 812,955 | - | - |
| Dividend income | 6 | - | - | (6,726,000) | (25,260,000) |
| Fair value loss/(gain) on: | | | | | |
| - other investment | | 768,102 | (848,815) | - | - |
| - short term fund | | (1,602) | (3,868) | - | - |
| Loss/(Gain) on disposal of property, plant and equipment | | 4,372 | (80,001) | - | - |
| Gain on lease modification | 14(d) | (3,887) | (140,463) | - | - |
| Impairment losses on: | | | | | |
| - trade receivables | 23(i) | 2,249,107 | 3,632,402 | - | - |
| - other receivables | 23(k) | 483,645 | 747,319 | 535,915 | 2,989,099 |
| - contract assets | 24(f) | 821,172 | 455,086 | 15,773 | 10,155 |
| - investments in subsidiaries | 17(g) | - | - | - | 5,604,607 |
| - equity loan | 17(h) | - | - | 701,680 | 1,701,108 |
| - intangible assets | 21 | - | 1,356,154 | - | - |
| - property, plant and equipment | 14(f) | - | 1,151,362 | - | - |
| Interest expense | | 7,657,605 | 5,223,671 | 2,292,549 | 1,071,796 |
| Interest income | | (1,264,591) | (2,257,945) | (1,145,159) | (566,793) |
| Inventories written down | 7 | - | 7,476,250 | - | - |
| Lease concession | 15 | - | (5,960) | (46,368) | - |
| Property, plant and equipment written off | 14 | - | 3,601 | - | - |
| Reversal of impairment losses on: | | | | | |
| - trade receivables | 23(i) | (6,472,069) | (1,814,391) | - | - |
| - other receivables | 23(k) | (121) | (108,052) | - | - |
| - contract assets | 24(f) | (412,913) | (975,232) | - | - |
| - property, plant and equipment | 14 | (1,054,823) | - | - | - |
| Share of profit of an associate, net of tax | 18 | (76,668) | (151,755) | - | - |
| Share of profit of a joint venture, net of tax | 19 | (834,072) | (364,672) | - | - |
| Operating profit/(loss) before changes working capital changes | | 34,624,148 | (39,779,506) | (2,916,232) | (2,125,671) |

STATEMENTS OF CASH FLOWS

[CONT'D]

| | | Group | | Company | |
|--|-------|--------------|--------------------------|--------------|--------------|
| | Note | 2021 RM | 2020 RM (Restated) | 2021 RM | 2020 RM |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| (CONT'D) | | | | | |
| Changes in working capital: | | | | | |
| Inventories | | 9,905,721 | 46,792,837 | - | - |
| Lease receivables | | - | - | 138,000 | 138,000 |
| Trade and other receivables | | 28,399,402 | (25,162,864) | 72,396 | 24,979,784 |
| Contract assets | | (77,524,224) | 90,291,967 | (1,103,406) | (1,392,995) |
| Trade and other payables | | 31,672,141 | (74,978,769) | (4,247,851) | (5,798,035) |
| Contract liabilities | | (16,934,214) | (4,638,024) | - | - |
| Cash generated from/(used in) operations | | 10,142,974 | (7,474,359) | (8,057,093) | 15,801,083 |
| Interest paid | | (3,815,456) | (2,780,314) | (51,806) | - |
| Interest received | | 1,266,193 | 2,261,813 | 201,531 | 270,537 |
| Tax paid | | (1,336,926) | (9,927,630) | (1,740) | (13,614) |
| Tax refunded | | 1,312,080 | 2,718,778 | - | - |
| Net cash from/(used in) operating activities | | 7,568,865 | (15,201,712) | (7,909,108) | 16,058,006 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Advances to subsidiaries | | - | - | (14,228,956) | (10,085,011) |
| Dividend received from joint venture | | 1,500,000 | - | 1,500,000 | - |
| Dividend received from subsidiaries | | - | - | 5,226,000 | 260,000 |
| Proceeds from disposals of property, plant and equipment | | 13,943 | 80,002 | - | - |
| Purchases of: | | | | | |
| - property, plant and equipment | 14(d) | (5,986,694) | (3,556,081) | - | - |
| - investment properties | 16 | (3,912) | - | - | - |
| (Placements)/Withdrawals of fixed deposits pledged | | (41,628,730) | 3,190,309 | (56,554,241) | 706,738 |
| Net cash used in investing activities | | (46,105,393) | (285,770) | (64,057,197) | (9,118,273) |

STATEMENTS OF CASH FLOWS

[CONT'D]

| | | Group | | Company | |
|--|-------|---------------|--------------------------|--------------|--------------|
| | Note | 2021 RM | 2020 RM (Restated) | 2021 RM | 2020 RM |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Interest paid | | - | - | (1,852,988) | (760,446) |
| Issuance of ordinary shares pursuant to private placement | 28 | 30,153,417 | - | 30,153,417 | - |
| Share issuance expenses | 28 | (85,600) | - | (85,600) | - |
| Dividend paid to non-controlling interests | | (4,824,000) | (240,000) | - | - |
| Drawdowns of term loans | | 82,133,905 | 8,531,379 | - | - |
| Repayment of lease liabilities | | (3,137,633) | (3,688,769) | (207,552) | (253,920) |
| Repayments of revolving credits | | (107,788) | (118,648) | - | - |
| Repayments of term loans | | (26,641,489) | (10,571,138) | - | - |
| Net cash from/(used in) financing activities | | 77,490,812 | (6,087,176) | 28,007,277 | (1,014,366) |
| Net increase/(decrease) in cash and cash equivalents | | 38,954,284 | (21,574,658) | (43,959,028) | 5,925,367 |
| Cash and cash equivalents at beginning of financial year | | (200,815,111) | (179,240,453) | (5,252,110) | (11,177,477) |
| Cash and cash equivalents at end of financial year | 27(f) | (161,860,827) | (200,815,111) | (49,211,138) | (5,252,110) |

STATEMENTS OF CASH FLOWS

[CONT'D]

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

| | Lease liabilities (Note 15) | | Term loans (Note 30) | | Revolving credits (Note 30) | |
|--|--------------------------------|---------------|---------------------------|---------------|--------------------------------|---------------|
| | Group RM | Company RM | Group RM (Restated) | Company RM | Group RM | Company RM |
| At 1 January 2020 | 10,091,672 | 915,640 | 40,695,823 | - | 2,000,000 | - |
| Cash flows | (3,688,769) | (253,920) | (2,039,759) | - | (118,648) | - |
| Non-cash flows : | | | | | | |
| - Unwinding of interest | 472,406 | 58,623 | 1,852,303 | - | 118,648 | - |
| - Additions during the year | 1,338,457 | - | - | - | - | - |
| - Termination and expiration during the year | (2,359,832) | - | - | - | - | - |
| - Lease concessions | (5,960) | - | - | - | - | - |
| As 31 December 2020/ 1 January 2021 | 5,847,974 | 720,343 | 40,508,367 | - | 2,000,000 | - |
| Cash flows | (3,137,633) | (207,552) | 55,492,416 | - | (107,788) | - |
| Non-cash flows : | | | | | | |
| - Unwinding of interest | 292,798 | 50,209 | 3,441,563 | - | 107,788 | - |
| - Additions during the year | 1,313,493 | - | - | - | - | - |
| - Remeasurements during the year | 305,039 | 189,841 | - | - | - | - |
| - Termination and expiration during the year | (97,619) | - | - | - | - | - |
| - Lease concessions | - | (46,368) | - | - | - | - |
| At 31 December 2021 | 4,524,052 | 706,473 | 99,442,346 | - | 2,000,000 | - |

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. CORPORATE INFORMATION

Gabungan AQRS Berhad ("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 registered office of the Company is located at G-58-3, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The principal place of business of the Company is located at Lot 58-G, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The consolidated financial statements for the financial year ended 31 December 2021 comprise the Company and its subsidiaries and the interests of the Group in an associate and a joint venture. These financial statements are presented in Ringgit Malaysia ("RM"), which is also the functional currency of the Company.

The financial statements were authorised for issue in accordance with a resolution by the Board of Directors on 26 April 2022.

2. PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities and details of the subsidiaries are set out in Note 17(c) to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

The accounting policies adopted are consistent with those of the previous financial year except for the effects of adoption of new MFRS during the financial year. The new MFRSs and Amendments to MFRSs adopted during the financial year are disclosed in Note 36.1 to the financial statements.

The Group adopted IFRS Interpretations Committee ("IFRIC") Agenda Decision on IAS 23 Borrowing Costs as at 1 January 2020 retrospectively. The Group has consistently applied the Standard in its opening statements of financial position as at 1 January 2020 and throughout the financial years presented, as if the Standard had always been in effect. In relation to this, comparative figures of the Group for the financial year ended 31 December 2020 in these financial statements, including their opening statements of financial position as at 1 January 2020, have been restated to give effect to these changes as summarised in Note 37 to the financial statements.

The financial statements of the Group and of the Company have been prepared under the historical cost convention except as otherwise stated in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

4. OPERATING SEGMENTS

Gabungan AQRS Berhad and its subsidiaries are principally engaged in construction, property development, property investment, provision of management services and investment holding.

Gabungan AQRS Berhad has arrived at two (2) reportable segments that are organised and managed separately according to the nature of products and services, specific expertise and technologies requirements, which require different business and marketing strategies. The reportable segments are summarised as follows:

(i) Construction

Securing and carrying out construction contracts.

(ii) Property development

Development of residential and commercial properties.

Other operating segments comprise property investment, provision of management services and investment holding.

The Group evaluates performance on the basis of profit or loss from operations before tax not including non-recurring losses, such as restructuring costs and goodwill impairment, if any.

Inter-segment revenue is priced along the same lines as sales to external customers and is eliminated in the consolidated financial statements. These policies have been applied consistently throughout the current and previous financial years.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

4. OPERATING SEGMENTS (CONT'D)

| 2021 | Construction RM | Property development RM | Other operating segments RM | Total RM |
|---|--------------------|-------------------------------|--------------------------------------|----------------------|
| Segment revenue | | | | |
| Total revenue | 346,326,833 | 62,419,730 | 16,413,930 | 425,160,493 |
| Inter segment revenue | (81,279,617) | - | (12,675,426) | (93,955,043) |
| Revenue from external customers | 265,047,216 | 62,419,730 | 3,738,504 | 331,205,450 |
| Interest income | 1,037,823 | 25,237 | 201,531 | 1,264,591 |
| Finance costs | (2,180,488) | (1,739,476) | (2,016,464) | (5,936,428) |
| Net finance (expenses)/income | (1,142,665) | (1,714,239) | (1,814,933) | (4,671,837) |
| Segment profit/(loss) before tax | 40,800,110 | (12,076,091) | 3,657,257 | 32,381,276 |
| Share of profit of an associate, net of tax | 76,668 | - | - | 76,668 |
| Share of profit of a joint venture, net of tax | - | - | 834,072 | 834,072 |
| Taxation | (9,305,306) | 669,798 | (1,015,533) | (9,651,041) |
| Other material non-cash item: | | | | |
| - Depreciation of: | | | | |
| - Property, plant and equipment | (5,496,046) | (161,806) | (611,964) | (6,269,816) |
| - Investment properties | (104,289) | - | (708,993) | (813,282) |
| - Impairment loss on: | | | | |
| - trade receivables | (585,351) | (1,632,658) | (31,098) | (2,249,107) |
| - other receivables | (411,392) | (71,712) | (541) | (483,645) |
| - contract assets | (712,505) | (108,667) | - | (821,172) |
| - Reversal of impairment loss on: | | | | |
| - trade receivables | 6,375,342 | 96,727 | - | 6,472,069 |
| - contract assets | 411,421 | 1,492 | - | 412,913 |
| Investment in an associate | 3,660,383 | - | - | 3,660,383 |
| Investment in a joint venture | - | - | 1,040,383 | 1,040,383 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 7,175,734 | 95,673 | 32,692 | 7,304,099 |
| Segment assets | 947,847,759 | 550,603,547 | 529,103,327 | 2,027,554,633 |
| Segment liabilities | 697,165,824 | 493,467,471 | 87,947,693 | 1,278,580,988 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

4. OPERATING SEGMENTS (CONT'D)

| 2020 | Construction RM | Property development RM (Restated) | Other operating segments RM | Total RM (Restated) |
|---|---------------------|---|--------------------------------------|---------------------------|
| Segment revenue | | | | |
| Total revenue | 175,771,414 | 51,587,413 | 44,399,761 | 271,758,588 |
| Inter segment revenue | (30,850,490) | (5,600,000) | (33,045,745) | (93,955,043) |
| Revenue from external customers | 144,920,924 | 45,987,413 | 11,354,016 | 202,262,353 |
| Interest income | 1,947,329 | 40,079 | 270,537 | 2,257,945 |
| Finance costs | (2,340,237) | (1,426,589) | (1,224,456) | (4,991,282) |
| Net finance income/(expenses) | (392,908) | (1,386,510) | (953,919) | (2,733,337) |
| Segment profit/(loss) before tax | (28,672,413) | (32,060,570) | 20,505,911 | (40,227,072) |
| Share of profit of an associate, net of tax | 151,755 | - | - | 151,755 |
| Share of profit of a joint venture, net of tax | - | - | 364,672 | 364,672 |
| Taxation | 6,629,781 | 89,156 | (862,683) | 5,856,254 |
| Other material non-cash item: | | | | |
| - Depreciation of: | | | | |
| - Property, plant and equipment | (4,769,604) | (218,983) | (611,877) | (5,600,464) |
| - Investment properties | (104,288) | - | (708,667) | (812,955) |
| - Impairment loss on: | | | | |
| - intangible assets | (1,356,154) | - | - | (1,356,154) |
| - trade receivables | (2,897,178) | (181,510) | (553,714) | (3,632,402) |
| - other receivables | (740,379) | (6,940) | - | (747,319) |
| - contract assets | (229,540) | (225,546) | - | (455,086) |
| - Inventories written down | - | (7,476,250) | - | (7,476,250) |
| - Reversal of impairment loss on: | | | | |
| - trade receivables | - | 1,811,959 | 2,432 | 1,814,391 |
| - other receivables | 104,704 | 3,071 | 277 | 108,052 |
| - contract assets | 921,566 | 53,666 | - | 975,232 |
| Investment in an associate | 3,583,715 | - | - | 3,583,715 |
| Investment in a joint venture | - | - | 1,706,311 | 1,706,311 |
| Additions to non-current assets other than financial instruments and deferred tax assets | 4,781,830 | 122,175 | 8,294 | 4,912,299 |
| Segment assets | 926,302,575 | 534,663,251 | 443,054,917 | 1,904,020,743 |
| Segment liabilities | 707,115,443 | 453,401,084 | 34,608,824 | 1,195,125,351 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

4. OPERATING SEGMENTS (CONT'D)

(a) Reconciliations

Reconciliations of reportable segment profit or loss to the corresponding amounts of the Group are as follows:

| | 2021 RM | Group 2020 RM (Restated) |
|---|---------------|-----------------------------------|
| Profit for the financial year | | |
| Total profit or loss for reportable segments | 32,381,276 | (40,227,072) |
| Elimination of inter-segment profit | (7,614,223) | (18,420,817) |
| Impairment loss on intangible assets | - | (1,356,154) |
| Share of profit of an associate, net of tax | 76,668 | 151,755 |
| Share of profit of a joint venture, net of tax | 834,072 | 364,672 |
| Profit/(Loss) before tax | 25,677,793 | (59,487,616) |
| Taxation | (9,651,041) | 5,856,254 |
| Profit/(Loss) for the financial year of the Group per consolidated statement of profit or loss and other comprehensive income | 16,026,752 | (53,631,362) |
| Assets | | |
| Total assets for reportable segments | 2,027,554,633 | 1,904,020,743 |
| Elimination of investments in subsidiaries and consolidation adjustments | (272,819,745) | (272,778,503) |
| Elimination of inter-segment balances | (357,024,236) | (305,730,031) |
| Assets of the Group per consolidated statement of financial position | 1,397,710,652 | 1,325,512,209 |
| Liabilities | | |
| Total liabilities for reportable segments | 1,278,580,988 | 1,195,125,351 |
| Elimination of consolidation adjustments | (7,003,644) | (5,770,086) |
| Elimination of inter-segment balances | (357,024,236) | (305,730,031) |
| Liabilities of the Group per consolidated statement of financial position | 914,553,108 | 883,625,234 |

(b) Geographical information

As the operations of the Group are mainly predominated in Malaysia, no segment information is presented on geographical segments.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

4. OPERATING SEGMENTS (CONT'D)

(c) Major customers

The following are major customers with revenue equal to or more than ten per centum (10%) of Group revenue for current and prior year:

| | 2021 RM | Group 2020 RM |
|------------|-------------|---------------------|
| Customer A | 81,700,045 | 46,380,226 |
| Customer B | 134,421,247 | 77,756,831 |
| Customer C | - * | 23,669,527 |
| | 216,121,292 | 147,806,584 |

* Revenue is less than 10% in 2021

The above customers are related to the construction segment.

5. CAPITAL AND FINANCIAL RISK MANAGEMENT

(a) Capital management

The primary objective of the capital management of the Group is to ensure that entities of the Group would be able to continue as going concerns whilst maximising return to shareholders through the optimisation of the debt and equity ratios. The overall strategy of the Group remains unchanged from that in the previous financial year.

The Group manages its capital structure and makes adjustments to it in response to changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The strategy of the Group is to maintain the balance between debt and equity and to ensure sufficient operating cash flows to repay its liabilities as and when they fall due. The Group includes within net debt, loans and borrowings and lease liabilities, less cash and bank balances (including fixed deposits with licensed banks) and short term funds. Capital represents total equity.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(a) Capital management (cont'd)

| | 2021 RM | Group 2020 RM (Restated) | Company 2021 RM | 2020 RM |
|------------------------------|---------------|-----------------------------------|-----------------------|-------------|
| Borrowings | 273,878,502 | 258,041,804 | 51,376,395 | 8,506,299 |
| Lease liabilities : | | | | |
| - Financial institutions | 794,023 | 1,134,689 | - | - |
| - Non-financial institutions | 1,543,977 | 2,463,191 | - | - |
| | 276,216,502 | 261,639,684 | 51,376,395 | 8,506,299 |
| Less: | | | | |
| Short term funds | (253,073) | (316,036) | (40,384) | (107,195) |
| Cash and bank balances | (155,939,040) | (118,390,344) | (63,592,993) | (8,060,873) |
| Net debt/(cash) | 120,024,389 | 142,933,304 | (12,256,982) | 338,231 |
| Total capital | 483,157,544 | 441,886,975 | 372,903,891 | 341,366,180 |
| Net debt | 120,024,389 | 142,933,304 | (12,256,982) | 338,231 |
| Total | 603,181,933 | 584,820,279 | 360,646,909 | 341,704,411 |

| | | | | |
|---------------|-----|-----|---|----|
| Gearing ratio | 20% | 24% | * | ** |
|---------------|-----|-----|---|----|

* Gearing ratio is not presented as the Company is in net cash position as at the end of the reporting period.

** Represents 0.1%.

Pursuant to the requirements of Practice Note No. 17/2005 of Bursa Malaysia Securities Berhad, the Group is required to maintain a consolidated shareholders' equity of not less than or equals to twenty-five percent (25%) of the issued share capital (excluding any treasury shares) and such shareholders' equity is not less than RM40,000,000. The Company has complied with this requirement for the financial year ended 31 December 2021.

The Group is not subject to any other externally imposed capital requirements.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies

The financial risk management objective of the Group is to optimise value creation for shareholders whilst minimising the potential adverse impact arising from fluctuations in interest rates and the unpredictability of the financial markets.

The exposure to these risks arises in the normal course of the business of the Group. The overall business strategies of the Group outlines its tolerance to risk and its general risk management philosophy and is determined by the management in accordance with prevailing economic and operating conditions.

The Group is exposed mainly to liquidity and cash flow risk, interest rate risk, credit risk, market price risk and foreign currency risk. Information on the management of the related exposures is detailed below.

(i) Liquidity and cash flow risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all operating, investing and financing needs are met. In executing its liquidity risk management strategy, the Group measures and forecasts its cash commitments and maintains a level of cash and cash equivalents deemed adequate to finance the activities of the Group.

During the current financial year, the Group was in an overall cash deficit position as disclosed in statements of cash flows as at 31 December 2021.

The Group has prepared a cash flow forecast for the twelve (12) month from the date of the end of the financial statements based on their past performance after considering the current economic conditions. Based on the cash flow forecast, the Directors are confident that the Group is able to generate sufficient cash flows for the next twelve (12) month from the reporting date to meet its cash flows requirements to realise its assets and to discharge its liabilities in the normal course of business. In addition, as of 31 December 2021, the Group has an amount of approximately RM188.7 million unutilised banking facilities.

The analysis of financial instruments by remaining contractual maturities has been disclosed in Notes 15, 30 and 31 to the financial statements respectively.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the financial instruments of the Group and of the Company would fluctuate because of changes in market interest rates.

The exposure of the Group and of the Company to interest rate risk arises primarily from its amounts owing from subsidiaries, fixed deposits with licensed banks, bank borrowings and amounts owing to subsidiaries. The Group borrows at both floating and fixed rates of interest to generate the desired interest profile and to manage the exposure of the Group to interest rate fluctuations.

The interest rate profile and sensitivity analysis of interest rate risk have been disclosed in Notes 23, 26, 27, 30 and 31 to the financial statements respectively.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

5. CAPITAL AND FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Financial risk management objectives and policies (cont'd)

(iii) Credit risk

Cash deposits and trade receivables could give rise to credit risk which requires the loss to be recognised if a counter party fails to perform as contracted. The counter parties are reputable institutions and organisations. It is the policy of the Group to monitor the financial standing of these counter parties on an ongoing basis to ensure that the Group is exposed to minimal credit risk.

The primary exposure of the Group to credit risk arises through its trade receivables. The trading terms of the Group with its customers are mainly on credit, except for new customers, where deposits in advance are normally required. The credit period is generally for a period of one (1) month, extending up to two (2) months for major customers. Each customer has a maximum credit limit and the Group seeks to maintain strict control over its outstanding receivables via a credit control section to minimise credit risk. Overdue balances are reviewed regularly by senior management.

At the end of each reporting period, the maximum exposure of the Group and of the Company to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

The credit risk concentration profiles have been disclosed in Note 23 to the financial statements.

(iv) Market price risk

Market price risk is the risk that the fair value or future cash flows of the financial instruments of the Group would fluctuate because of changes in market prices (other than interest or exchange rates).

The Group and the Company are exposed to market price risk arising from other investment and short term funds, which are quoted. These instruments are classified as financial assets designated at fair value through profit or loss.

The sensitivity analysis of market price risk has been disclosed in Notes 25 and 26 to the financial statements respectively.

(v) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument would fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk arising from other investment, where the currency denomination differs from the functional currency, RM. Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure the net exposure is at an acceptable level.

The sensitivity analysis of foreign currency risk has been disclosed in Note 25 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

6. REVENUE

| | Group | | Company | |
|---|-------------|-------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Revenue from contracts with customers: | | | | |
| Construction contracts | 265,047,216 | 144,920,924 | 10,593,423 | 1,392,995 |
| Property development revenue | 49,282,145 | 38,378,082 | - | - |
| Sales of completed properties | 13,137,585 | 7,609,331 | - | - |
| Other revenue: | | | | |
| Rental income | 3,738,504 | 11,354,016 | - | - |
| Dividend income from | | | | |
| - subsidiaries | - | - | 5,226,000 | 25,260,000 |
| - a joint venture | - | - | 1,500,000 | - |
| | 331,205,450 | 202,262,353 | 17,319,423 | 26,652,995 |

Disaggregation of revenue from contracts with customers has been presented in the operating segments, Note 4 to the financial statements.

(a) Construction contracts

Revenue from contract works are recognised over the period of the contracts by reference to the progress towards complete satisfaction of that performance obligations. Progress is determined on the proportion of construction contract costs incurred for work performed to date against total estimated construction contract costs where the outcome of the project can be estimated reliably.

Significant judgements are required in determining the stage of completion, the extent of the construction costs incurred, the estimated total construction revenue and costs. In making the judgements, the Group evaluates based on past experience and by relying on the work of specialists.

(b) Property development

The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that 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 (e.g. by reference to the property development costs incurred to date as a percentage of the estimated total cost of development of the contract).

Significant judgements are required in determining the stage of completion, the extent of the property development costs incurred, the estimated total property development revenue and costs. In making the judgements, the Group evaluates based on past experience and by relying on the work of specialists.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

6. REVENUE (CONT'D)

(c) Sales on completed properties

The Group recognises sales at a point in time for the sale of completed properties, when the control of the properties has been transferred to the purchasers, being when the properties have been completed and delivered to the customers and it is probable that the Group will collect the considerations to which it would be entitled to in exchange for the assets sold.

There is no significant financing component in the revenue arising from sale of completed properties as the sales are made on the normal credit terms not exceeding twelve months.

(d) Rental income

Rental income is accounted for on a straight line basis over the lease term of an ongoing lease. The aggregate cost of incentives provided to the lessee is recognised as reduction of rental income over the lease term on a straight line basis.

(e) Dividend income

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

7. COST OF SALES

| | 2021 RM | Group 2020 RM (Restated) | Company 2021 RM | 2020 RM |
|--------------------------------------|-------------|-----------------------------------|-----------------------|------------|
| Completed properties sold | 16,740,025 | 10,970,030 | - | - |
| Property development costs | 51,427,930 | 50,053,641 | - | - |
| Construction contract costs | 216,209,994 | 163,792,073 | 10,353,694 | 1,392,995 |
| Inventories written down | - | 7,476,250 | - | - |
| Reversal of inventories written down | (5,356,800) | - | - | - |
| | 279,021,149 | 232,291,994 | 10,353,694 | 1,392,995 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

8. FINANCE COSTS

| | Group | | Company | |
|------------------------------|------------|--------------------------|------------|------------|
| | 2021 RM | 2020 RM (Restated) | 2021 RM | 2020 RM |
| Interest expense on: | | | | |
| - bank overdrafts | 3,759,202 | 2,721,815 | 1,852,988 | 760,446 |
| - revolving credits | 107,788 | 118,648 | - | - |
| - term loans | 1,826,278 | 1,852,303 | - | - |
| - lease liabilities | 186,906 | 240,017 | 50,209 | 58,623 |
| - advances from subsidiaries | - | - | 337,546 | 252,727 |
| - others | 56,254 | 58,499 | 51,806 | - |
| | 5,936,428 | 4,991,282 | 2,292,549 | 1,071,796 |

9. DIRECTORS' REMUNERATION

| | Group | | Company | |
|-------------------------------|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Directors' remuneration: | | | | |
| - Directors of the Company: | | | | |
| - fees: | | | | |
| - payable by the Company | 468,000 | 464,645 | 468,000 | 464,645 |
| - emoluments other than fees: | | | | |
| - payable by Company | 27,178 | 35,394 | 27,178 | 35,394 |
| - payable by the subsidiaries | 3,624,071 | 3,587,570 | - | - |
| | 4,119,249 | 4,087,609 | 495,178 | 500,039 |
| Directors of subsidiaries: | | | | |
| - emoluments other than fees | 1,291,002 | 1,337,508 | - | - |
| | 5,410,251 | 5,425,117 | 495,178 | 500,039 |

The estimated monetary value of benefits-in-kind received by the Directors other than in cash from the Group amounted to RM184,150 (2020: RM184,150).

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

10. EMPLOYEE BENEFITS

| | Group | | Company | |
|-----------------------------|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Wages and salaries | 20,352,331 | 22,129,631 | 216,240 | 208,125 |
| EPF and Socso contributions | 2,535,910 | 2,671,723 | 29,569 | 28,534 |
| Other employee benefits | 745,359 | 349,471 | 13,436 | 390 |
| | 23,633,600 | 25,150,825 | 259,245 | 237,049 |

Included in the employee benefits of the Group are Directors' remuneration amounting to RM4,942,251 (2020: RM4,960,473).

11. TAXATION

| | Group | | Company | |
|---|------------|-------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Current year tax expense based on profit for the financial year | 1,510,032 | 2,117,614 | - | 119,334 |
| Under/(Over) provision in prior years | 93,481 | (4,164,897) | (115,938) | (6,784) |
| | 1,603,513 | (2,047,283) | (115,938) | 112,550 |
| Deferred tax (Note 20): | | | | |
| - Relating to origination and reversal of temporary differences | 8,111,078 | (5,153,122) | - | - |
| - (Over)/Under provision in prior years | (63,550) | 1,344,151 | - | - |
| | 8,047,528 | (3,808,971) | - | - |
| | 9,651,041 | (5,856,254) | (115,938) | 112,550 |

- (a) The Malaysian income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated taxable profits for the fiscal year.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

11. TAXATION (CONT'D)

- (b) The numerical reconciliation between the tax expense and the product of accounting profit/(loss) multiplied by the applicable tax rates of the Group and of the Company are as follows:

| | Group | | Company | |
|---|--------------------|-----------------------------------|--------------------|--------------------|
| | 2021 RM | 2020 RM (Restated) | 2021 RM | 2020 RM |
| Profit/(Loss) before tax | 25,677,793 | (59,487,616) | 1,353,956 | 12,221,224 |
| Tax at Malaysian statutory tax rate of 24% (2020: 24%) | 6,162,670 | (14,277,028) | 324,949 | 2,933,094 |
| Tax effects in respect of: | | | | |
| Non-allowable expenses | 8,863,888 | 8,231,729 | 1,526,010 | 3,256,509 |
| Non-taxable income | (3,503,916) | (1,235,138) | (1,852,061) | (6,071,835) |
| Deferred tax assets not recognised | 440,949 | 4,443,126 | 1,102 | 1,566 |
| Utilisation of previously unrecognised deferred tax assets | (2,342,481) | (198,197) | - | - |
| | 9,621,110 | (3,035,508) | - | 119,334 |
| Under/(Over) provision in prior years | | | | |
| - current tax expense | 93,481 | (4,164,897) | (115,938) | (6,784) |
| - deferred tax expense | (63,550) | 1,344,151 | - | - |
| | 9,651,041 | (5,856,254) | (115,938) | 112,550 |

12. EARNINGS/(LOSS) PER ORDINARY SHARE

- (a) Basic

Basic earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year after deducting treasury shares.

| | 2021 | Group 2020 (Restated) |
|--|---------------------------|--------------------------------------|
| Profit/(Loss) for the financial year attributable to equity holders of the parent (RM) | 15,708,618 | (54,270,495) |
| Weighted average number of ordinary shares in issue (unit) - private placement | 493,428,523 36,635,378 | 493,428,523 - |
| Adjusted weighted average number of ordinary shares applicable to basic earnings per ordinary share | 530,063,901 | 493,428,523 |
| Basic earnings/(loss) per ordinary share (sen) | 2.96 | (11.00) |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

12. EARNINGS/(LOSS) PER ORDINARY SHARE (CONT'D)

(b) Diluted

Diluted earnings/(loss) per ordinary share for the financial year is calculated by dividing the profit/(loss) for the financial year attributable to equity holders of the parent by the weighted average number of ordinary shares outstanding during the financial year adjusted for the effects of dilutive potential ordinary shares.

| | 2021 | Group 2020 (Restated) |
|--|-------------|-----------------------------|
| Profit/(Loss) for the financial year attributable to equity holders of the parent (RM) | 15,708,618 | (54,270,495) |
| Adjusted weighted average number of ordinary shares applicable to diluted earnings per share | 530,063,901 | 493,428,523 |
| Effect of outstanding warrants convertible into ordinary shares | 119,394,407 | - |
| Adjusted weighted average number of ordinary shares applicable to diluted earnings per share | 649,458,308 | 493,428,523 |
| Diluted earnings/(loss) per ordinary share (sen) | 2.42 | (11.00) |

13. DIVIDEND

| | Group and Company | | | |
|--|------------------------------|-----------------------------|------------------------------|-----------------------------|
| | 2021 | 2021 | 2020 | 2020 |
| | Dividend per share Sen | Amount of dividend RM | Dividend per share Sen | Amount of dividend RM |
| In respect of the financial year ended 31 December 2020 | | | | |
| First interim dividend of 1.00 sen per ordinary share, paid on 7 January 2021 | - | - | 1.00 | 4,934,285 |

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

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

14. PROPERTY, PLANT AND EQUIPMENT

| Group | Balance as at 1.1.2021 RM | Additions RM | Disposals RM | Termination and expiration of leases RM | Depreciation charge for the financial year RM | Remeasurement RM | Reversal of impairment loss for the financial year RM | Balance as at 31.12.2021 RM |
|---|------------------------------------|-----------------|-----------------|---|---|---------------------|--|--------------------------------------|
| Carrying amount | | | | | | | | |
| Leasehold land and buildings * | 13,844,547 | 8,258 | - | - | (562,082) | - | 1,054,823 | 14,345,546 |
| Information technology equipment | 10,841 | 9,120 | - | - | (5,179) | - | - | 14,782 |
| Furniture and fittings | 750,443 | 7,690 | - | - | (246,180) | - | - | 511,953 |
| Motor vehicles | 719,422 | - | (17,642) | - | (225,726) | - | - | 476,054 |
| Office and computer equipment | 1,380,132 | 368,765 | (673) | - | (591,796) | - | - | 1,156,428 |
| Operation and construction equipment | 2,747,303 | 5,568,205 | - | - | (1,593,777) | - | - | 6,721,731 |
| Plant, machinery and cabins | 569,930 | 3,420 | - | - | (169,101) | - | - | 404,249 |
| Right-of-use assets: | | | | | | | | |
| - Land | 388,801 | 69,565 | - | - | (146,256) | 34,233 | - | 346,343 |
| - Buildings | 1,382,373 | 1,055,928 | - | (93,732) | (1,174,627) | 270,806 | - | 1,440,748 |
| - Motor vehicles | 173,116 | - | - | - | (66,702) | - | - | 106,414 |
| | 3,514,522 | 209,236 | - | - | (1,488,390) | - | - | 2,235,368 |
| | 25,481,430 | 7,300,187 | (18,315) | (93,732) | (6,269,816) | 305,039 | 1,054,823 | 27,759,616 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group | [----- At 31.12.2021 -----] | | | |
|--------------------------------------|-----------------------------|-----------------------------------|--------------------------------------|--------------------------|
| | Cost RM | Accumulated depreciation RM | Accumulated impairment loss RM | Carrying amount RM |
| Leasehold land and buildings * | 18,452,385 | (4,010,300) | (96,539) | 14,345,546 |
| Information technology equipment | 1,481,788 | (1,467,006) | - | 14,782 |
| Furniture and fittings | 3,400,237 | (2,888,284) | - | 511,953 |
| Motor vehicles | 3,046,140 | (2,570,086) | - | 476,054 |
| Office and computer equipment | 6,403,034 | (5,246,606) | - | 1,156,428 |
| Operation and construction equipment | 38,227,010 | (31,505,279) | - | 6,721,731 |
| Plant, machinery and cabins | 13,826,271 | (13,422,022) | - | 404,249 |
| Right-of-use assets: | | | | |
| - Land | 506,113 | (159,770) | - | 346,343 |
| - Buildings | 2,103,671 | (662,923) | - | 1,440,748 |
| - Machineries | 333,511 | (227,097) | - | 106,414 |
| - Motor vehicles | 8,371,452 | (6,136,084) | - | 2,235,368 |
| | 96,151,612 | (68,295,457) | (96,539) | 27,759,616 |

* Leasehold land is in respect of right-of-use assets for which the Group has land titles.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group | Balance as at 1.1.2020 RM | Additions RM | Disposals RM | Written off RM | Termination and expiration of leases RM | Depreciation and charge for the financial year RM | Reclassification RM | Impairment loss for the financial year RM | Balance as at 31.12.2020 RM |
|--------------------------------------|------------------------------------|-----------------|-----------------|----------------------|---|---|------------------------|---|--------------------------------------|
| Carrying amount | | | | | | | | | |
| Leasehold land and buildings * | 15,557,788 | - | - | - | - | (561,879) | - | (1,151,362) | 13,844,547 |
| Information technology equipment | 15,987 | 3,204 | - | - | - | (8,350) | - | - | 10,841 |
| Furniture and fittings | 1,001,827 | 42,330 | - | - | - | (293,714) | - | - | 750,443 |
| Motor vehicles | 328,321 | 627,700 | (1) | (1) | - | (236,597) | - | - | 719,422 |
| Office and computer equipment | 1,914,536 | 41,025 | - | (3,600) | - | (571,829) | - | - | 1,380,132 |
| Operation and construction equipment | 357,295 | 2,833,322 | - | - | - | (443,314) | - | - | 2,747,303 |
| Plant, machinery and cabins | 755,176 | 8,500 | - | - | - | (193,746) | - | - | 569,930 |
| Right-of-use assets: | | | | | | | | | |
| - Land | 210,988 | 186,472 | - | - | - | (148,449) | 139,790 | - | 388,801 |
| - Buildings | 4,190,988 | 1,169,746 | - | - | (2,237,130) | (1,601,441) | (139,790) | - | 1,382,373 |
| - Motor vehicles | 239,819 | - | - | - | - | (66,703) | - | - | 173,116 |
| | 4,988,964 | - | - | - | - | (1,474,442) | - | - | 3,514,522 |
| | 29,561,689 | 4,912,299 | (1) | (3,601) | (2,237,130) | (5,600,464) | - | (1,151,362) | 25,481,430 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Group | [----- At 31.12.2020 -----] | | | |
|--------------------------------------|-----------------------------|-----------------------------------|--------------------------------------|--------------------------|
| | Cost RM | Accumulated depreciation RM | Accumulated impairment loss RM | Carrying amount RM |
| Leasehold land and buildings * | 18,444,127 | (3,448,218) | (1,151,362) | 13,844,547 |
| Information technology equipment | 1,472,668 | (1,461,827) | - | 10,841 |
| Furniture and fittings | 3,392,547 | (2,642,104) | - | 750,443 |
| Motor vehicles | 3,086,525 | (2,367,103) | - | 719,422 |
| Office and computer equipment | 6,058,030 | (4,677,898) | - | 1,380,132 |
| Operation and construction equipment | 32,658,805 | (29,911,502) | - | 2,747,303 |
| Plant, machinery and cabins | 13,822,851 | (13,252,921) | - | 569,930 |
| Right-of-use assets: | | | | |
| - Land | 658,502 | (269,701) | - | 388,801 |
| - Buildings | 1,860,176 | (477,803) | - | 1,382,373 |
| - Machineries | 333,511 | (160,395) | - | 173,116 |
| - Motor vehicles | 8,162,216 | (4,647,694) | - | 3,514,522 |
| | 89,949,958 | (63,317,166) | (1,151,362) | 25,481,430 |

* Leasehold land is in respect of right-of-use assets for which the Group has land titles.

| Company | Balance as at 1.1.2021 RM | Remeasurement RM | Depreciation RM | Balance as at 31.12.2021 RM |
|------------------------|------------------------------------|---------------------|--------------------|--------------------------------------|
| Carrying amount | | | | |
| Right-of-use assets: | | | | |
| - Buildings | 266,428 | 189,841 | (101,422) | 354,847 |

| | [----- At 31.12.2021 -----] | | |
|----------------------|-----------------------------|-----------------------------------|--------------------------|
| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
| Right-of-use assets: | | | |
| - Buildings | 396,108 | (41,261) | 354,847 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| Company | Balance as at 1.1.2020 RM | Depreciation RM | Balance as at 31.12.2020 RM |
|------------------------|------------------------------------|--|--------------------------------------|
| Carrying amount | | | |
| Right-of-use assets: | | | |
| - Buildings | 369,561 | (103,133) | 266,428 |
| | | | |
| | [----- At 31.12.2020 -----] | | |
| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
| Right-of-use assets: | | | |
| - Buildings | 475,150 | (208,722) | 266,428 |

- (a) All items of property, plant and equipment (excluding right-of-use assets) are initially recorded at cost. After initial recognition, property, plant and equipment (excluding right-of-use assets) are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the assets to their residual values on a straight line basis over their estimated useful lives. The principal annual depreciation rates are as follows:

| | |
|--------------------------------------|------------|
| Leasehold land and buildings | 2% |
| Information technology equipment | 20% |
| Furniture and fittings | 10% to 20% |
| Motor vehicles | 20% |
| Office and computer equipment | 10% to 20% |
| Operation and construction equipment | 10% to 20% |
| Plant, machinery and cabins | 20% |

- (b) The right-of-use assets are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use assets are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The lease terms of right-of-use assets are as follows:

| | |
|----------------|----------------|
| Land | Up to 89 years |
| Buildings | Up to 4 years |
| Machineries | Up to 3 years |
| Motor vehicles | Up to 9 years |

Leasehold land and buildings for which the Group has titles are depreciated on straight line basis over 50 years.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

- (c) Included in right-of-use assets of the Group, all machineries and motor vehicles with total carrying amount of RM2,341,782 (2020: RM3,687,638) are subject to fixed charges created to secure certain lease liabilities of the Group.
- (d) During the financial year, the Group made the following cash payments to purchase property, plant and equipment:

| | Group | | Company | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Additions of property, plant and equipment | 7,300,187 | 4,912,299 | - | - |
| Financed by hire-purchase arrangements and lease liabilities | (1,313,493) | (1,338,457) | - | - |
| Termination and expiration of rights-of-use assets | (93,732) | (2,237,130) | - | - |
| Termination and expiration of lease liabilities | 97,619 | 2,359,832 | - | - |
| Gain on lease modifications | (3,887) | (140,463) | - | - |
| Cash payments on purchase of property, plant and equipment | 5,986,694 | 3,566,081 | - | - |

- (e) As at the end of the reporting period, leasehold land and buildings with a carrying amount of RM14,233,470 (2020: RM13,728,737) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.
- (f) In the previous financial year, impairment losses on property, plant and equipment of the Group of RM1,151,362 was recognised as the recoverable amounts of certain leasehold land and buildings were lower than their carrying amounts as a result of the COVID-19 pandemic. The Level 3 fair values of these leasehold land and buildings are estimated based on indicative market values using the comparison method, for which the COVID-19 adjustment factor is a significant unobservable input.

15. LEASES

Lease receivables

| | Company | |
|--------------------|--------------------|--------------------|
| | 2021 RM | 2020 RM |
| Current assets | 115,750 | 106,880 |
| Non-current assets | 220,408 | 336,158 |
| | 336,158 | 443,038 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

15. LEASES (CONT'D)

- (a) The table below summarises the maturity profile of the lease payment receivable of the Company at the end of the reporting period based on contractual undiscounted lease payments and reconciliation of the undiscounted lease payments to lease receivable as follows:

| | Company | |
|---|--------------------|--------------------|
| | 2021 RM | 2020 RM |
| Not later than one (1) year | 138,000 | 138,000 |
| One (1) to two (2) years | 138,000 | 138,000 |
| Two (2) to three (3) years | 97,750 | 138,000 |
| Three (3) to four (4) years | - | 97,750 |
| Undiscounted lease payments | 373,750 | 511,750 |
| Unearned finance income | (37,592) | (68,712) |
| | 336,158 | 443,038 |
| Representing finance lease receivables: | | |
| Not later than one (1) year | 115,750 | 106,880 |
| One (1) to two (2) years | 125,358 | 115,750 |
| Two (2) to three (3) years | 95,050 | 125,358 |
| Three (3) to four (4) years | - | 95,050 |
| | 336,158 | 443,038 |

- (b) The reconciliation of movements in the carrying amount of finance lease receivable are as follows:

| | Company | |
|--------------------------------|--------------------|--------------------|
| | 2021 RM | 2020 RM |
| At beginning of financial year | 443,038 | 541,726 |
| Lease receipts | (138,000) | (138,000) |
| Interest income | 31,120 | 39,312 |
| At end of financial year | 336,158 | 443,038 |

- (c) No expected credit loss was recognised arising from finance lease receivable because the probability of default by this finance lease receivable was negligible.

NOTES TO THE FINANCIAL STATEMENTS
[CONT'D]

15. LEASES (CONT'D)

Lease liabilities

| Group | Balance as at 1.1.2021 RM | Additions RM | Remeasurement RM | Termination and expiration of leases RM | Lease payments RM | Interest expense RM | Balance as at 31.12.2021 RM |
|------------------------|------------------------------------|-----------------|---------------------|--|-------------------------|---------------------------|--------------------------------------|
| Carrying amount | | | | | | | |
| Land | 840,635 | 69,565 | 34,233 | - | (311,090) | 63,719 | 697,062 |
| Buildings | 1,409,459 | 1,055,928 | 270,806 | (97,619) | (1,261,710) | 112,126 | 1,488,990 |
| Machineries | 109,318 | - | - | - | (48,145) | 2,082 | 63,255 |
| Motor vehicles | 3,488,562 | 188,000 | - | - | (1,516,688) | 114,871 | 2,274,745 |
| | 5,847,974 | 1,313,493 | 305,039 | (97,619) | (3,137,633) | 292,798 | 4,524,052 |

Lease liabilities

| Company | Balance as at 1.1.2021 RM | Lease payments RM | Remeasurement RM | concessions RM | Lease concessions RM | Interest expense RM | Balance as at 31.12.2021 RM |
|------------------------|------------------------------------|-------------------------|---------------------|-------------------|----------------------------|---------------------------|--------------------------------------|
| Carrying amount | | | | | | | |
| Land | 443,038 | (138,000) | - | - | - | 31,121 | 336,159 |
| Buildings | 277,305 | (69,552) | 189,841 | (46,368) | (46,368) | 19,088 | 370,314 |
| | 720,343 | (207,552) | 189,841 | (46,368) | (46,368) | 50,209 | 706,473 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

15. LEASES (CONT'D)

Lease liabilities

| Group | Balance as at 1.1.2020 RM | Additions RM | Reclassification RM | Termination and expiration of leases RM | Lease payments RM | Lease concessions RM | Interest expense RM | Balance as at 31.12.2020 RM |
|------------------------|------------------------------------|-----------------|------------------------|--|-------------------------|----------------------------|---------------------------|--------------------------------------|
| Carrying amount | | | | | | | | |
| Land | 755,094 | 183,230 | 143,502 | - | (311,090) | - | 69,899 | 840,635 |
| Buildings | 4,302,273 | 1,155,227 | (143,502) | (2,359,832) | (1,771,080) | (5,960) | 232,333 | 1,409,459 |
| Machineries | 175,863 | - | - | - | (71,603) | - | 5,058 | 109,318 |
| Motor vehicles | 4,858,442 | - | - | - | (1,534,996) | - | 165,116 | 3,488,562 |
| | 10,091,672 | 1,338,457 | - | (2,359,832) | (3,688,769) | (5,960) | 472,406 | 5,847,974 |

Lease liabilities

| Company | Balance as at 1.1.2020 RM | Lease payments RM | Interest expense RM | Balance as at 31.12.2020 RM |
|------------------------|------------------------------------|-------------------------|---------------------------|--------------------------------------|
| Carrying amount | | | | |
| Land | 541,726 | (138,000) | 39,312 | 443,038 |
| Buildings | 373,914 | (115,920) | 19,311 | 277,305 |
| | 915,640 | (253,920) | 58,623 | 720,343 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

15. LEASES (CONT'D)

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Represented by: | | | | |
| Current liabilities | 2,284,176 | 2,689,326 | 210,725 | 209,295 |
| Non-current liabilities | 2,239,876 | 3,158,648 | 495,748 | 511,048 |
| | 4,524,052 | 5,847,974 | 706,473 | 720,343 |
| Lease liabilities owing to financial institutions | 794,023 | 1,134,689 | - | - |
| Lease liabilities owing to non-financial institutions | 3,730,029 | 4,713,285 | 706,473 | 720,343 |
| | 4,524,052 | 5,847,974 | 706,473 | 720,343 |

The Group has certain leases of machineries with lease term of 12 months or less, and low value leases of office equipment of RM20,000 and below. The Group applies the “short-term lease” and “lease of low-value assets” exemptions for these leases.

(d) The following are the amounts recognised in profit or loss:

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Depreciation charge of right-of-use assets (included in cost of sales) | 1,222,427 | 1,645,373 | - | - |
| Depreciation charge of right-of-use assets (included in administrative expenses) | 1,766,980 | 1,759,094 | 101,422 | 103,133 |
| Interest expense on lease liabilities (included in cost of sales) | 105,892 | 232,389 | - | - |
| Interest expense on lease liabilities (included in finance costs) | 186,906 | 240,017 | 50,209 | 58,623 |
| Interest income on sublease of right-of-use assets (included in other income) | - | - | (31,120) | (39,312) |
| Expense relating to short-term leases (included in cost of sales) | 14,577,088 | 8,182,908 | - | - |
| Expense relating to leases of low-value assets (included in administrative expenses) | 88,643 | 73,905 | - | - |
| Variable lease payments (included in other income) | - | (5,960) | (46,368) | - |
| - arising from COVID-19 related rent concessions | - | (5,960) | (46,368) | - |
| | 17,947,936 | 12,127,726 | 74,143 | 122,444 |

(e) At the end of the financial year, the Group and the Company had total cash outflow for leases of RM3,137,632 (2020: RM3,688,769) and RM207,552 (2020: RM253,920) respectively.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

15. LEASES (CONT'D)

- (f) The following table sets out the carrying amounts, the weighted average incremental borrowing rates and the remaining maturities of the lease liabilities of the Group and of the Company:

| Group | Weighted average incremental borrowing rate per annum % | Within 1 year RM | 1 - 2 years RM | 2 - 5 years RM | More than 5 years RM | Total RM |
|--------------------------|--|------------------------|----------------------|----------------------|----------------------------|-------------|
| 31 December 2021 | | | | | | |
| Lease liabilities | | | | | | |
| Fixed rates | 2.66% - 8.00% | 2,284,176 | 1,173,571 | 853,107 | 213,198 | 4,524,052 |
| 31 December 2020 | | | | | | |
| Lease liabilities | | | | | | |
| Fixed rates | 2.66% - 8.00% | 2,689,326 | 1,627,442 | 1,285,868 | 245,338 | 5,847,974 |
| Company | | | | | | |
| 31 December 2021 | | | | | | |
| Lease liabilities | | | | | | |
| Fixed rate | 6.40% - 8.00% | 210,725 | 226,592 | 269,156 | - | 706,473 |
| 31 December 2020 | | | | | | |
| Lease liabilities | | | | | | |
| Fixed rate | 5.85% - 8.00% | 209,295 | 224,320 | 286,728 | - | 720,343 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

15. LEASES (CONT'D)

- (g) The table below summarises the maturity profile of the lease liabilities of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations as follows:

| Group | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
|-------------------------|--|-------------------------------------|-----------------------------------|---------------------|
| 31 December 2021 | | | | |
| Lease liabilities | 2,446,349 | 2,113,146 | 1,466,499 | 6,025,994 |
| 31 December 2020 | | | | |
| Lease liabilities | 2,945,855 | 4,587,942 | - | 7,533,797 |
| Company | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
| 31 December 2021 | | | | |
| Lease liabilities | 253,920 | 535,210 | - | 789,130 |
| 31 December 2020 | | | | |
| Lease liabilities | 253,920 | 557,290 | - | 811,210 |

- (h) Management exercises significant judgement in determining the incremental borrowing rates whenever the implicit rates of interest in a lease are not readily determinable as well as the lease terms. The incremental borrowing rates used are based on prevailing market borrowing rates over similar lease terms, of similar value as the right-of-use asset in a similar economic environment. Lease terms are based on management expectations driven by prevailing market conditions and past experience in exercising similar renewal and termination options.

16. INVESTMENT PROPERTIES

| | 2021 RM | Group 2020 RM |
|-----------------------|------------|---------------------|
| Investment properties | 31,815,413 | 32,624,783 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

16. INVESTMENT PROPERTIES (CONT'D)

(a) The details of the investment properties are as follows:

| Group | Balance as at 1.1.2021 RM | Addition RM | Depreciation charge for the financial year RM | Balance as at 31.12.2021 RM |
|-------------------------------|------------------------------------|----------------|---|--------------------------------------|
| Carrying amount | | | | |
| Buildings | 32,200,413 | - | (698,472) | 31,501,941 |
| Furniture and fittings | 8,451 | 3,912 | (1,378) | 10,985 |
| Right-of-use asset: - Land | 415,919 | - | (113,432) | 302,487 |
| | 32,624,783 | 3,912 | (813,282) | 31,815,413 |

| | [----- At 31.12.2021 -----] | | |
|-------------------------------|-----------------------------|-----------------------------------|--------------------------|
| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
| Buildings | 41,402,104 | (9,900,163) | 31,501,941 |
| Furniture and fittings | 14,430 | (3,445) | 10,985 |
| Right-of-use asset: - Land | 621,693 | (319,206) | 302,487 |
| | 42,038,227 | (10,222,814) | 31,815,413 |

| Group | Balance as at 1.1.2020 RM | Depreciation charge for the financial year RM | Balance as at 31.12.2020 RM |
|-------------------------------|------------------------------------|---|--------------------------------------|
| Carrying amount | | | |
| Buildings | 32,898,884 | (698,471) | 32,200,413 |
| Furniture and fittings | 9,503 | (1,052) | 8,451 |
| Right-of-use asset: - Land | 529,351 | (113,432) | 415,919 |
| | 33,437,738 | (812,955) | 32,624,783 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

16. INVESTMENT PROPERTIES (CONT'D)

- (a) The details of the investment properties are as follows: (cont'd)

| | [----- At 31.12.2020 -----] | | |
|------------------------|-----------------------------|-----------------------------------|--------------------------|
| | Cost RM | Accumulated depreciation RM | Carrying amount RM |
| Buildings | 41,402,104 | (9,201,691) | 32,200,413 |
| Furniture and fittings | 10,518 | (2,067) | 8,451 |
| Right-of-use asset: | | | |
| - Land | 621,693 | (205,774) | 415,919 |
| | 42,034,315 | (9,409,532) | 32,624,783 |

- (b) Investment properties (excluding right-of-use asset) are initially measured at cost, which includes transaction costs. After initial recognition, investment properties (excluding right-of-use asset) are stated at cost less any accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write off the cost of the investment properties to their residual values on a straight line basis over their estimated useful lives. The principal depreciation period for the investment properties are as follows:

| | |
|------------------------|-----|
| Buildings | 2% |
| Furniture and fittings | 10% |

- (c) The right-of-use asset are initially measured at cost, which comprise the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date of the leases.

After initial recognition, right-of-use asset are stated at cost less accumulated depreciation and any accumulated impairment losses, and adjusted for any re-measurement of the lease liabilities.

The right-of-use asset are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use asset or the end of the lease term. The lease terms of right-of-use asset are as follows:

| | |
|------|---------|
| Land | 5 years |
|------|---------|

- (d) Investment properties are in respect of the provision of accommodation on base-camp concept that are leased to a third party.
- (e) The Level 3 fair value of investment properties is RM45,633,512 (2020: RM52,470,022). The fair value is estimated using explicit assumptions regarding the benefits and liabilities of ownership over the asset's life.

The duration of the cash flow and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related lease up periods. The appropriate duration is typically driven by market behaviour that is a characteristic of the class of real property. In the case of investment properties, periodic cash flow is typically estimated as gross income less any other operating and management expenses.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

16. INVESTMENT PROPERTIES (CONT'D)

- (f) The followings are recognised in the statements of profit or loss and other comprehensive income in respect of investment properties:

| | 2021 RM | Group 2020 RM |
|---|--------------------|------------------------------|
| Rental income | 3,738,504 | 11,354,016 |
| Direct operating expenses incurred on: - income generating investment property | 686,387 | 830,347 |

17. INVESTMENTS IN SUBSIDIARIES

| | 2021 RM | Company 2020 RM |
|---|--------------------|--------------------------------|
| Unquoted equity shares in Malaysia, at cost | 117,822,116 | 117,822,116 |
| Less: Impairment loss | (34,227,731) | (34,227,731) |
| | 83,594,385 | 83,594,385 |
| Equity loans to subsidiaries | 231,343,490 | 233,343,490 |
| Less: Impairment loss | (2,402,788) | (1,701,108) |
| | 228,940,702 | 231,642,382 |
| Balance at 31 December | 312,535,087 | 315,236,767 |

- (a) Investments in subsidiaries are stated in the separate financial statements at cost less any impairment losses.

All components of non-controlling interests shall be measured at their acquisition-date fair values, unless another measurement basis is required by MFRSs. The choice of measurement basis is made on a combination-by-combination basis. Subsequent to initial recognition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

- (b) Equity loans to subsidiaries are unsecured, interest-free and have no fixed terms of repayment, and are considered to be part of the net investments of the Company in the subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of subsidiaries, which are all incorporated in Malaysia, are as follows:

| Name of Company | Interest in equity held by | | | | Principal activities |
|---|----------------------------|------|--------------|------|--|
| | Company | | Subsidiaries | | |
| | 2021 | 2020 | 2021 | 2020 | |
| Gabungan Strategik Sdn. Bhd. | 100% | 100% | - | - | Contractor for civil and building construction works |
| Pembinaan Megah Ikhlas Sdn. Bhd. | 100% | 100% | - | - | Contractor for civil and building construction works |
| Motibina Sdn. Bhd. | 100% | 100% | - | - | Contractor for civil and building construction works |
| Prestige Field Development Sdn. Bhd. | 52% | 52% | - | - | Property development |
| AQRS The Building Company Sdn. Bhd. | 100% | 100% | - | - | Property development |
| GBG Trading Sdn. Bhd. | 100% | 100% | - | - | Dormant |
| Sinajasa Sdn. Bhd. | 100% | 100% | - | - | Dormant |
| Gabungan AQRS Properties Sdn. Bhd. | 100% | 100% | - | - | Property investment |
| Gabungan AQRS Management Sdn. Bhd. | 100% | 100% | - | - | Provision of management services |
| Gabungan AQRS Capital Berhad | 100% | 100% | - | - | Dormant |
| GBG Properties (Sabah) Sdn. Bhd. | 100% | 100% | - | - | Property development |
| Trusvest Sdn. Bhd. | 90% | 90% | - | - | Property investment |
| Monolight IBS Building System Sdn. Bhd. | 100% | 100% | - | - | Contractors for all building |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The details of subsidiaries, which are all incorporated in Malaysia, are as follows: (cont'd)

| Name of Company | Interest in equity held by | | | | Principal activities |
|---|----------------------------|------|--------------|------|----------------------|
| | Company | | Subsidiaries | | |
| | 2021 | 2020 | 2021 | 2020 | |
| Subsidiaries of AQRS | | | | | |
| The Building Company Sdn. Bhd. | | | | | |
| Nusvista Development Sdn. Bhd. | - | - | 100% | 100% | Property development |
| Grand Meridian Development Sdn. Bhd. | - | - | 100% | 100% | Dormant |
| Bright Reach Sdn. Bhd. | - | - | 100% | 100% | Investment holding |
| Subsidiary of Bright Reach Sdn. Bhd. | | | | | |
| Crystal Aspect Sdn. Bhd. | - | - | 100% | 100% | Property development |

(d) The subsidiaries that have non-controlling interests ("NCI") are as follows:

| | Prestige Field Development Sdn. Bhd. | Trusvest Sdn. Bhd. | Total |
|---|---|---------------------------|--------------|
| 2021 | | | |
| NCI percentage of ownership interest and voting interests | 48% | 10% | |
| Carrying amount of NCI (RM) | 205,423 | 1,902,942 | 2,108,365 |
| Profit/Total comprehensive income allocated to NCI (RM) | 218,789 | 99,345 | 318,134 |
| 2020 | | | |
| NCI percentage of ownership interest and voting interests | 48% | 10% | |
| Carrying amount of NCI (RM) | 4,810,634 | 1,803,597 | 6,614,231 |
| (Loss)/Profit/Total comprehensive (loss)/income allocated to NCI (RM) | (119,956) | 759,089 | 639,133 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (e) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows:

| 2021 | Prestige Field Development Sdn. Bhd. RM | Trusvest Sdn. Bhd. RM |
|--|--|-----------------------------|
| Assets and liabilities | | |
| Non-current assets | - | 43,059,621 |
| Current assets | 914,787 | 8,885,390 |
| Non-current liabilities | - | (697,337) |
| Current liabilities | (220,961) | (2,154,230) |
| Net assets | 693,826 | 49,093,444 |
| Results | | |
| Revenue | - | 3,738,504 |
| Profit for the financial year | 455,810 | 993,446 |
| Total comprehensive income | 455,810 | 993,446 |
| Cash flows from operating activities | 10,080,518 | 2,285,233 |
| Cash flows used in investing activities | - | (2,176,871) |
| Cash flows used in financing activities | (10,050,000) | (138,000) |
| Net increase/(decrease) in cash and cash equivalents | 30,518 | (29,638) |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (e) The summarised financial information before intra-group elimination of the subsidiaries that have NCI as at the end of each reporting period are as follows: (cont'd)

| 2020 | Prestige Field Development Sdn. Bhd. RM | Trusvest Sdn. Bhd. RM |
|--|--|-----------------------------|
| Assets and liabilities | | |
| Non-current assets | - | 44,135,841 |
| Current assets | 10,871,552 | 5,644,452 |
| Non-current liabilities | - | (534,960) |
| Current liabilities | (583,536) | (1,145,335) |
| Net assets | 10,288,016 | 48,099,998 |
| Results | | |
| Revenue | 10,600,000 | 11,354,016 |
| Profit for the financial year | 15,953 | 7,590,888 |
| Total comprehensive income | 15,953 | 7,590,888 |
| Cash flows from operating activities | 5,956,943 | 7,190,080 |
| Cash flows (used in)/from investing activities | (5,600,000) | 1,656,358 |
| Cash flows used in financing activities | (500,000) | (8,775,526) |
| Net (decrease)/increase in cash and cash equivalents | (143,057) | 70,912 |

- (f) Management has made estimates about the future results and key assumptions applied to cash flow projection of a subsidiary in determining their recoverable amounts using the value-in-use model. These key assumptions include forecast growth in future revenues and budgeted gross margins as well as determining an appropriate pre-tax discount rate and growth rates.

| | Group | |
|---------------|-----------|-----------|
| | 2021 % | 2020 % |
| Growth rate | 8.00 | 26.00 |
| Discount rate | 11.50 | 8.00 |

- (g) In the previous financial year, impairment loss of RM5,604,607 had been recognised as the recoverable amount was lower than the carrying amount of investments in subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

17. INVESTMENTS IN SUBSIDIARIES (CONT'D)

- (h) Impairment for equity loan is recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model as disclosed in Note 23(j) to the financial statements. Movements in the equity loans are as follows:

| Company | 12-month ECL RM |
|-------------------------------|--------------------|
| At 1 January 2020 | - |
| Charge for the financial year | 1,701,108 |
| At 31 December 2020 | 1,701,108 |
| Charge for the financial year | 701,680 |
| At 31 December 2021 | 2,402,788 |

18. INVESTMENT IN AN ASSOCIATE

| | Group 2021 RM | 2020 RM |
|--|---------------------|------------|
| Unquoted equity shares, at cost | 3,322,200 | 3,322,200 |
| Share of post-acquisition reserves, net of tax | 338,183 | 261,515 |
| | 3,660,383 | 3,583,715 |

- (a) The Group recognises its interest in an associate as an investment and accounts for that investment using the equity method.
- (b) The financial year end of the associate is coterminous with those of the Group. Audited financial statements of the associate for the financial years ended 31 December 2020 and 31 December 2021 have been used for the purpose of applying the equity method of accounting.
- (c) The details of the associate are as follows:

| Name of company | Country of incorporation | Interest in equity held by subsidiary | | Principal activity |
|---------------------------------|--------------------------|---------------------------------------|-----------|---|
| | | 2021 % | 2020 % | |
| Associate of Sinajasa Sdn. Bhd. | | | | |
| SEDCO Precast Sdn. Bhd. | Malaysia | 49% | 49% | Manufacturing and supplying of pre-cast concrete products |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

18. INVESTMENT IN AN ASSOCIATE (CONT'D)

(d) The summarised financial information of the associate are as follows:

| | SEDCO Precast Sdn. Bhd. RM |
|---|---|
| 2021 | |
| Assets and liabilities | |
| Non-current assets | 4,849,943 |
| Current assets | 5,480,685 |
| Non-current liabilities | (403,703) |
| Current liabilities | (2,860,201) |
| Net assets | 7,066,724 |
| Results | |
| Revenue | 12,457,583 |
| Profit for the financial year | 156,465 |
| Total comprehensive income | 156,465 |
| Cash flows from operating activities | 1,470,191 |
| Cash flows used in investing activities | (21,783) |
| Cash flows used in financing activities | (425,247) |
| Net increase in cash and cash equivalents | 1,023,161 |
| 2020 | |
| Assets and liabilities | |
| Non-current assets | 4,857,707 |
| Current assets | 4,275,614 |
| Non-current liabilities | (277,578) |
| Current liabilities | (1,945,484) |
| Net assets | 6,910,259 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

18. INVESTMENT IN AN ASSOCIATE (CONT'D)

(d) The summarised financial information of the associate are as follows: (cont'd)

| | SEDCO Precast Sdn. Bhd. RM |
|---|---|
| 2020 | |
| Results | |
| Revenue | 9,734,406 |
| Profit for the financial year | 309,703 |
| Total comprehensive income | 309,703 |
| Cash flows from operating activities | 904,245 |
| Cash flows used in investing activities | (136,520) |
| Cash flows used in financing activities | (671,700) |
| Net increase in cash and cash equivalents | 96,025 |

(e) The reconciliation of net assets of the associate to the carrying amount of the investment in an associate is as follows:

| | SEDCO Precast Sdn. Bhd. RM |
|--|---|
| As at 31 December 2021 | |
| Share of net assets of the Group | 3,462,695 |
| Goodwill | 197,688 |
| Carrying amount in the consolidated statement of financial position | 3,660,383 |
| Share of results of the Group for the financial year ended 31 December 2021 | |
| Share of profit/other comprehensive income of the Group, net of tax | 76,668 |
| As at 31 December 2020 | |
| Share of net assets of the Group | 3,386,027 |
| Goodwill | 197,688 |
| Carrying amount in the consolidated statement of financial position | 3,583,715 |
| Share of results of the Group for the financial year ended 31 December 2020 | |
| Share of profit/other comprehensive income of the Group, net of tax | 151,755 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

19. INVESTMENT IN A JOINT VENTURE

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Unquoted equity shares, at cost | 255,000 | 255,000 | 255,000 | 255,000 |
| Share of post-acquisition reserves, net of dividend received and tax | 785,383 | 1,451,311 | - | - |
| | 1,040,383 | 1,706,311 | 255,000 | 255,000 |

- (a) Investment in a joint venture is stated at cost in the separate financial statements of the Company. The Group recognises its interest in a joint venture as an investment and accounts for that investment using the equity method.
- (b) The details of the joint venture are as follows:

| Name of company | Country of incorporation | Interest in equity held by Company | | Principal activity |
|---|-----------------------------|---------------------------------------|-----------|--------------------|
| | | 2021 % | 2020 % | |
| Kreatif Sinar Gabungan Sdn. Bhd. ("KSGSB") | Malaysia | 30% | 30% | Construction |

- (c) KSGSB, the only joint venture in which the Company participates, is an unlisted separate structured entity whose quoted market price is not available. The contractual arrangement provides the Company with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for liabilities of the joint arrangement resting primarily with KSGSB. This joint arrangement has been classified as a joint venture.
- (d) The financial year end of the joint venture is coterminous with those of the Group. Management accounts of the joint venture for the financial years ended 31 December 2020 and 31 December 2021 have been used for the purpose of applying the equity method of accounting.
- (e) The summarised financial information of the joint venture is as follows:

| | Kreatif Sinar Gabungan Sdn. Bhd. RM |
|-------------------------------|--|
| 2021 | |
| Assets and liabilities | |
| Current assets | 10,190,137 |
| Current liabilities | (6,722,193) |
| Net assets | 3,467,944 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

19. INVESTMENT IN A JOINT VENTURE (CONT'D)

(e) The summarised financial information of the joint venture is as follows: (cont'd)

| | Kreatif Sinar Gabungan Sdn. Bhd. RM |
|---|--|
| 2021 | |
| Results | |
| Revenue | 78,658,793 |
| Profit for the financial year | 2,780,240 |
| Total comprehensive income | 2,780,240 |
| Cash flows from operating activities | 2,345,580 |
| Cash flows from investing activities | - |
| Cash flows used in financing activities | (5,000,000) |
| Net decrease in cash and cash equivalents | (2,654,420) |
| Other information | |
| Dividend received | 1,500,000 |
| 2020 | |
| Assets and liabilities | |
| Current assets | 16,190,331 |
| Current liabilities | (10,502,628) |
| Net assets | 5,687,703 |
| Results | |
| Revenue | 34,508,847 |
| Profit for the financial year | 1,215,570 |
| Total comprehensive income | 1,215,570 |
| Cash flows from operating activities | 1,546,051 |
| Cash flows from investing activities | - |
| Cash flows from financing activities | - |
| Net increase in cash and cash equivalents | 1,546,051 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

19. INVESTMENT IN A JOINT VENTURE (CONT'D)

- (f) The reconciliation of net assets of the joint venture to the carrying amount of the investment in a joint venture is as follows:

**Kreatif Sinar
Gabungan
Sdn. Bhd.
RM**

As at 31 December 2021

| | |
|--|-----------|
| Share of net assets of the Group/Carrying amount in the consolidated statement of financial position | 1,040,383 |
|--|-----------|

Share of results of the Group for the financial year ended 31 December 2021

| | |
|---|---------|
| Share of profit/other comprehensive income of the Group, net of tax | 834,072 |
|---|---------|

**Kreatif Sinar
Gabungan
Sdn. Bhd.
RM**

As at 31 December 2020

| | |
|--|-----------|
| Share of net assets of the Group/Carrying amount in the consolidated statement of financial position | 1,706,311 |
|--|-----------|

Share of results of the Group for the financial year ended 31 December 2020

| | |
|---|---------|
| Share of profit/other comprehensive income of the Group, net of tax | 364,672 |
|---|---------|

20. DEFERRED TAX

- (a) The deferred tax assets and liabilities are made up of the following:

| | Group | |
|--|--------------------|--------------------|
| | 2021 RM | 2020 RM |
| Balance as at 1 January | 9,625,490 | 5,816,519 |
| Recognised in profit or loss (Note 11) | (8,047,528) | 3,808,971 |
| Balance as at 31 December | 1,577,962 | 9,625,490 |
| Represented by: | | |
| Deferred tax assets, net | 3,220,010 | 9,934,994 |
| Deferred tax liabilities, net | (1,642,048) | (309,504) |
| | 1,577,962 | 9,625,490 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

20. DEFERRED TAX

- (b) The components and movements of deferred tax assets and liabilities during the financial year prior to offsetting are as follows:

Deferred tax assets of the Group

| | Property development costs RM | Unused tax losses and unabsorbed capital allowances RM | Impairment losses RM | Other deductible temporary differences RM | Set-off tax RM | Total RM |
|--|--|---|-------------------------------------|--|---------------------------|---------------------|
| At 1 January 2020 | 2,974,559 | 1,097,200 | 2,569,166 | 2,452,345 | (2,971,438) | 6,121,832 |
| Recognised in profit or loss | (435,728) | 5,831,328 | (2,569,166) | (1,767,898) | 2,754,626 | 3,813,162 |
| At 31 December 2020/ 1 January 2021 | 2,538,831 | 6,928,528 | - | 684,447 | (216,812) | 9,934,994 |
| Recognised in profit or loss | 669,798 | (6,918,046) | - | (633,696) | 166,960 | (6,714,984) |
| At 31 December 2021 | 3,208,629 | 10,482 | - | 50,751 | (49,852) | 3,220,010 |

Deferred tax liabilities of the Group

| | Property, plant and equipment RM | Others RM | Set-off tax RM | Total RM |
|-------------------------------------|---|----------------------|---------------------------|---------------------|
| At 1 January 2020 | 590,746 | 2,686,005 | (2,971,438) | 305,313 |
| Recognised in profit or loss | (169,214) | (2,581,221) | 2,754,626 | 4,191 |
| At 31 December 2020/ 1 January 2021 | 421,532 | 104,784 | (216,812) | 309,504 |
| Recognised in profit or loss | 1,187,656 | (22,072) | 166,960 | 1,332,544 |
| At 31 December 2021 | 1,609,188 | 82,712 | (49,852) | 1,642,048 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

20. DEFERRED TAX (CONT'D)

- (c) The amounts of temporary differences for which no deferred tax assets have been recognised in the statements of financial position are as follows:

| | Group | | Company | |
|---|------------|--------------------------|------------|------------|
| | 2021 RM | 2020 RM (Restated) | 2021 RM | 2020 RM |
| Unabsorbed tax losses, gross | | | | |
| - Expire by 31 December 2025 | - | 29,638,077 | - | - |
| - Expire by 31 December 2026 | - | 8,074,915 | - | - |
| - Expire by 31 December 2027 | - | 15,876,908 | - | - |
| - Expire by 31 December 2028 | 3,755,262 | 287,787 | - | - |
| - Expire by 31 December 2029 | 11,673,125 | - | - | - |
| - Expire by 31 December 2030 | 13,858,441 | - | - | - |
| - Expire by 31 December 2031 | 4,356,913 | - | - | - |
| Unabsorbed capital allowances, gross | 8,331 | 133,307 | - | - |
| Other deductible temporary differences, gross | 62,318,748 | 49,882,874 | 15,466 | 10,875 |
| | 95,970,820 | 103,893,868 | 15,466 | 10,875 |

Deferred tax assets of the company and the certain subsidiaries have not been recognised in respect of these items as it is not probable that future taxable profits of the subsidiaries would be available against which the deductible temporary differences could be utilised.

21. INTANGIBLE ASSETS

Group

**Balance
as at 1.1.2021/
31.12.2021
RM**

Carrying amount

| | |
|-------------------|------------|
| Customer contract | 27,355,028 |
| Goodwill | - |
| | 27,355,028 |

| | [----- At 31.12.2021 -----] | | |
|-------------------|-----------------------------|---|--------------------------|
| | Cost RM | Accumulated impairment loss RM | Carrying amount RM |
| Customer contract | 28,564,072 | (1,209,044) | 27,355,028 |
| Goodwill | 1,219,080 | (1,219,080) | - |
| | 29,783,152 | (2,428,124) | 27,355,028 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

21. INTANGIBLE ASSETS (CONT'D)

| Group | Balance as at 1.1.2020 RM | Impairment loss RM | Balance as at 31.12.2020 RM |
|------------------------|------------------------------------|--------------------------|--------------------------------------|
| Carrying amount | | | |
| Customer contract | 28,564,072 | (1,209,044) | 27,355,028 |
| Goodwill | 147,110 | (147,110) | - |
| | 28,711,182 | (1,356,154) | 27,355,028 |

| | [----- At 31.12.2020 -----] | | |
|-------------------|-----------------------------|---|--------------------------|
| | Cost RM | Accumulated impairment loss RM | Carrying amount RM |
| Customer contract | 28,564,072 | (1,209,044) | 27,355,028 |
| Goodwill | 1,219,080 | (1,219,080) | - |
| | 29,783,152 | (2,428,124) | 27,355,028 |

- (a) Intangible assets are initially measured at cost. After initial recognition, intangible assets are carried at cost less accumulated amortisation and/or any accumulated impairment losses.
- (b) Customer contract relates to a construction project awarded to a subsidiary acquired, which would be amortised based on the unit of production of the construction project, upon commencement of the project.
- (c) Goodwill recognised in a business combination is an asset at the acquisition date and is initially measured at cost. After initial recognition, goodwill is measured at cost less accumulated impairment losses.
- (d) For the purpose of impairment testing, intangible assets are allocated to the operating divisions of the Group which represent the lowest level within the Group at which the intangible assets are monitored for internal management purposes.
- (e) Key assumptions used in value-in-use calculation

The Group determines whether intangible assets are impaired at least on an annual basis. This requires an estimation of the value-in-use of the cash-generating units ("CGU") to which intangible assets are allocated. Estimating a value-in-use amount requires management to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

21. INTANGIBLE ASSETS (CONT'D)

(e) Key assumptions used in value-in-use calculation (continued)

The recoverable amount of a CGU is determined based on value-in-use calculation using cash flow projection based on financial budget approved by management covering a seven-year period. The key assumptions used for value-in-use calculation for the business segment are:

| | Construction | |
|---------------|---------------------|-------------|
| | 2021 | 2020 |
| | % | % |
| Growth rate | 8.00 | 26.00 |
| Discount rate | 11.50 | 8.00 |

The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of intangible assets:

(i) Growth rate

The growth rate used is determined using a simple average of the annual profit before tax and interest (PBIT) growth rate obtained from projected cash flow approved by management in respect of a construction project. The projected cash flow cover a period of seven (7) years and the budgeted inflow is recognised over the period basing on the projected percentage of completion of the construction project. The effect of changes to the parameters is not material to the growth rate used.

(ii) Pre-tax discount rate

The discount rate reflects specific risks relating to the relevant segment.

(f) In previous financial year, impairment loss of RM1,356,154 had been recognised as the recoverable amount was lower than the carrying amount of intangible assets.

22. INVENTORIES

| | Note | 2021 RM | Group 2020 RM (Restated) |
|----------------------------|-------------|--------------------|---|
| Current | | | |
| At cost: | | | |
| Completed properties | | - | 706,561 |
| Property development costs | (a) | 330,042,027 | 329,001,221 |
| | | 330,042,027 | 329,707,782 |
| At net realisable value: | | | |
| Completed properties | | 8,984,111 | 19,224,077 |
| | | 339,026,138 | 348,931,859 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

22. INVENTORIES (CONT'D)

(a) Property development costs

| Group | Freehold land RM | Leasehold land RM | Development costs RM | Cumulative costs recognised in profit or loss RM | Total RM |
|---|---------------------|-------------------------|----------------------------|--|--------------|
| Balance as at 1 January 2020, as previously reported | 116,312,500 | 87,584,601 | 366,790,998 | (190,868,782) | 379,819,317 |
| Effects of IFRIC Agenda Decision on IAS 23 | - | - | (16,292,175) | 2,266,103 | (14,026,072) |
| Balance as at 1 January 2020, as restated | 116,312,500 | 87,584,601 | 350,498,823 | (188,602,679) | 365,793,245 |
| Costs incurred during the year | 630,000 | - | 13,739,609 | - | 14,369,609 |
| Recognised during the year | - | - | - | (51,161,633) | (51,161,633) |
| Balance as at 31 December 2020 | 116,942,500 | 87,584,601 | 364,238,432 | (239,764,312) | 329,001,221 |
| Balance as at 1 January 2021, as previously reported | 116,942,500 | 87,584,601 | 381,944,293 | (243,519,087) | 342,952,307 |
| Effects of IFRIC Agenda Decision on IAS 23 | - | - | (17,705,861) | 3,754,775 | (13,951,086) |
| Balance as at 1 January 2021, as restated | 116,942,500 | 87,584,601 | 364,238,432 | (239,764,312) | 329,001,221 |
| Costs incurred during the year | 57,500 | - | 55,637,301 | - | 55,694,801 |
| Recognised during the year | - | - | - | (54,653,995) | (54,653,995) |
| Balance as at 31 December 2021 | 117,000,000 | 87,584,601 | 419,875,733 | (294,418,307) | 330,042,027 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

22. INVENTORIES (CONT'D)

- (b) Property development costs not recognised as an expense are recognised as an asset measured at lower of cost and net realisable value. The asset is subsequently recognised in profit or loss as an expense when the control of the asset is transferred to the customer.
- (c) Leasehold land of the Group represent costs incurred as a consequence of having used the right-of-use assets to produce inventories during the financial year in accordance with MFRS 102 Inventories.
- (d) The Group recognises in profit or loss the property development revenue and costs by reference to the progress towards complete satisfaction of that performance obligation at the reporting period. It is measured based on direct measurements of the value transferred by the Group to the customers and the Group's efforts or inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred.
- (e) As at the end of the reporting period, property development costs of the Group with carrying amounts of RM57,853,451 (2020: RM64,019,739) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.
- (f) As at the end of the reporting period, completed properties of the Group with carrying amounts of RM4,365,903 (2020: RM13,428,733) were charged to financial institutions for banking facilities granted to the Group as disclosed in Note 30 to the financial statements.
- (g) Freehold land under development of RM117,000,000 (2020: RM116,942,500) is provided by Pro-Meridian Sdn. Bhd. ("Pro-Meridian"), pursuant to an agreement entered into by a subsidiary, AQRS The Building Company Sdn. Bhd. ("AQRS") with Pro-Meridian on 30 September 2011. In accordance with the agreement, AQRS was granted vacant possession to develop the freehold land.
- (h) Inventories of the Group recognised as cost of sales amounted to RM68,167,955 (2020: RM62,619,842).
- (i) In the previous financial year, inventories of the Group written down amounted to RM7,476,250 due to decline in net realisable values of certain completed properties.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

23. TRADE AND OTHER RECEIVABLES

| | Group | | Company | |
|--|--------------|--------------|-------------|-------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Non-current asset | | | | |
| Other receivables | | | | |
| Amounts owing from subsidiaries | - | - | 24,808,648 | 24,815,690 |
| Less: Impairment losses | - | - | (3,111,004) | (2,873,224) |
| Total other receivables | - | - | 21,697,644 | 21,942,466 |
| Current assets | | | | |
| Trade receivables | | | | |
| Third parties | 36,728,820 | 117,834,761 | - | - |
| Related parties | 2,904,571 | 6,479,731 | - | - |
| Retention sums | 85,942,531 | 77,337,062 | 474,501 | - |
| | 125,575,922 | 201,651,554 | 474,501 | - |
| Less: Impairment losses | | | | |
| - Third parties | (9,246,447) | (13,870,860) | - | - |
| - Related parties | (1,398,130) | (1,386,532) | - | - |
| - Retention sums | (2,312,805) | (1,922,952) | - | - |
| | (12,957,382) | (17,180,344) | - | - |
| | 112,618,540 | 184,471,210 | 474,501 | - |
| Other receivables | | | | |
| Third parties | 76,498,837 | 25,813,006 | - | - |
| Related parties | 5,000 | 5,000 | - | - |
| Amounts owing from subsidiaries | - | - | 39,038,409 | 14,738,991 |
| Deposits | 9,877,914 | 7,605,121 | 125,720 | 215,720 |
| | 86,381,751 | 33,423,127 | 39,164,129 | 14,954,711 |
| Less: Impairment losses | | | | |
| - Other receivables | (18,032,333) | (17,548,809) | (414,010) | (115,875) |
| | 68,349,418 | 15,874,318 | 38,750,119 | 14,838,836 |
| Total trade and other receivables | 180,967,958 | 200,345,528 | 60,922,264 | 36,781,302 |
| Prepayments | 6,066,871 | 11,349,266 | 31,906 | 14,302 |
| | 187,034,829 | 211,694,794 | 60,954,170 | 36,795,604 |

(a) Total receivables are classified as financial assets measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

23. TRADE AND OTHER RECEIVABLES (CONT'D)

- (b) Trade receivables are non-interest bearing and the normal trade credit terms granted by the Group range from 30 to 60 days (2020: 30 to 60 days). Other credit terms are assessed and approved on a case by case basis. They are recognised at their original invoice amounts, which represent their fair values on initial recognition.

- (c) Amounts owing from related parties arose from the following:

| | 2021 RM | Group 2020 RM |
|---------------------------------------|--------------------|------------------------------|
| Rental of investment properties | 2,634,571 | 1,362,571 |
| Sales of properties under development | - | 117,160 |
| Sales of completed properties | 270,000 | 5,000,000 |
| | 2,904,571 | 6,479,731 |

- (d) The retention sums are unsecured, interest-free and are expected to be collected as follows:

| | 2021 RM | Group 2020 RM | 2021 RM | Company 2020 RM |
|----------------------|--------------------|------------------------------|--------------------|--------------------------------|
| Within one (1) year | 12,259,911 | 16,571,401 | - | - |
| Within two (2) years | 73,682,620 | 60,765,661 | 474,501 | - |
| | 85,942,531 | 77,337,062 | 474,501 | - |

- (e) Amounts owing from subsidiaries represent advances, payments made on behalf and dividend receivable, which are unsecured, bear interests at 3% (2020: 3%) per annum and receivable within the next twelve (12) months in cash and cash equivalents.

Sensitivity analysis for amounts owing from subsidiaries as at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.

- (f) Trade and other receivables are denominated in Ringgit Malaysia.

- (g) Impairment for trade receivables and contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses.

During this process, the probability of non-payment by the trade receivables is adjusted by forward looking information (unemployment rates and inflation rates) and multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such impairments are recorded in a separate impairment account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable would not be collectable, the gross carrying value of the asset would be written off against the associated impairment.

It requires management to exercise significant judgement in determining the probability of default by trade receivables and appropriate forward looking information.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

23. TRADE AND OTHER RECEIVABLES (CONT'D)

(h) Lifetime expected loss provision for trade receivables are as follows:

| 2021 | Gross carrying amount RM | Lifetime expected loss RM | Net carrying amount RM |
|-----------------------------|---|--|---------------------------------------|
| Construction | | | |
| Collective assessment | | | |
| Not past due | 78,400,665 | (527,566) | 77,873,099 |
| Past due | | | |
| 1-30 days | 2 | - | 2 |
| 31-120 days | - | - | - |
| 121-365 days | 58,000 | (4,684) | 53,316 |
| Over 365 days | 1,456,138 | (1,456,138) | - |
| | 79,914,805 | (1,988,388) | 77,926,417 |
| Individual assessment | 12,728,839 | (1,282,108) | 11,446,731 |
| | 92,643,644 | (3,270,496) | 89,373,148 |
| Property development | | | |
| Collective assessment | | | |
| Not past due | 15,364,043 | (63,462) | 15,300,581 |
| Past due | | | |
| 1-30 days | 1,171,261 | (19,351) | 1,151,910 |
| 31-120 days | 1,485,097 | (24,537) | 1,460,560 |
| 121-365 days | 2,102,055 | (34,731) | 2,067,324 |
| Over 365 days | 8,151,229 | (8,151,136) | 93 |
| | 28,273,685 | (8,293,217) | 19,980,468 |
| Individual assessment | 1,549,521 | - | 1,549,521 |
| | 29,823,206 | (8,293,217) | 21,529,989 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

23. TRADE AND OTHER RECEIVABLES (CONT'D)

(h) Lifetime expected loss provision for trade receivables are as follows: (cont'd)

| 2021 | Gross carrying amount RM | Lifetime expected loss RM | Net carrying amount RM |
|-----------------------|---|--|---------------------------------------|
| Others | | | |
| Collective assessment | | | |
| Not past due | 474,501 | - | 474,501 |
| Past due | | | |
| 1-30 days | - | - | - |
| 31-120 days | 1,272,000 | (31,098) | 1,240,902 |
| 121-365 days | - | - | - |
| Over 365 days | 1,362,571 | (1,362,571) | - |
| Individual assessment | - | - | - |
| | 3,109,072 | (1,393,669) | 1,715,403 |
| 2020 | | | |
| Construction | | | |
| Collective assessment | | | |
| Not past due | 78,200,748 | (523,941) | 77,676,807 |
| Past due | | | |
| 1-30 days | 17,596,116 | (1,414,716) | 16,181,400 |
| 31-120 days | 45,218,840 | (3,635,563) | 41,583,277 |
| 121-365 days | 16,226,546 | (1,304,603) | 14,921,943 |
| Over 365 days | 1,097,624 | (1,097,624) | - |
| Individual assessment | 158,339,874 | (7,976,447) | 150,363,427 |
| | 11,003,882 | (1,084,040) | 9,919,842 |
| | 169,343,756 | (9,060,487) | 160,283,269 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

23. TRADE AND OTHER RECEIVABLES (CONT'D)

(h) Lifetime expected loss provision for trade receivables are as follows: (cont'd)

| 2020 | Gross carrying amount RM | Lifetime expected loss RM | Net carrying amount RM |
|-----------------------------|---|--|---------------------------------------|
| Property development | | | |
| Collective assessment | | | |
| Not past due | 13,316,989 | (58,350) | 13,258,639 |
| Past due | | | |
| 1-30 days | 4,423,209 | (77,524) | 4,345,685 |
| 31-120 days | 3,489,572 | (61,161) | 3,428,411 |
| 121-365 days | 718,274 | (12,589) | 705,685 |
| Over 365 days | 6,547,662 | (6,547,662) | - |
| | 28,495,706 | (6,757,286) | 21,738,420 |
| Individual assessment | 2,449,521 | - | 2,449,521 |
| | 30,945,227 | (6,757,286) | 24,187,941 |
| Others | | | |
| Collective assessment | - | - | - |
| Not past due | | | |
| Past due | | | |
| 1-30 days | - | - | - |
| 31-120 days | - | - | - |
| 121-365 days | - | - | - |
| Over 365 days | 1,362,571 | (1,362,571) | - |
| | 1,362,571 | (1,362,571) | - |
| Individual assessment | - | - | - |
| | 1,362,571 | (1,362,571) | - |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

23. TRADE AND OTHER RECEIVABLES (CONT'D)

(h) Lifetime expected loss provision for trade receivables are as follows: (cont'd)

| 2021 Group | Gross carrying amount RM | Lifetime expected loss RM | Net carrying amount RM |
|-----------------------|---|--|---------------------------------------|
| Collective assessment | | | |
| Not past due | 94,239,209 | (591,028) | 93,648,181 |
| Past due | | | |
| 1-30 days | 1,171,263 | (19,351) | 1,151,912 |
| 31-120 days | 2,757,097 | (55,635) | 2,701,462 |
| 121-365 days | 2,160,055 | (39,415) | 2,120,640 |
| Over 365 days | 10,969,938 | (10,969,845) | 93 |
| | 111,297,562 | (11,675,274) | 99,622,288 |
| Individual assessment | 14,278,360 | (1,282,108) | 12,996,252 |
| | 125,575,922 | (12,957,382) | 112,618,540 |
| 2020 Group | Gross carrying amount RM | Lifetime expected loss RM | Net carrying amount RM |
| Collective assessment | 91,517,737 | (582,291) | 90,935,446 |
| Not past due | | | |
| Past due | | | |
| 1-30 days | 22,019,325 | (1,492,240) | 20,527,085 |
| 31-120 days | 48,708,412 | (3,696,724) | 45,011,688 |
| 121-365 days | 16,944,820 | (1,317,192) | 15,627,628 |
| Over 365 days | 9,007,857 | (9,007,857) | - |
| | 188,198,151 | (16,096,304) | 172,101,847 |
| Individual assessment | 13,453,403 | (1,084,040) | 12,369,363 |
| | 201,651,554 | (17,180,344) | 184,471,210 |

During the financial year, the Group did not renegotiate the terms of any trade receivables.

Management assesses the expected credit losses for portfolios of trade receivables collectively based on customer segments, historical information on payment patterns, terms of payment, concentration maturity, and information about the general economic situation in the country where customer operates.

The individual assessment of impairment of trade receivables are separately assessed when it is probable that cash due will not be received in full.

No expected credit loss was recognised in respect of trade receivable of the Company as the amount was negligible.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

23. TRADE AND OTHER RECEIVABLES (CONT'D)

- (i) The movements in the impairment allowance for trade receivables are as follows:

| | Group | | Company | |
|-------------------------------|-------------|-------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Trade receivables | | | | |
| At 1 January | 17,180,344 | 15,666,173 | - | - |
| Reversal of impairment losses | (6,472,069) | (1,814,391) | - | - |
| Charge for the financial year | 2,249,107 | 3,632,402 | - | - |
| Written off | - | (303,840) | - | - |
| At 31 December | 12,957,382 | 17,180,344 | - | - |

- (j) Impairment for other receivables included amounts due from related parties, subsidiaries and equity loan, are recognised based on the general approach within MFRS 9 using the forward looking expected credit loss model. The methodology used to determine the amount of the impairment is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. The Group defined significant increase in credit risk as more than 30 days past due. As at the end of the reporting period, the Group and the Company assess whether there has been a significant increase in credit risk for financial assets by comparing the risk for default occurring over the expected life with the risk of default since initial recognition. For those in which the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those in which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The probability of non-payment other receivables are adjusted by forward looking information (unemployment rates and inflation rates) and multiplied by the amount of the expected loss arising from default to determine the twelve-month or lifetime expected credit loss for the other receivables.

It requires management to exercise significant judgement in determining the probability of default by other receivables, appropriate forward looking information and significant increase in credit risk.

- (k) The movements in the impairment allowance for other receivables are as follows:

| | Group | | Company | |
|-------------------------------|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Other receivables | | | | |
| Lifetime ECL allowance | | | | |
| - not credit-impaired: | | | | |
| At 1 January | 17,548,809 | 16,916,193 | 2,989,099 | - |
| Reversal of impairment losses | (121) | (108,052) | - | - |
| Charge for the financial year | 483,645 | 747,319 | 535,915 | 2,989,099 |
| Written off | - | (6,651) | - | - |
| At 31 December | 18,032,333 | 17,548,809 | 3,525,014 | 2,989,099 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

23. TRADE AND OTHER RECEIVABLES (CONT'D)

- (i) The Group determines concentration of credit risk by monitoring the industry sector profiles of its trade receivables on an ongoing basis. The credit risk concentration profile of the trade receivables of the Group (net of accrued billings) at the end of each reporting period are as follows:

| | Group | | | |
|----------------------------|-------------|--------------------|-------------|--------------------|
| | RM | 2021 % of total | RM | 2020 % of total |
| By industry sectors | | | | |
| Construction | 89,373,148 | 79% | 160,283,269 | 87% |
| Property development | 21,529,989 | 19% | 24,187,941 | 13% |
| Others | 1,715,403 | 2% | - | - |
| | 112,618,540 | 100% | 184,471,210 | 100% |

| | Company | | | |
|--------|---------|--------------------|----|--------------------|
| | RM | 2021 % of total | RM | 2020 % of total |
| Others | 474,501 | 100% | - | - |

24. CONTRACT ASSETS/(LIABILITIES)

| | Group | | Company | |
|--------------------------------|-------------|--------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Contract assets | | | | |
| Construction contracts | 467,682,948 | 425,419,695 | 2,470,473 | 1,382,840 |
| Property development contracts | 147,026,735 | 114,448,029 | - | - |
| Costs to obtain contract | 4,290,880 | 2,016,874 | - | - |
| | 619,000,563 | 541,884,598 | 2,470,473 | 1,382,840 |
| Contract liabilities | | | | |
| Construction contracts | (1,392,514) | (17,937,800) | - | - |
| Property development contracts | (4,275,685) | (4,664,613) | - | - |
| | (5,668,199) | (22,602,413) | - | - |
| | 613,332,364 | 519,282,185 | 2,470,473 | 1,382,840 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

24. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(a) Construction contracts and property development contracts

Construction contracts and property development contracts represent the timing differences in revenue recognition and the milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

Contract assets are transferred to receivables when the rights to economic benefits become unconditional. This usually occurs when the Group issues billing to the customer. Contract liabilities are recognised as revenue when performance obligations are satisfied.

(b) Contract assets and contract liabilities from construction contracts

| | 2021 RM | Group 2020 RM | Company 2021 RM | 2020 RM |
|---|---------------|---------------------|-----------------------|------------|
| Contract assets | 467,682,948 | 425,419,695 | 2,470,473 | 1,382,840 |
| Contract liabilities | (1,392,514) | (17,937,800) | - | - |
| | 466,290,434 | 407,481,895 | 2,470,473 | 1,382,840 |
| At 1 January | 407,481,895 | 546,952,189 | 1,382,840 | - |
| Impairment of contract assets | (712,505) | (229,540) | (15,773) | (10,155) |
| Reversal of impairment of contract assets | 411,421 | 921,566 | - | - |
| Revenue recognised during the year | 325,306,602 | 173,341,892 | 10,593,423 | 1,392,995 |
| Progress billings | (266,196,979) | (313,504,212) | (9,490,017) | - |
| At 31 December | 466,290,434 | 407,481,895 | 2,470,473 | 1,382,840 |

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

| | 2022 RM | 2023 RM | Group 2024 RM | 2025 RM | 2026 RM | Total RM |
|------------------|-------------|------------|---------------------|------------|------------|-------------|
| 31 December 2021 | 294,133,551 | 82,251,240 | - | - | - | 376,384,791 |

| | 2021 RM | 2022 RM | 2023 RM | Group 2024 RM | 2025 RM | Total RM |
|------------------|-------------|-------------|-------------|---------------------|------------|-------------|
| 31 December 2020 | 355,575,098 | 184,405,499 | 108,511,025 | 136,939,744 | 94,001,960 | 879,433,326 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

24. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(b) Contract assets and contract liabilities from construction contracts (cont'd)

Additions to aggregate costs incurred during the financial year include:

| | 2021 RM | Group 2020 RM |
|--|------------|---------------------|
| Hire of plant and machinery and motor vehicles | 14,577,088 | 8,182,908 |

(c) Contract assets and contract liabilities from property development contracts

| | 2021 RM | Group 2020 RM |
|---|--------------|---------------------|
| Contract assets | 147,026,735 | 114,448,029 |
| Contract liabilities | (4,275,685) | (4,664,613) |
| | 142,751,050 | 109,783,416 |
| At 1 January | 109,783,416 | 56,867,399 |
| Impairment of contract assets | (108,667) | (225,545) |
| Reversal of impairment of contract assets | 1,492 | 53,666 |
| Revenue recognised during the year | 62,729,730 | 44,239,213 |
| Progress billings | (29,654,921) | 8,848,683 |
| | 142,751,050 | 109,783,416 |

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) at the end of the reporting period, are as follows:

| | 2022 RM | 2023 RM | Group 2024 RM | Total RM |
|------------------|-------------|------------|---------------------|-------------|
| 31 December 2021 | 110,468,232 | 88,634,737 | - | 199,102,969 |

| | 2021 RM | 2022 RM | Group 2023 RM | Total RM |
|------------------|------------|------------|---------------------|-------------|
| 31 December 2020 | 43,808,109 | 60,415,466 | 30,858,341 | 135,081,916 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

24. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(d) The followings are the amounts of revenue recognised from:

| | 2021 RM | Group 2020 RM |
|---|------------|---------------------|
| Amounts included in contract liabilities at the beginning of the financial year | 1,835,426 | 3,145,712 |

(e) Impairment for contract assets that do not contain a significant financing component are recognised based on the simplified approach using the lifetime expected credit losses as disclosed in Note 23(g) to the financial statements.

(f) Lifetime expected loss provision for contract assets are as follows:

| Group | Gross carrying amount RM | Lifetime ECLs RM | Net carrying amount RM |
|---------------------------------------|-----------------------------------|------------------------|------------------------------|
| 2021 | | | |
| Collective assessment Not past due | 622,781,926 | (3,781,363) | 619,000,563 |

| | | | |
|---------------------------------------|-------------|-------------|-------------|
| 2020 | | | |
| Collective assessment Not past due | 545,257,702 | (3,373,104) | 541,884,598 |

| Company | Gross carrying amount RM | Lifetime ECLs RM | Net carrying amount RM |
|---------------------------------------|-----------------------------------|------------------------|------------------------------|
| 2021 | | | |
| Collective assessment Not past due | 2,496,401 | (25,928) | 2,470,473 |

| | | | |
|---------------------------------------|-----------|----------|-----------|
| 2020 | | | |
| Collective assessment Not past due | 1,392,995 | (10,155) | 1,382,840 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

24. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

(f) Lifetime expected loss provision for contract assets are as follows: (cont'd)

| | Group | | Company | |
|-------------------------------|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| At 1 January | 3,373,104 | 3,893,250 | 10,155 | - |
| Reversal of impairment losses | (412,913) | (975,232) | - | - |
| Charge for the financial year | 821,172 | 455,086 | 15,773 | 10,155 |
| At 31 December | 3,781,363 | 3,373,104 | 25,928 | 10,155 |

25. OTHER INVESTMENT

| | Group | |
|--|------------|------------|
| | 2021 RM | 2020 RM |
| Financial asset at fair value through profit or loss - Quoted shares outside Malaysia | 306,015 | 1,074,117 |

- (a) All regular way purchases and sales of financial assets (including trade and other receivables) are recognised or derecognised on the trade date i.e., the date that the Group commit to purchase or sell the asset.
- (b) Fair value of quoted ordinary shares is determined by reference to the exchange quoted market prices at the close of the business on the reporting date. There is no change in fair value of quoted ordinary shares as at the end of the reporting date.
- (c) The fair value of quoted ordinary shares of the Group is categorised as Level 1 in the fair value hierarchy.
- (d) The Group is exposed to the foreign currency risks arising from investment quoted outside Malaysia. In view of the insignificant financial effects on profit/(loss) net of tax of the Group with possible change in foreign exchange rates, the management did not separately disclose the effect of this sensitivity in the financial statements.
- (e) The Group is exposed to the equity price risks arising from investment quoted outside Malaysia. It is listed on the NYSE American held for trading purpose. As the Group neither has the intention, nor the historical trend of active trading in the financial instrument, the Directors are of the opinion that the Group is not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

26. SHORT TERM FUNDS

| | Group | | Company | |
|---|--------------------|--------------------|--------------------|--------------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Financial assets at fair value through profit or loss | | | | |
| - Fixed income trust funds in Malaysia | 253,073 | 316,036 | 40,384 | 107,195 |

- (a) Short term funds are mainly designated to manage free cash flows and optimise working capital so as to provide a steady stream of income returns. It is an integral part of the overall cash management.
- (b) Short term funds of the Group and of the Company represent investments in highly liquid money market, which are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.
- (c) Short term funds are denominated in Ringgit Malaysia.
- (d) The interest rate profile of the short term funds as at the end of each reporting period are as follows:

| | Group | | Company | |
|---------------|--------------------|--------------------|--------------------|--------------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Floating rate | 253,073 | 316,036 | 40,384 | 107,195 |

- (e) The Group is exposed to the interest rate risks arising from short term funds. In view of the insignificant financial effects on profit/(loss) net of tax of the Group and Company with possible change in interest rates, the management did not separately disclose the effect of this sensitivity in the financial statements.
- (f) The weighted average effective interest rates of the short term funds as at the end of each reporting period are as follows:

| | Group | | Company | |
|------------------|-------------------|-------------------|-------------------|-------------------|
| | 2021 % | 2020 % | 2021 % | 2020 % |
| Short term funds | 5.08 | 3.82 | 2.66 | 0.81 |

- (g) Short term funds are classified as at fair value through profit or loss, and subsequently remeasured to fair value with changes in fair value being recognised in profit or loss. The fair value are determined by reference to the counter parties' quotes at the close of the business at the end of the reporting period and are categorised as Level 1 in fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.
- (h) Short term funds of the Group and of the Company are exposed to changes in market quoted prices. However, the volatility of short term funds prices is considered low, the Directors are of the opinion that the Group is not subject to significant exposure to price risk and accordingly, no sensitivity analysis is being presented at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

27. CASH AND BANK BALANCES

| | Group | | Company | |
|------------------------------------|-------------|-------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Cash and bank balances | 10,322,256 | 14,402,290 | 2,124,873 | 3,146,994 |
| Fixed deposits with licensed banks | 145,616,784 | 103,988,054 | 61,468,120 | 4,913,879 |
| | 155,939,040 | 118,390,344 | 63,592,993 | 8,060,873 |

- (a) The weighted average effective interest rate of fixed deposits with both licensed banks of the Group and of the Company are 1.45% (2020: 1.40%) and 1.83% (2020: 1.74%) per annum respectively.

Sensitivity analysis for fixed rate deposits at the end of the reporting period is not presented as fixed rate instruments are not affected by changes in interest rate.

- (b) Fixed deposits with licensed banks of the Group and of the Company were pledged as securities for banking facilities granted to the Group and to the Company as disclosed in Note 30 to the financial statements.
- (c) Fixed deposits with licensed banks have maturity periods ranging from one (1) month to one (1) year (2020: one (1) month to one (1) year).
- (d) Included in cash and bank balances of the Group is a balance of RM911,875 (2020: RM4,952,764) held under Housing Development Account pursuant to Section 7A of Housing Development (Control and Licensing) Act, 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulations, 2015, which is not available for general use by the Group.
- (e) Cash and bank balances are denominated in Ringgit Malaysia.
- (f) For the purpose of the statements of cash flows, cash and cash equivalents comprise the following as at the end of each reporting period:

| | | Group | | Company | |
|--|------|---------------|---------------|--------------|-------------|
| | Note | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Cash and bank balances | | 10,322,256 | 14,402,290 | 2,124,873 | 3,146,994 |
| Fixed deposits with licensed banks | | 145,616,784 | 103,988,054 | 61,468,120 | 4,913,879 |
| Short term funds | 26 | 253,073 | 316,036 | 40,384 | 107,195 |
| | | 156,192,113 | 118,706,380 | 63,633,377 | 8,168,068 |
| Less: | | | | | |
| Bank overdrafts included in borrowings | 30 | (172,436,156) | (215,533,437) | (51,376,395) | (8,506,299) |
| Fixed deposits pledged | | (145,616,784) | (103,988,054) | (61,468,120) | (4,913,879) |
| | | (161,860,827) | (200,815,111) | (49,211,138) | (5,252,110) |

- (g) No expected credit losses were recognised arising from the deposits with financial institutions because the probability of default by these financial institutions were negligible.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

28. SHARE CAPITAL

| | Number of shares | Group and Company | | 2020 |
|--|---------------------|-------------------|---------------------|-------------|
| | | 2021 | RM | |
| | | | Number of shares | RM |
| Issued and fully paid | | | | |
| Balance as at 1 January | 494,594,267 | 325,545,730 | 494,594,267 | 325,545,730 |
| Issuance of ordinary shares pursuant to private placement | 49,342,852 | 30,153,417 | - | - |
| Share issuance expenses | - | (85,600) | - | - |
| Balance as at 31 December | 543,937,119 | 355,613,547 | 494,594,267 | 325,545,730 |

- (a) During the financial year, the issued share capital of the Company was increased from 494,594,267 to 543,937,119 by way of issuance of 49,342,852 new ordinary shares.

The newly issued ordinary shares rank pari passu in all respects with the existing ordinary shares of the Company. There were no other issues of shares during the financial year.

- (b) The owners of the parent are entitled to receive dividends as and when declared by the Company and are entitled to one (1) vote per ordinary share at meetings of the Company. All ordinary shares rank pari passu with regard to the residual assets of the Company.

- (c) Warrants B 2018/2023

On 27 September 2018, a total of 119,394,669 free Warrants were issued pursuant to the Deed Poll dated 5 September 2018 ("Deed Poll B") to all the shareholders of the Company on the basis of one (1) warrants for every four (4) existing ordinary shares held on 25 September 2018. The main features of the Warrants are as follows:

- (i) Each Warrant will entitle its registered holder during the exercise period to subscribe for one (1) new ordinary share at the exercise price, subject to the provisions in the Deed Poll.
- (ii) The exercise price of each Warrant has been fixed at RM1.12.
- (iii) The expiry date of Warrants shall be the date immediately preceding the fifth (5th) anniversary date of first issue of the Warrants, and if such date is not a Market Day, then on the immediate preceding Market Day, whereupon any warrant, which has not been exercised, will lapse and cease thereafter to be valid for any purpose.
- (iv) The ordinary shares each to be issued pursuant to the exercise of the Warrants will rank pari passu in all respect with the existing issued ordinary shares of the Company.

Movement in the Warrants since the listing and quotation thereof is as follows:

| | Number of Warrants |
|---|-----------------------|
| As of 31 December 2020/31 December 2021 | 119,394,407 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

29. RESERVES

| | 2021 RM | Group 2020 RM (Restated) | Company 2021 RM | 2020 RM |
|--------------------------|-------------|-----------------------------------|-----------------------|-------------|
| Non-distributable | | | | |
| Treasury shares | (1,427,468) | (1,427,468) | (1,427,468) | (1,427,468) |
| Distributable | | | | |
| Retained earnings | 126,863,100 | 111,154,482 | 18,717,812 | 17,247,918 |
| | 125,435,632 | 109,727,014 | 17,290,344 | 15,820,450 |

Treasury shares

The shareholders of the Company, by an ordinary resolution passed at the 10th Annual General Meeting held on 12 August 2020, granted mandate to the Company to repurchase up to 10% of its existing issued share capital ("Share Buy Back"). The Directors of the Company are committed to enhancing the value of the Company to its shareholders and believe that repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company has the rights to retain, cancel, resell and/or distribute these shares as dividends. As treasury shares, the rights attached to them as to voting, dividends and participation in any other distributions or otherwise are suspended. Of the total 543,937,119 (2020: 494,594,267) issued ordinary shares as at the end of each reporting period, 1,165,744 (2020: 1,165,744) ordinary shares purchased for RM1,427,468 (2020: RM1,427,468) are held as treasury shares by the Company. The number of outstanding ordinary shares in issue after deducting the treasury shares is 542,771,375 (2020: 493,428,523).

30. BORROWINGS

| | 2021 RM | Group 2020 RM | Company 2021 RM | 2020 RM |
|--------------------------------|-------------|---------------------|-----------------------|------------|
| Non-current liabilities | | | | |
| Term loans | 581,672 | 16,272,747 | - | - |
| Current liabilities | | | | |
| Term loans | 98,860,674 | 24,235,620 | - | - |
| Revolving credits | 2,000,000 | 2,000,000 | - | - |
| Bank overdrafts | 172,436,156 | 215,533,437 | 51,376,395 | 8,506,299 |
| | 273,296,830 | 241,769,057 | 51,376,395 | 8,506,299 |
| | 273,878,502 | 258,041,804 | 51,376,395 | 8,506,299 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

30. BORROWINGS (CONT'D)

| | Group | | Company | |
|-------------------------|-------------|-------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Total borrowings | | | | |
| Term loans | 99,442,346 | 40,508,367 | - | - |
| Revolving credits | 2,000,000 | 2,000,000 | - | - |
| Bank overdrafts | 172,436,156 | 215,533,437 | 51,376,395 | 8,506,299 |
| | 273,878,502 | 258,041,804 | 51,376,395 | 8,506,299 |

(a) Borrowings are classified as financial liabilities measured at amortised cost.

(b) Bank overdrafts of the Group are secured by the following:

- (i) Leasehold land and buildings under property, plant and equipment of the Group as disclosed in Note 14 to the financial statements and assignment of a subsidiary's contract proceeds;
- (ii) Fixed deposits as disclosed in Note 27 to the financial statements;
- (iii) Completed properties of the Group as disclosed in Note 22 to the financial statements.

The bank overdrafts are also jointly and severally guaranteed by a Director and a shareholder of the Company.

(c) Term loans of the Group and of the Company are secured by the following:

- (i) Leasehold land and buildings under property, plant and equipment of the Group, as disclosed in Note 14 to the financial statements, and assignment of a subsidiary's contract proceeds;
- (ii) Property development costs of the Group as disclosed in Note 22 to the financial statements;
- (iii) Fixed deposits as disclosed in Note 27 to the financial statements;

The term loans are also jointly and severally guaranteed by a Director and a shareholder of the Company.

(d) Revolving credits of the Group are secured by fixed deposits as disclosed in Note 27 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

30. BORROWINGS (CONT'D)

(e) The repayment terms for the term loans are as follows:

| | 2021 RM | Group 2020 RM |
|---|------------|---------------------|
| Term loan I is repayable based on redemption structure set by a financial institution | 48,754,443 | 38,004,379 |
| Term loan II is repayable by sixty (60) equal monthly instalments of RM77,238 each commencing October 2016 | 478,758 | 1,364,790 |
| Term loan III is repayable by seventy two (72) equal monthly instalments of RM17,632 each commencing June 2018 and RM17,107 each commencing August 2020 | 470,985 | 638,547 |
| Term loan IV is repayable by sixty (60) equal monthly instalments of RM 8,783 each up to 59th month and final payment of RM 8,803 | 395,255 | 500,651 |
| Term loan V is repayable by seven (7) equal monthly instalments of RM7,000,000 each commencing April 2022 and RM7,342,905 each commencing October 2022 | 49,342,905 | - |
| | 99,442,346 | 40,508,367 |
| Repayable as follows: | | |
| - within one (1) year | 98,860,674 | 24,235,620 |
| - later than one (1) year and not later than five (5) years | 581,672 | 16,272,747 |
| | 99,442,346 | 40,508,367 |

(f) The interest rate profile of the borrowings as at the end of each reporting period are as follows:

| | Group | | Company | |
|---------------|-------------|-------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Floating rate | 273,878,502 | 258,041,804 | 51,376,395 | 8,506,299 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

30. BORROWINGS (CONT'D)

- (f) Sensitivity analysis of interest rates for the floating rate instruments at the end of the reporting period, assuming all other variables remain constant is as follows:

| | Group | | Company | |
|--|-------------|-------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Effects of 100 basis points changes to profit/(loss) after tax | | | | |
| - Increase by 1% (2020: 1%) | (2,081,477) | 1,961,118 | (390,461) | (64,648) |
| - Decrease by 1% (2020: 1%) | 2,081,477 | (1,961,118) | 390,461 | 64,648 |

- (g) The weighted average effective interest rates of the borrowings as at the end of each reporting period are as follows:

| | Group | | Company | |
|-------------------|-----------|-----------|------------|-----------|
| | 2021 % | 2020 % | 2021 R% | 2020 % |
| Term loans | 5.33 | 4.24 | - | - |
| Revolving credits | 5.00 | 5.00 | - | - |
| Bank overdrafts | 6.19 | 6.49 | 4.99 | 6.90 |

- (h) The carrying amounts of terms loans, revolving credits and bank overdrafts are reasonable approximations of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of each reporting period.

The fair value of borrowings is categorised as Level 2 in the fair value hierarchy. There is no transfer between levels in the hierarchy during the financial year.

- (i) Borrowings are denominated in Ringgit Malaysia.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

30. BORROWINGS (CONT'D)

- (j) The table below summarises the maturity profile of the borrowings as at the end of each reporting period based on contractual undiscounted repayment obligations:

| Group 2021 | On demand or within one year RM | One to five years RM | Over five years RM | Total RM |
|--|--|----------------------------|--------------------------|-------------|
| Term loans | 100,206,972 | 621,473 | - | 100,828,445 |
| Revolving credits | 2,000,000 | - | - | 2,000,000 |
| Bank overdrafts | 172,436,156 | - | - | 172,436,156 |
| Total undiscounted financial liabilities | 274,643,128 | 621,473 | - | 275,264,601 |
| 2020 | | | | |
| Term loans | 25,444,233 | 16,519,505 | - | 41,963,738 |
| Revolving credits | 2,000,000 | - | - | 2,000,000 |
| Bank overdrafts | 215,533,437 | - | - | 215,533,437 |
| Total undiscounted financial liabilities | 242,977,670 | 16,519,505 | - | 259,497,175 |
| Company | | | | |
| 2021 | | | | |
| Bank overdrafts | 51,376,395 | - | - | 51,376,395 |
| 2020 | | | | |
| Bank overdrafts | 8,506,299 | - | - | 8,506,299 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

31. TRADE AND OTHER PAYABLES

| | Group | | Company | |
|----------------------------------|-------------|-------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Trade payables | | | | |
| Third parties | 112,547,434 | 97,141,327 | - | - |
| Amount owing to a subsidiary | - | - | 474,501 | - |
| Retention sums | 88,263,531 | 57,248,590 | - | - |
| | 200,810,965 | 154,389,917 | 474,501 | - |
| Other payables | | | | |
| Other payables | 43,581,764 | 41,498,236 | 551,269 | 570,411 |
| Amounts owing to related parties | 5,100,216 | 5,334,019 | - | - |
| Accruals | 378,560,039 | 390,194,087 | 2,355,236 | 1,649,660 |
| Deposits | 303,900 | 334,200 | - | - |
| Dividend payable | - | 4,934,285 | - | 4,934,285 |
| Amounts owing to subsidiaries | - | - | 12,181,399 | 4,692,941 |
| | 427,545,919 | 442,294,827 | 15,087,904 | 11,847,297 |
| | 628,356,884 | 596,684,744 | 15,562,405 | 11,847,297 |

- (i) Trade and other payables are classified as financial liabilities measured at amortised cost.
- (ii) Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 14 to 90 days (2020: 14 to 90 days). Other credit term are assessed and approved by the suppliers on a case by case basis.
- (iii) Trade amount owing to a subsidiary represents the retention sum on construction project, which are unsecured, interest-free and repayable within next twelve (12) months in cash and cash equivalents
- (iv) Amounts owing to related parties represent advances and payments made on behalf, which are unsecured, interest-free and repayable within next twelve (12) months in cash and cash equivalents.
- (v) Accruals represent accrued project costs, property development costs and other expenses, which are unsecured, interest-free and repayable within next twelve (12) months in cash and cash equivalents.
- (vi) Non-trade amounts owing to subsidiaries represent advances and payments made on behalf, which are unsecured, bears interest at 8% (2020: 8%) and payable within next twelve (12) months in cash and cash equivalents.
- (vii) Trade and other payables are denominated in Ringgit Malaysia.
- (viii) The maturity profile of the trade and other payables of the Group and of the Company at the end of the reporting period based on contractual undiscounted repayment obligations are repayable on demand or within one (1) year.
- (ix) Sensitivity analysis for fixed rate profile of amount owing to a subsidiary at the end of the reporting period is not presented as fixed rate instruments are not affected by change in interest rates.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

32. COMMITMENTS

(a) Operating lease commitments

(i) The Group and the Company as lessee

The Group and the Company had entered into non-cancellable lease agreements for the rental of office buildings, shop lots, leasehold land and office equipment resulting in future rental commitments which can, subject to certain terms in the agreements, be revised accordingly or upon its maturity based on prevailing market rates.

The Group and the Company have aggregated future commitments as at the end of each reporting period as follows:

| | Group | | Company | |
|--|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Not later than one (1) year | 16,669 | 18,707 | - | - |
| Later than one (1) year and not later than five (5) years | 7,547 | 21,471 | - | - |
| | 24,216 | 40,178 | - | - |

(ii) The Group as lessor

The Group has entered into a non-cancellable lease arrangement for the rental of investment properties for a term of five (5) years.

The Group has aggregate future minimum lease receivables as at the end of the reporting period as follows:

| | Group | |
|-----------------------------|------------|------------|
| | 2021 RM | 2020 RM |
| Not later than one (1) year | 1,507,500 | 2,954,504 |
| One (1) to two (2) years | 1,401,000 | 52,000 |
| Two (2) to three (3) years | 1,200,000 | - |
| Three (3) to four (4) years | 1,200,000 | - |
| Four (4) to five (5) years | 300,000 | - |
| | 5,608,500 | 3,006,504 |

(b) Capital commitments

| | Group | |
|--|------------|------------|
| | 2021 RM | 2020 RM |
| Contracted but not provided for | | |
| - Freehold land held under development | - | 57,500 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

33. CONTINGENT LIABILITIES

| | Group | | Company | |
|--|-------------|-------------|-------------|-------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Corporate guarantees given to financial institutions for credit facilities granted to subsidiaries | - | - | 341,614,833 | 288,098,205 |
| Corporate guarantees given to suppliers in respect of goods supplied to its wholly-owned subsidiaries | - | - | 144,880,644 | 123,762,030 |
| Performance guarantees given to customers of subsidiaries | - | - | 268,885,406 | 376,016,277 |
| Bank guarantees given by financial institutions in respect of construction and property development projects | 123,812,157 | 128,965,800 | 5,178,532 | 5,178,532 |
| | 123,812,157 | 128,965,800 | 760,559,415 | 793,055,044 |

The Group designates corporate guarantees given to banks for credit facilities granted to third party and subsidiaries as insurance contracts as defined in MFRS 4 *Insurance Contracts*. The Group recognises these insurance contracts as recognised insurance liabilities when there is a present obligation, legal or constructive, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits would be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The Directors are of view that the chances of the financial institutions to call upon the guarantees are remote. Accordingly, the fair values of the above guarantees are negligible.

34. RELATED PARTY DISCLOSURES

(a) Identities of related parties

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

Related parties of the Group include:

- (i) Direct and indirect subsidiaries as disclosed in Note 17 to the financial statements;
- (ii) Associate and joint venture as disclosed in Notes 18 and 19 to the financial statements;
- (iii) Key management personnel, which comprises persons (including the Directors of the Group) having authority and responsibility for planning, directing and controlling the activities of the Group directly or indirectly; and
- (iv) Companies in which the Directors/shareholders of the Company or their close family members have substantial financial interests or significant influence.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

34. RELATED PARTY DISCLOSURES (CONT'D)

(b) The Group and the Company had the following transactions with related parties during the financial year:

| | Group | | Company | |
|---|------------|------------|------------|------------|
| | 2021 RM | 2020 RM | 2021 RM | 2020 RM |
| Subsidiaries: | | | | |
| Dividend income | - | - | 5,226,000 | 25,260,000 |
| Interest paid/payable | - | - | 337,546 | 252,727 |
| Interest received/receivable | - | - | 912,508 | 256,944 |
| Lease concession | - | - | 46,368 | - |
| Lease paid/payable | - | - | 69,552 | 115,920 |
| Lease received/receivable | - | - | 138,000 | 138,000 |
| Management fee paid/payable | - | - | 654,762 | 645,881 |
| Related parties: | | | | |
| Dividend paid to non-controlling interests | 4,824,000 | 240,000 | - | - |
| Sale of properties to non-controlling interests | - | 5,000,000 | - | - |
| Rental of investment properties received/receivable | 3,738,504 | 11,354,016 | - | - |
| Joint venture: | | | | |
| Dividend income | 1,500,000 | - | 1,500,000 | - |

The related party transactions described above were carried out on agreed contractual terms and conditions and in the ordinary course of business between the related parties of the Group and the Company.

Information regarding outstanding balances with related parties at the end of the financial year are disclosed in Notes 23 and 31 to the financial statements.

(c) Compensation of key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the entity, directly and indirectly, including any Director (whether executive or otherwise) of the Group.

The remuneration of Directors during the financial year are as follows:

| | Group | |
|--|------------|------------|
| | 2021 RM | 2020 RM |
| Short term employee benefits | 4,542,890 | 4,424,520 |
| Contributions to defined contribution plan | 399,361 | 535,953 |
| | 4,942,251 | 4,960,473 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

34. RELATED PARTY DISCLOSURES (CONT'D)

(d) Material contracts

There were no material contracts, which have been entered into by the Company or its subsidiaries which involved Directors' and major shareholders' interests subsisting at the end of the financial year ended 31 December 2021 or entered into since the end of the previous financial year except as disclosed elsewhere in the financial statements.

35. SIGNIFICANT EVENT DURING THE FINANCIAL YEAR

During the financial year, the Government of Malaysia imposed various phases of the Movement Control Order ("MCO") in response to the resurgence of the 2019 Novel Coronavirus infection ("COVID-19") pandemic, followed by the announcement of the National Recovery Plan ("NRP") in June 2021, which details a roadmap to control the COVID-19 pandemic while progressively reopening society and the economic sectors towards the new normal under four progressive phases.

On 8 March 2022, the Government of Malaysia announced that the country will begin its transition to endemic phase of COVID-19 from 1 April 2022 with the opening of its international borders and abolishment of certain COVID-19 restrictions.

The Group has prepared the cash flow forecasts for the twelve (12) months from the date of the end of the financial statements based on their past performance after considering the current economic conditions.

Based on the assessment and information available at the date of authorisation of the financial statements, the Group has sufficient cash flows and undrawn facilities to meet its liquidity needs in the next twelve (12) months after the end of the reporting period as disclosed in Note 5(b)(i) to the financial statements. The Group does not anticipate significant supply disruptions and would continuing monitor its fund and operational needs.

36. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs

36.1 New MFRSs adopted during the current financial year

The Group and the Company adopted the following Standards of the MFRS Framework that were issued by the Malaysian Accounting Standards Board ("MASB") during the financial year:

| Title | Effective Date |
|--|---------------------------------|
| <i>Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16)</i> | 1 January 2021 |
| <i>Covid-19-Related Rent Concessions beyond 30 June 2021 (Amendment to MFRS 16 Leases)</i> | 1 April 2021 (early adopted) |

Adoption of the above Standards did not have any material effect on the financial performance or position of the Group and of the Company except for the adoption of Amendment to MFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* as described in the following section.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

36. ADOPTION OF NEW MFRSs AND AMENDMENTS TO MFRSs (CONT'D)**36.1 New MFRSs adopted during the current financial year (cont'd)****Amendment to MFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021***

The Group and the Company have early adopted Amendment to MFRS 16 *Covid-19-Related Rent Concessions beyond 30 June 2021* and elected to apply the extended practical expedient to all rent concessions relating to leases with similar characteristics and in similar circumstances. Consequently, the Group and the Company do not recognise changes in these lease payments as lease modifications and instead, recognise these as variable lease payments in profit or loss. The effects of early adoption are disclosed in Note 15 to the financial statements.

36.2 New MFRSs that have been issued, but only effective for annual periods beginning on or after 1 January 2022

| Title | Effective Date |
|--|----------------|
| Annual Improvements to MFRS Standards 2018 - 2020 | 1 January 2022 |
| Amendments to MFRS 3 <i>Reference to the Conceptual Framework</i> | 1 January 2022 |
| Amendments to MFRS 116 <i>Property, Plant and Equipment - Proceeds before Intended Use</i> | 1 January 2022 |
| Amendments to MFRS 137 <i>Onerous Contracts - Cost of Fulfilling a Contract</i> | 1 January 2022 |
| Amendments to MFRS 101 <i>Classification of Liabilities as Current or Non-current</i> | 1 January 2023 |
| MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| Amendments to MFRS 17 <i>Insurance Contracts</i> | 1 January 2023 |
| <i>Disclosure of Accounting Policies</i> (Amendments to MFRS 101 <i>Presentation of Financial Statements</i>) | 1 January 2023 |
| <i>Definition of Accounting Estimates</i> (Amendments to MFRS 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>) | 1 January 2023 |
| Amendments to MFRS 112 <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> | 1 January 2023 |
| Amendment to MFRS 17 <i>Initial Application of MFRS 17 and MFRS 9 - Comparative Information</i> | 1 January 2023 |
| Amendments to MFRS 10 and MFRS 128 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> | Deferred |

The Group does not expect the adoption of the above Standards to have a significant impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

37. IFRIC AGENDA DECISION – OVER TIME TRANSFER OF CONSTRUCTED GOOD (“IAS 23”)

The IFRS Interpretations Committee (“IFRIC”) in its March 2019 meeting concluded that any receivable, contract asset, inventories that an entity recognises over time are not a qualifying assets. In addition, the Agenda Decision also concluded that capitalisation of borrowing costs into inventories cease when the development project is launched or ready for its intended use or sale. The Malaysia Accounting Standard Board announced on 20 March 2019 that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual reports beginning on or after 1 July 2020.

The impact of the adoption of the IFRIC Agenda Decision and reclassifications of certain comparative figures in the financial statements of the Group are as follows:

- (i) Reconciliation of statements of profit or loss and other comprehensive income for the financial year ended 31 December 2020

| | As previously reported RM | Effects of adoption of Agenda Decision RM | As restated RM |
|---|---------------------------------|--|-------------------|
| Revenue | 202,262,353 | - | 202,262,353 |
| Cost of sales | (233,888,165) | 1,596,171 | (232,291,994) |
| Gross loss | (31,625,812) | 1,596,171 | (30,029,641) |
| Other income | 6,596,478 | - | 6,596,478 |
| Net loss on impairment of financial instruments | (1,937,132) | - | (1,937,132) |
| Operating costs | (29,642,466) | - | (29,642,466) |
| Finance cost | (3,577,595) | (1,413,687) | (4,991,282) |
| Share of profit of an associate | 151,755 | - | 151,755 |
| Share of profit of a joint venture | 364,672 | - | 364,672 |
| Loss before tax | (59,670,100) | 182,484 | (59,487,616) |
| Taxation | 5,856,254 | - | 5,856,254 |
| Loss for the financial year | (53,813,846) | 182,484 | (53,631,362) |
| Other comprehensive income, net of tax | - | - | - |
| Total comprehensive loss for the financial year | (53,813,846) | 182,484 | (53,631,362) |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

37. IFRIC AGENDA DECISION – OVER TIME TRANSFER OF CONSTRUCTED GOOD (“IAS 23”) (CONT'D)

- (i) Reconciliation of statements of profit or loss and other comprehensive income for the financial year ended 31 December 2020 (cont'd)

| | As previously reported RM | Effects of adoption of Agenda Decision RM | As restated RM |
|---|---------------------------------|--|-------------------|
| Attributable to: | | | |
| Owners of the parent | (54,452,979) | 182,484 | (54,270,495) |
| Non-controlling interests | 639,133 | - | 639,133 |
| | (53,813,846) | 182,484 | (53,631,362) |
| Loss per ordinary share attributable to equity holders of the Company (sen): | | | |
| - Basic loss per ordinary share (sen) | (11.04) | 0.04 | (11.00) |
| - Diluted loss per ordinary share (sen) | (11.04) | 0.04 | (11.00) |

- (ii) Reconciliation of statements of financial position as at 1 January 2020

| | As previously reported RM | Effects of adoption of Agenda Decision RM | As restated RM |
|---------------------------|---------------------------------|--|-------------------|
| Non-current assets | 102,606,040 | - | 102,606,040 |
| Current assets | | | |
| Inventories | 417,765,933 | (14,564,987) | 403,200,946 |
| Other current assets | 962,900,697 | - | 962,900,697 |
| | 1,380,666,630 | (14,564,987) | 1,366,101,643 |
| Total assets | 1,483,272,670 | (14,564,987) | 1,468,707,683 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

37. IFRIC AGENDA DECISION – OVER TIME TRANSFER OF CONSTRUCTED GOOD (“IAS 23”) (CONT'D)

(ii) Reconciliation of statements of financial position as at 1 January 2020 (cont'd)

| | As previously reported RM | Effects of adoption of Agenda Decision RM | As restated RM |
|-------------------------------------|---------------------------------|--|-------------------|
| Equity | | | |
| Retained earnings | 183,496,781 | (14,564,987) | 168,931,794 |
| Other equity | 325,545,730 | - | 325,545,730 |
| Non-controlling interests | 6,215,098 | - | 6,215,098 |
| | 515,257,609 | (14,564,987) | 500,692,622 |
| Total liabilities | 968,015,061 | - | 968,015,061 |
| Total equity and liabilities | 1,483,272,670 | (14,564,987) | 1,468,707,683 |

(iii) Reconciliation of statements of financial position as at 31 December 2020

| | As previously reported RM | Effects of adoption of Agenda Decision RM | As restated RM |
|---------------------------|---------------------------------|--|-------------------|
| Non-current assets | 100,686,261 | - | 100,686,261 |
| Current assets | | | |
| Inventories | 363,314,362 | (14,382,503) | 348,931,859 |
| Other current assets | 875,894,089 | - | 875,894,089 |
| | 1,239,208,451 | (14,382,503) | 1,224,825,948 |
| Total assets | 1,339,894,712 | (14,382,503) | 1,325,512,209 |

NOTES TO THE FINANCIAL STATEMENTS

[CONT'D]

37. IFRIC AGENDA DECISION – OVER TIME TRANSFER OF CONSTRUCTED GOOD (“IAS 23”) (CONT'D)

(iii) Reconciliation of statements of financial position as at 31 December 2020 (cont'd)

| | As previously reported RM | Effects of adoption of Agenda Decision RM | As restated RM |
|-------------------------------------|---------------------------------|--|-------------------|
| Equity | | | |
| Retained earnings | 124,109,517 | (14,382,503) | 109,727,014 |
| Other equity | 325,545,730 | - | 325,545,730 |
| Non-controlling interests | 6,614,231 | - | 6,614,231 |
| | 456,269,478 | (14,382,503) | 441,886,975 |
| Total liabilities | 883,625,234 | - | 883,625,234 |
| Total equity and liabilities | 1,339,894,712 | (14,382,503) | 1,325,512,209 |

(iv) Reconciliation of statements of cash flows as at 31 December 2020

| | As previously reported RM | Effects of adoption of Agenda Decision RM | As restated RM |
|-------------------------------|---------------------------------|--|-------------------|
| Net cash flow from/(used in): | | | |
| - operating activities | (16,615,399) | 1,413,687 | (15,201,712) |
| - investing activities | (285,770) | - | (285,770) |
| - financing activities | (4,673,489) | (1,413,687) | (6,087,176) |
| | (21,574,658) | - | (21,574,658) |

LIST OF PROPERTIES

| Land Title Details/ Location | Built-up Area (sq. ft.) | Description/ Existing Use | Tenure/ Age of Property | Date of Issuance of Certificates of Fitness for Occupation | Audited Net Carrying Amount as at 31.12.2021 |
|---|-------------------------------|--|--|---|--|
| Geran 162711/M1/2/4, Lot 70891 2-1A Jalan Q 31/Q, Kota Kemuning 40460 Seksyen 31 Shah Alam, Selangor Darul Ehsan | 1,539 | 1 unit on the 1st floor of a 4-storey shophot/ Vacant | Freehold/ Approximately 16 years | 02.03.2000 | 112,076.00 |
| H.S.(D) 247091, P.T No. 10900 G-58-G to G-58-3, Block G Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan | 11,236 | 1 unit of a 4-storey shophot | Leasehold (99 years expiring on 03.09.2107)/ Approximately 13 years | 11.03.2008 | 4,310,229.00 |
| H.S.(D) 247092, P.T No. 10901 G-59-G to G-59-3, Block G Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan | 6,644 | 1 unit of a 4-storey shophot | Leasehold (99 years expiring on 03.09.2107)/ Approximately 13 years | 11.03.2008 | 2,333,555.00 |
| H.S.(D) 247071, P.T No. 10880 D-39-G and D-39-1, Block D Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan | 3,248 | 1 unit of a 2-storey shophot | Leasehold (99 years expiring on 03.09.2107)/ Approximately 13 years | 11.03.2008 | 1,463,088.68 |
| H.S.(D) 247072, P.T No. 10881 D-40-G and D-40-1, Block D Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan | 3,248 | 1 unit of a 2-storey shophot | Leasehold (99 years expiring on 03.09.2107)/ Approximately 13 years | 11.03.2008 | 1,459,313.00 |

LIST OF PROPERTIES

[CONT 'D]

| Land Title Details/ Location | Built-up Area (sq. ft.) | Description/ Existing Use | Tenure/ Age of Property | Date of Issuance of Certificates of Fitness for Occupation | Audited Net Carrying Amount as at 31.12.2021 |
|--|-------------------------------|----------------------------------|---|---|--|
| H.S.(D) 247065, P.T No. 10874 D-33-G to D-33-2, Block D Jalan Teknologi 3/9 Bistari 'De' Kota Kota Damansara, PJU 5 47810 Petaling Jaya Selangor Darul Ehsan | 10,945 | 1 unit of a 3-storey shoplot | Leasehold (99 years expiring on 03.09.2107)/ Approximately 13 years | 11.03.2008 | 3,925,144.00 |
| PN 21843 Lot No: 130801 No. B6, Jalan KS 1/13, KotaSAS Avenue, Kota Sultan Ahmad Shah, 25200 Kuantan, Pahang. | 1,650 | 1 unit of a 2-storey shop office | Leasehold (99 years expiring on 03.07.2117)/ Approximately 3 years | | 742,140.00 |
| PL. 196290123 Jalan KPD1, Kampung Merintaman, 89500 Sipitang, Sabah | 133,407 | Seri Bayu Temporary Housing | Provisional Lease (15 years expiring on 15.09.2029) Approximately 4 years | | 42,746,211.00 |

STATISTICS OF SHAREHOLDINGS

as at 1 April 2022 (as per Record of Depositors)

The total number of issued shares of the Company stands at 543,937,119 ordinary shares, with voting right of one vote per ordinary share

ANALYSIS BY SIZE OF SHAREHOLDINGS

| Size of Holdings | No. of Holders | % of Holders | No. of Shares Held | % of Issued Shares |
|--|----------------|---------------|--------------------|--------------------|
| Less than 100 | 462 | 8.73 | 15,593 | 0.00 |
| 100 to 1,000 | 451 | 8.52 | 230,554 | 0.04 |
| 1,001 to 10,000 | 2,298 | 43.43 | 12,814,934 | 2.36 |
| 10,001 to 100,000 | 1,746 | 33.00 | 58,051,710 | 10.70 |
| 100,001 to less than 5% of issued shares | 332 | 6.27 | 366,816,734 | 67.58 |
| 5% and above of issued shares | 2 | 0.04 | 104,841,850 | 19.32 |
| Total | 5,291 | 100.00 | 542,771,375 | 100.00 |

SUBSTANTIAL SHAREHOLDERS

according to the Register of Substantial Shareholders as at 1 April 2022

| No. | Name | Direct Interest | | Deemed Interest | |
|-----|--------------------------------|----------------------|--------------------|---------------------------|---------------------|
| | | No. of Issued Shares | % of Issued Shares | No. of Issued Shares | % of Issued Shares |
| 1. | Dato' Sri Azizan bin Jaafar | 2,935,146 | 0.54 | ⁽¹⁾ 53,602,938 | ⁽¹⁾ 9.87 |
| 2. | Dato' Ow Chee Cheoon | 33,966,774 | 6.25 | - | - |
| 3. | Ganjaran Gembira Sdn Bhd | 53,602,938 | 9.87 | - | - |
| 4. | Dato' Kamisah binti Johan | 51,730,552 | 9.53 | - | - |
| 5. | Employees Provident Fund Board | 37,609,064 | 6.92 | - | - |

Notes:-

(1) Deemed interested by virtue of their respective shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

STATISTICS OF SHAREHOLDINGS

[CONT 'D]

DIRECTORS' DIRECT AND DEEMED INTERESTS

in the Company and/or its Related Corporations as at 1 April 2022

| Name of Directors | Direct Interest | | Deemed Interest | |
|---|----------------------|--------------------|---------------------------|---------------------|
| | No. of Issued Shares | % of Issued Shares | No. of Issued Shares | % of Issued Shares |
| Y.M. Tunku Alizan bin Raja Muhammad Alias | 1,200,492 | 0.22 | - | - |
| Dato' Sri Azizan bin Jaafar | 2,935,146 | 0.54 | ⁽¹⁾ 53,602,938 | ⁽¹⁾ 9.87 |
| Dato' Ow Chee Cheoon | 33,966,774 | 6.25 | - | - |
| Ow Yin Yee | 163,812 | 0.03 | - | - |
| Dato' Kamisah binti Johan | 51,730,552 | 9.53 | - | - |
| Dato' Muraly Daran A/L M Narayana Menon | - | - | - | - |
| Datuk Ir. Mohd Dom bin Ahmad | - | - | - | - |
| Masleena binti Zaid | - | - | - | - |

Notes:-

(1) Deemed interested by virtue of their respective shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

TOP 30 SECURITIES ACCOUNT HOLDERS

as per Record of Depositors as at 1 April 2022

| No. | Name | No. of Issued Shares | % of Issued Shares |
|-----|---|----------------------|--------------------|
| 1. | CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Ganjaran Gembira Sdn Bhd (PB)</i> | 53,111,298 | 9.79 |
| 2. | Kamisah binti Johan | 51,730,552 | 9.53 |
| 3. | CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Ow Chee Cheoon (PB)</i> | 21,499,559 | 3.96 |
| 4. | CitiGroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (AMUNDI)</i> | 16,816,800 | 3.10 |
| 5. | MayBank Nominees (Tempatan) Sdn Bhd <i>MTRUSTEE Berhad for Principal Dali Equity Growth Fund (UT-CIMB-DALI) (419455)</i> | 12,222,890 | 2.25 |
| 6. | CitiGroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board</i> | 11,512,712 | 2.12 |
| 7. | MayBank Nominees (Tempatan) Sdn Bhd <i>National Trust Fund (IFM MayBank)(412183)</i> | 10,752,800 | 1.98 |
| 8. | Ng Kit Heng | 10,390,419 | 1.91 |
| 9. | HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)</i> | 10,168,788 | 1.87 |
| 10. | Tan Yu Yeh | 9,221,700 | 1.70 |
| 11. | Lembaga Tabung Angkatan Tentera | 9,145,400 | 1.68 |
| 12. | Tang Ying See | 9,014,200 | 1.66 |
| 13. | MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ow Chee Cheoon</i> | 8,761,000 | 1.61 |
| 14. | CitiGroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (LEEF)</i> | 8,680,700 | 1.60 |

STATISTICS OF SHAREHOLDINGS

[CONT 'D]

| No. | Name | No. of Issued Shares | % of Issued Shares |
|--------------|---|----------------------------|--------------------------|
| 15. | HSBC Nominees (Asing) Sdn Bhd <i>Exempt An For Credit Suisse (SG BR-TST-ASING)</i> | 8,107,100 | 1.49 |
| 16. | CitiGroup Nominees (Tempatan) Sdn Bhd <i>Urusharta Jamaah Sdn. Bhd. (Maybank 2)</i> | 7,620,700 | 1.40 |
| 17. | CitiGroup Nominees (Tempatan) Sdn Bhd <i>Employees Provident Fund Board (ABERISLAMIC)</i> | 7,079,500 | 1.30 |
| 18. | Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pang Sar</i> | 6,937,800 | 1.28 |
| 19. | CitiGroup Nominees (Asing) Sdn Bhd <i>Exempt An For Citibank New York (Norges Bank 14)</i> | 6,833,100 | 1.26 |
| 20. | MayBank Nominees (Tempatan) Sdn Bhd <i>MayBank Trustees Berhad for Dana Makmur Pheim (211901)</i> | 5,275,200 | 0.97 |
| 21. | CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Pang Sar (PB-0J0028)</i> | 5,100,000 | 0.94 |
| 22. | Splendid Forte Sdn Bhd | 4,593,618 | 0.85 |
| 23. | HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For Maybank Malaysia Value Fund</i> | 4,592,300 | 0.85 |
| 24. | Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ku Haris Bin Ku Mahmud (KUH0001C)</i> | 4,410,500 | 0.81 |
| 25. | DB (Malaysia) Nominee (Tempatan) Sendirian Berhad <i>Deutsche Trustees Malaysia Berhad for Eastspring Investmentsdana Al-Ilham</i> | 4,294,710 | 0.79 |
| 26. | Syarikat Muhibah Perniagaan Dan Pembinaan Sdn Bhd | 4,100,176 | 0.76 |
| 27. | CitiGroup Nominees (Tempatan) Sdn Bhd <i>Kumpulan Wang Persaraan (Diperbadankan) (ESPG IV SC E)</i> | 3,866,820 | 0.71 |
| 28. | Affin Hwang Nominees (Tempatan) Sdn. Bhd. <i>Pledged Securities Account for Ow Chee Cheoon (OWC0008M)</i> | 3,605,700 | 0.66 |
| 29. | CitiGroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Takaful Berhad (Mekar)</i> | 3,225,300 | 0.59 |
| 30. | HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd For Allianz Life Insurance Malaysia Berhad (P)</i> | 3,138,336 | 0.58 |
| Total | | 325,809,678 | 60.03 |

STATISTICS OF WARRANT HOLDINGS

as at 1 April 2022 (as per Record of Warrant Holders)

| | | |
|----------------------------------|---|---|
| Number of Outstanding Warrants B | : | 119,394,407 |
| Exercise Price per Warrant B | : | RM1.12 |
| Expiry date of Warrants B | : | 26 September 2023 |
| Voting Rights | : | None unless warrant holders exercise their warrants for new ordinary shares |

ANALYSIS BY SIZE OF WARRANT HOLDINGS

| Size of Holdings | No. of Holders | % of Holders | No. of Warrants Held | % of Issued Warrants |
|--|-------------------|-----------------|----------------------------|----------------------------|
| Less than 100 | 455 | 25.28 | 13,526 | 0.01 |
| 100 to 1,000 | 315 | 17.50 | 138,463 | 0.12 |
| 1,001 to 10,000 | 416 | 23.11 | 2,000,033 | 1.68 |
| 10,001 to 100,000 | 435 | 24.17 | 18,085,764 | 15.15 |
| 100,001 to less than 5% of issued warrants | 178 | 9.89 | 92,456,621 | 77.44 |
| 5% and above of issued warrants | 1 | 0.06 | 6,700,000 | 5.61 |
| Total | 1,800 | 100.00 | 119,394,407 | 100.00 |

DIRECTORS' WARRANT HOLDINGS

as at 1 April 2022

| Name of Directors | Direct Interest | | Deemed Interest | |
|---|------------------------------|----------------------------|------------------------------|----------------------------|
| | No. of Issued Warrants | % of Issued Warrants | No. of Issued Warrants | % of Issued Warrants |
| Y.M. Tunku Alizan bin Raja Muhammad Alias | 173,650 | 0.15 | - | - |
| Dato' Sri Azizan bin Jaafar | 460,575 | 0.39 | ⁽¹⁾ 6,820,500 | ⁽¹⁾ 5.71 |
| Dato' Ow Chee Cheoon | 8,325,190 | 6.97 | - | - |
| Ow Yin Yee | 40,150 | 0.03 | - | - |
| Dato' Kamisah binti Johan | - | - | - | - |
| Dato' Muraly Daran A/L M Narayana Menon | - | - | - | - |
| Datuk Ir. Mohd Dom bin Ahmad | - | - | - | - |
| Masleena binti Zaid | - | - | - | - |

Notes:-

(1) Deemed interested by virtue of his shareholdings in Ganjaran Gembira Sdn Bhd pursuant to Section 8(4)(c) of the Act.

STATISTICS OF WARRANT HOLDINGS

[CONT 'D]

TOP 30 WARRANT HOLDERS

as per Record of Warrant Holders as at 1 April 2022

| No. | Name | No. of Issued Warrants | % of Issued Warrants |
|-----|--|------------------------------|----------------------------|
| 1. | CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Ganjaran Gembira Sdn Bhd (PB)</i> | 6,700,000 | 5.61 |
| 2. | CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB for Ow Chee Cheoon (PB)</i> | 5,269,500 | 4.41 |
| 3. | Tan Yu Yeh | 4,854,000 | 4.07 |
| 4. | Er Soon Puay | 3,447,800 | 2.89 |
| 5. | MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Heng Chee Hong</i> | 3,249,300 | 2.72 |
| 6. | CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Gregory Chen Hoong Chuin (MY3131)</i> | 2,974,100 | 2.49 |
| 7. | Gwi Huan Yi | 2,894,100 | 2.42 |
| 8. | Chow Kok Leong | 2,380,000 | 1.99 |
| 9. | RHB Capital Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Wong Han Keong (201074)</i> | 2,300,000 | 1.93 |
| 10. | CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Mohammed Amin Bin Mahmud (MM1004)</i> | 2,243,900 | 1.88 |
| 11. | HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (MEF)</i> | 2,235,575 | 1.87 |
| 12. | Splendid Forte Sdn Bhd | 2,155,000 | 1.80 |
| 13. | MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ow Chee Cheoon</i> | 2,152,750 | 1.80 |
| 14. | MayBank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chong Kee Soon</i> | 1,830,100 | 1.53 |
| 15. | Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Pang Sar</i> | 1,762,500 | 1.48 |
| 16. | CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Seah Yik Hong (MY3269)</i> | 1,748,100 | 1.46 |
| 17. | Wong Yong Heng | 1,636,800 | 1.37 |
| 18. | CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Liu Wen Jong (MY0727)</i> | 1,499,000 | 1.26 |
| 19. | CIMSEC Nominees (Tempatan) Sdn Bhd <i>CIMB Bank for Pang Sar (PB-0J0028)</i> | 1,250,000 | 1.05 |
| 20. | Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Khok Keng (E-Tai)</i> | 1,179,000 | 0.99 |
| 21. | CitiGroup Nominees (Tempatan) Sdn Bhd <i>Great Eastern Life Assurance (Malaysia) Berhad (LPF)</i> | 1,096,625 | 0.92 |
| 22. | Lim Yu Soo | 1,055,000 | 0.88 |
| 23. | Ng Chun Kooi | 1,007,740 | 0.84 |
| 24. | Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Chea Jian Kai (E-Tai/STW)</i> | 944,300 | 0.79 |

STATISTICS OF WARRANT HOLDINGS

[CONT 'D]

| No. | Name | No. of Issued Warrants | % of Issued Warrants |
|--------------|--|------------------------|----------------------|
| 25. | Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ow Chee Cheoon (OWC0008M)</i> | 883,750 | 0.74 |
| 26. | RHB Nominees (Tempatan) Sdn Bhd <i>RHB Asset Management Sdn Bhd for How Kim Lian</i> | 850,000 | 0.71 |
| 27. | Ng Teik Eng | 735,025 | 0.62 |
| 28. | Lee Chuan Maw | 715,800 | 0.60 |
| 29. | HSBC Nominees (Tempatan) Sdn Bhd <i>HSBC (M) Trustee Bhd for Allianz Life Insurance Malaysia Berhad (P)</i> | 711,700 | 0.60 |
| 30. | Chen Harn Shean | 683,700 | 0.57 |
| Total | | 62,445,165 | 52.30 |

ADDITIONAL COMPLIANCE INFORMATION DISCLOSURES

The following information is provided in accordance with Paragraph 9.25 of the MMLR as set out in Appendix 9C thereto.

1. Utilisation of Proceeds Raised from Corporate Proposals

Pursuant to the Private Placement Exercise which was duly completed upon the subscription and listing of the 49,342,852 Placement Shares at RM0.6111 each on the Main Market of Bursa Malaysia Securities Berhad with effect from 5 April 2021, the gross proceeds raised from the Private Placement Exercise was RM30,153,417 and current utilization status as at 1 April 2022 is as set out below:-

| Purpose | Proposed utilisation RM'000 | Actual utilisation RM'000 |
|--|-----------------------------------|---------------------------------|
| Funding for existing and future property development and construction projects | 29,491 | 29,491 |
| Defrayment of expenses related to Proposed Private Placement | 662 | *684 |
| Total | 30,153 | 30,175 |

Note:

*There was an underestimation on the professional cost of RM22,000 which was funded by internally generated fund

2. Recurrent Related Party Transactions of a Revenue or Trading Nature

There were no material recurrent related party transactions of a revenue or trading nature during the financial year other than those disclosed in Note 34 to the financial statements. Those recurrent related party transactions did not exceed the threshold prescribed under Paragraph 10.09(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

3. Non-Audit Fees

The amount of audit fees and non-audit fees paid or payable to the Company's external auditors and a firm affiliated to the external auditors' firm by the Group and the Company for the financial year ended December 2021 are as follows:

| | Group RM | Company RM |
|----------------|----------------|---------------|
| Audit Fees | 285,300 | 70,000 |
| Non-audit fees | 7,000 | 7,000 |
| TOTAL | 292,300 | 77,000 |

4. Material Contracts Involving Directors' and Major Shareholders' Interests

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting as at the end of the financial year ended 31 December 2021 or entered into since the end of the previous financial year.

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Twelfth Annual General Meeting of GABUNGAN AQRS BERHAD (“**Company**”) to be held **virtually via live streaming** and online remote voting at the broadcast venue at The Function Room, G-58-3, Block G, Jalan Teknologi 3/9, Bistari ‘De’ Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 16 June 2022 at 10.00 a.m. for the following purposes:-

AGENDA

- | | | |
|---|--------------------|---|
| 1. To receive the Audited Financial Statements of the Company for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon. | | [Please refer to Explanatory Note (1)] |
| 2. To re-elect Dato’ Ow Chee Cheoon who retires by rotation in accordance with Clause 119 of the Company’s Constitution and being eligible, has offered himself for re-election. <i>Please refer to the Explanatory Note (2)</i> | | Ordinary Resolution 1 |
| 3. To re-elect the following Directors who retire in accordance with Clause 118 of the Company’s Constitution and being eligible, have offered themselves for re-election:- | | |
| (i) Dato’ Kamisah binti Johan | | Ordinary Resolution 2 |
| (ii) Dato’ Muraly Daran A/L M Narayana Menon | | Ordinary Resolution 3 |
| (iii) Datuk Ir. Mohd Dom bin Ahmad | | Ordinary Resolution 4 |
| (iv) Puan Masleena binti Zaid <i>Please refer to the Explanatory Note (2)</i> | | Ordinary Resolution 5 |
| 4. To approve the payment for under provision of Director’s fees amounting to RM37,162 payable to Dato’ Kamisah binti Johan for the financial year ended 31 December 2021. <i>Please refer to the Explanatory Note (3)(i)</i> | | Ordinary Resolution 6 |
| 5. To approve the payment of Directors’ fees, payable on a monthly basis to the following Directors starting from 1 January 2022 and until the date of the next annual general meeting to be held in year 2023:- | | |
| Directors | Amount (RM) | |
| (i) Y.M. Tunku Alizan bin Raja Muhammad Alias | 222,000 | Ordinary Resolution 7 |
| (ii) Dato’ Kamisah binti Johan | 144,000 | Ordinary Resolution 8 |
| <i>Please refer to the Explanatory Note (3)(ii)</i> | | |
| 6. To approve the payment of Directors’ fees, payable on a monthly basis to the following Directors starting from 28 February 2022 and until the date of the next annual general meeting to be held in year 2023:- | | |
| Directors | Amount (RM) | |
| (i) Dato’ Muraly Daran A/L M Narayana Menon | 80,000 | Ordinary Resolution 9 |
| (ii) Datuk Ir. Mohd Dom bin Ahmad | 80,000 | Ordinary Resolution 10 |
| (iii) Puan Masleena binti Zaid | 80,000 | Ordinary Resolution 11 |
| <i>Please refer to the Explanatory Note (3)(ii)</i> | | |

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

[CONT 'D]

7. To approve the payment of Director's fees to the following former Directors for their service rendered in the financial calendar year 2022:-

| Directors | Amount (RM) | |
|-------------------------------------|-------------|------------------------|
| (i) Puan Latifah binti Abdul Latiff | 2,581 | Ordinary Resolution 12 |
| (ii) Datuk Kamarudin bin Md. Ali | 16,000 | Ordinary Resolution 13 |
| (iii) Mr Muk Sai Tat | 16,000 | Ordinary Resolution 14 |

Please refer to the Explanatory Note (3)(ii)

8. To approve the payment of Directors' benefits (excluding Directors' fees) up to an amount of RM48,000 from 17 June 2022 until the next Annual General Meeting of the Company in year 2023.
Please refer to the Explanatory Note (3)(iii)

Ordinary Resolution 15

9. To re-appoint Messrs. BDO PLT as Auditors of the Company and to hold office until the conclusion of the next Annual General Meeting of the Company and to authorise the Board of Directors to fix their remuneration.

Ordinary Resolution 16

Please refer to the Explanatory Note (4)

Special Business

To consider and if thought fit, with or without modifications, to pass the following Ordinary Resolutions:-

10. **Ordinary Resolution**
Authority to Issue and Allot Shares pursuant to the Companies Act 2016

Ordinary Resolution 17

"**THAT** subject always to the Companies Act 2016, the Constitution of the Company, the approvals from Bursa Malaysia Securities Berhad and any other relevant governmental and/or regulatory authorities, where such approval is necessary, the Directors of the Company be and are hereby authorised and empowered pursuant to Sections 75 and 76 of the Companies Act 2016, to issue and allot shares in the capital of the Company from time to time at such price and upon such terms and conditions, for such purposes and to such person or persons whomsoever as the Directors of the Company may in their absolute discretion, deem fit, provided that the aggregate number of shares to be issued does not exceed ten percent (10%) of the total number of issued shares (excluding treasury shares) of the Company for the time being.

AND THAT such authority shall continue in force until the conclusion of the next Annual General Meeting ("**AGM**") of the Company; **AND FURTHER THAT** the Directors of the Company be and are hereby empowered to obtain the approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad; **AND FURTHER THAT** such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."

11. **Ordinary Resolution**
Proposed Renewal of Authority for Share Buy-Back

Ordinary Resolution 18

"**THAT**, subject to Section 127 of the Companies Act 2016 ("**Act**"), the provisions of the Constitution of the Company, the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and all other applicable laws, rules and regulations and guidelines for the time being in force and the approvals of all relevant governmental and/or regulatory authority, approval be and is hereby given to the Company, to purchase such number of ordinary shares in the Company as may be determined by the Directors of the Company from time to time through Bursa Securities as the Directors may deem and expedient in the interest of the Company, provided that:-

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

[CONT 'D]

- (i) the aggregate number of ordinary shares to be purchased and/or held by the Company pursuant to this resolution shall not exceed ten percent (10%) of the total number of issued shares of the Company as quoted on Bursa Securities as at the point of purchase; and
- (ii) the maximum funds to be allocated by the Company for the purpose of purchasing its own shares shall not exceed the aggregate of the retained profits of the Company based on the latest audited financial statements and/or the latest unaudited financial statements of the Company (where applicable) available at the time of the purchase(s).

THAT upon completion of the purchase by the Company of its own shares, the Directors of the Company be authorised to deal with the shares purchased in their absolute discretion in the following manner:-

- (i) cancel all or part of the shares so purchased; and/or
- (ii) retain all the shares so purchased as treasury shares; and/or
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder; and/or
- (iv) distribute the treasury shares as share dividends to the shareholders of the Company; and/or
- (v) resell the treasury shares on the market of Bursa Securities in accordance with the relevant rules of Bursa Securities; and/or
- (vi) transfer the treasury shares as purchase consideration; or

in any other manner as prescribed by the Act, rules, regulations and orders made pursuant to the Act and the requirements of Bursa Securities and any other relevant authority for the time being in force.

THAT such authority conferred by this resolution shall commence upon the passing of this resolution and shall continue to be in force until:-

- (i) the conclusion of the next Annual General Meeting ("**AGM**") of the Company following this AGM at which such resolution was passed, at which time it will lapse, unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or
- (ii) the expiration of the period within which the next AGM of the Company after that date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders of the Company in a general meeting;

whichever occurs first;-

AND THAT the Board be and is hereby authorised to do all such acts, deeds and things as they may consider expedient or necessary in the best interest of the Company to give full effect to the Proposed Renewal of Authority for Share Buy-Back with full powers to assent to any conditions, modifications, variations and/or amendments as may be imposed by the relevant authorities and to take all such steps, and do all such acts and things as the Board may deem fit and expedient in the best interest of the Company."

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

[CONT 'D]

12. To transact any other ordinary business for which due notice has been given.

BY ORDER OF THE BOARD

OOI LI ANN (SSM PC No.: 201908003060) (MAICSA 7065065)
CHUA SIEW CHUAN (SSM PC No.: 201908002648) (MAICSA 0777689)
TAN LEY THENG (SSM PC No.: 201908001685) (MAICSA 7030358)
Joint Company Secretaries

Selangor Darul Ehsan
29 April 2022

NOTES:-

(1) *The 12th AGM will be conducted on a virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities to be provided by SS E Solutions Sdn Bhd via Securities Services e-Portal's platform at <https://sshsb.net.my/login.aspx>. Please read carefully and follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities.*

(2) *The Broadcast Venue, which is the main venue of the 12th AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 81 of the Company's Constitution, which require the Chairman to be present at the main venue of the 12th AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 12th AGM.*

With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the 12th AGM.

As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 12th AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the 12th AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshsb.com.my during the 12th AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded via broadcast by the Chairman, Board of Directors and/or Management during the Meeting.

(3) *In respect of deposited securities, only members whose names appear in the Record of Depositors as of 9 June 2022 shall be eligible to attend the Meeting or appoint proxies to attend and/or vote in his/her stead.*

(4) *The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.*

(5) *A member of the Company entitled to attend and vote at the Meeting, may appoint more than one (1) proxy to attend and vote in his stead. When a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to speak at the Meeting.*

(6) *Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("SICDA"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.*

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

[CONT'D]

- (7) Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- (8) The instrument appointing a proxy must be deposited at SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted electronically via Securities Services e-Portal at <https://sshshb.net.my/login.aspx> not later than forty-eight (48) hours before the time set for holding the 12th AGM or any adjournment thereof.

The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the 12th AGM should he subsequently decides to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the 12th AGM or any adjournment thereof, and you register for RPV as guided in the Administrative Guide. Please contact the poll administrator, SS E Solutions Sdn Bhd, at 03-2084 9000 for further assistance.

EXPLANATORY NOTES:

1. Audited Financial Statements for the financial year ended 31 December 2021

The Audited Financial Statements in Agenda 1 are meant for discussion purpose only, as the approval of the shareholders is not required pursuant to the provision of Section 340(1)(a) of the Companies Act 2016. Hence, this agenda is not put forward for voting by shareholders.

2. Re-election of Directors

Dato' Ow Chee Cheoon, who retires in accordance with Clause 119 of the Company's Constitution, whereas Dato' Kamisah binti Johan retires in accordance with Clause 118 of the Company's Constitution ("**Retiring Directors**") and being eligible, have offered themselves for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at this 12th AGM and in line with Practice 5.1 of the revised Malaysian Code on Corporate Governance 2021, the Nomination Committee ("**NC**") has reviewed and assessed the Retiring Directors from the annual assessment and evaluation of the Board for the FY2021, save for Dato' Muraly Daran A/L M Narayana Menon, Datuk Ir. Mohd Dom bin Ahmad and Puan Masleena binti Zaid who were the newly appointed to the Board on 28 February 2022.

The NC had recommended the re-election of Retiring Directors based on the following consideration:-

- (i) satisfactory performance and have met Board's expectation in discharging their duties and responsibilities;
- (ii) met the criteria of character, experience, integrity, competence and time commitment in discharging their roles as directors of the Company;
- (iii) level of independence demonstrated by the independent director; and
- (iv) their ability to act in the best interest of the Company in decision-making.

The Board endorsed the recommendation of the NC on the re-election of the Retiring Directors.

The profiles of the Retiring Directors are stated in the Annual Report 2021 of the Company.

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

[CONT 'D]

3. Payment of Directors' Fees and Benefits

Section 230(1) of the Companies Act 2016 requires that the fees of the directors and any benefits payable to the directors of a listed company and its subsidiaries shall be approved at a general meeting. The Executive Directors do not receive any fees as Directors, but they are remunerated with salary, benefits and other emoluments by virtue of their contract of service or employment which do not require approval by the shareholders. Besides, this is to facilitate payment of Directors' fees on current financial year basis. In the event the Directors' fees proposed is insufficient due to enlarged Board size, approval will be sought at the next AGM for additional fees to meet the shortfall. Pursuant thereto, shareholders' approval will be sought at this AGM for the following payments:

(i) Payment of under provision of Director's Fees for the financial year ended 31 December 2021 ("FYE 2021")

This **Ordinary Resolution 6** if approved, will authorise the payment of the shortfall of Director's fees amounting to RM37,162 for the financial year ended 31 December 2021. The amount of shortfall was accrued for the services rendered by Dato' Kamisah binti Johan as a Non-Independent Non-Executive Director for the period from her appointment date on 12 August 2021 and up to 31 December 2021.

(ii) Payment of Directors' Fees

The following are entitled to annual Directors' Fees based on the following remuneration structure of the Non-Executive Directors ("**NEDs**") with effect from 28 February 2022:

| No. | Description | Before 28 | After 28 |
|-----|---|--|--|
| | | February 2022 Per Month basis (RM) | February 2022 Per Month basis (RM) |
| 1. | Chairman of the Board | 15,000 | 12,000 |
| 2. | Non-Independent Non-Executive Director | 8,000 | 8,000 |
| 3. | Independent Non-Executive Director (per person) | 8,000 | 5,000 |

In line with the cost rationalisation, the Fees for the Chairman of the Board has been reduced by 20% and whereas for the Independent Non-Executive Directors have reduced 37.5% with effect from 28 February 2022.

Puan Latifah who has resigned as Independent Non-Executive Director of the Company on 10 January 2022, is entitled for Directors' fees on pro rata basis for 10 days from 1 January 2022 until her resignation date.

Whereas, Datuk Kamarudin bin Md. Ali and Mr. Muk Sai Tat have resigned as Independent Non-Executive Directors of the Company on 28 February 2022. Hence, they are entitled to annual Directors' fees on pro-rata basis for 2-months period from 1 January 2022 to 28 February 2022.

Arising thereof, the total amount of Directors' Fees payable to the NEDs is RM640,581.

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

[CONT 'D]

- (iii) Payment of Directors' benefits (excluding Directors' fees) from 17 June 2022 until the next Annual General Meeting of the Company in year 2023

Amount payable to the NEDs are only for the purpose of physical attendance for Board Committees Meeting. The estimated amount of Directors' benefits of RM48,000 payable to the NEDs comprises the following:

| Board Committee | Chairman (RM) | Members (RM) | Total (RM) |
|--|------------------|-----------------|---------------|
| Audit Committee | 1,000 | 500 | 16,000 |
| Risk Management and Sustainability Committee | 1,000 | 500 | 20,000 |
| Nomination Committee | 500 | 500 | 6,000 |
| Remuneration Committee | 500 | 500 | 6,000 |
| TOTAL | | | 48,000 |

Note:

The Board Meeting allowance of RM1,000 per meeting has been cancelled thereof and the Board has approved the new meeting allowance structure as mentioned above with effect from 28 February 2022.

4. Re-Appointment of Auditors

The Board has at its meeting held on 28 February 2022 approved the recommendation by the Audit Committee on the re-appointment of Messrs. BDO PLT as Auditors of the Company, having considered several factors including the adequacy of experience and resources of the firm and the professional staff assigned to the audit. The shareholders' approval is sought under **Ordinary Resolution 16**.

5. Explanatory Notes on Special Business**Ordinary Resolution 17 - Authority to issue and allot shares pursuant to the Companies Act 2016**

The **Ordinary Resolution 17** is for the purpose of seeking a renewal of the general mandate given to the Directors of the Company to issue and allot shares as approved by the shareholders at the Eleventh AGM of the Company ("**Previous Mandate**").

Ordinary Resolution 17, if passed, will empower the Directors of the Company pursuant to the Act, from the date of the Twelfth AGM of the Company, to issue and allot shares in the Company at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed ten percent (10%) of the total number of issued shares of the Company for the time being. The general mandate, unless revoked or varied at general meeting, will expire at the next AGM of the Company.

The general mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placement of shares for the purpose of funding future investment(s), project(s), working capital and/or acquisition(s).

On 25 February 2021, the Company had announced its proposal to undertake a private placement exercise ("**Placement Exercise**") to place such number of new ordinary shares approximately 10% of the total number of issued shares of the Company (excluding treasury shares) pursuant to the Previous Mandate. On 5 April 2021, the Company completed the said private placement by the issuance of 49,342,852 new ordinary shares in the capital of the Company at an issue price of RM0.6111 per share. Details of proceeds raised from the Placement Exercise and its utilisation are disclosed in the section of Additional Compliance Information Disclosures in the Annual Report.

NOTICE OF TWELFTH ANNUAL GENERAL MEETING

[CONT 'D]

Ordinary Resolution 18 - Proposed Renewal of Authority for Share Buy-Back

The Ordinary Resolution 18, if passed, will renew the authority given to the Company to purchase its own shares of up to ten per centum (10%) of the total number of issued shares of the Company at any time within the time period stipulated in the Main Market Listing Requirements of Bursa Securities. This authority will, unless revoked or varied at a general meeting, expire at the conclusion of the next AGM of the Company. The details of the proposal are set out in Section B of the Statement Accompanying Notice of AGM of this Annual Report.

STATEMENT ACCOMPANYING NOTICE OF AGM

(pursuant to Paragraphs 8.27(2) and 12.06(2)(a) of the MMLR)

SECTION A

DETAILS OF INDIVIDUAL STANDING FOR ELECTION AS DIRECTOR

No notice of nomination has been received to date from any member nominating any individual for election as a Director at the AGM of the Company. There is therefore no individual standing for election as Director, save for the Directors who are standing for re-election.

Further details of Directors standing for re-election as Directors are set out in their respective profiles which appear in the Directors' Profile of this Annual Report and the details of their interests in the securities of the Company are disclosed in the Statistics of Shareholdings of this Annual Report.

SECTION B

SHARE BUY-BACK STATEMENT

in relation to the

PROPOSED RENEWAL OF AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES ("PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY")

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to the course of action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.

Bursa Malaysia Securities Berhad ("**Bursa Securities**") has not perused this Statement prior to its issuance as it is an exempted document.

Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

1. INTRODUCTION

At the Eleventh Annual General Meeting ("**AGM**") of the GBGAQRS held on 24 June 2021, the Board had obtained mandate from the shareholders to enter into a share buy-back exercise of up to a maximum of ten per centum (10%) of its total number of issued shares through Bursa Securities. The shareholders' mandate shall expire at the conclusion of the Company's forthcoming AGM, unless authority for its renewal is obtained.

The Board of Directors of the Company had on 26 April 2022 announced the Company's intention to seek its shareholders' approval for the Proposed Renewal of Share Buy-Back Authority by way of an Ordinary Resolution at the Company's forthcoming Twelfth AGM.

The purpose of this Statement is to provide you with details pertaining to the Proposed Renewal of Share Buy-Back Authority, together with the Board's recommendation and to seek your approval for the Proposed Renewal of Share Buy-Back Authority to be tabled as Special Business at the forthcoming AGM of the Company to be held virtually via live streaming and online remote voting at a broadcast venue at The Function Room, G-58-3, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 16 June 2022 at 10.00 a.m.. A Notice of the Twelfth AGM is enclosed in the Annual Report 2021 together with the Administrative Guide are available at the Company's website under the Investor Relations Section.

STATEMENT ACCOMPANYING NOTICE OF AGM

[CONT 'D]

2. DETAILS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

2.1 Shareholders' Authority

The Proposed Renewal of Share Buy-Back Authority, if granted, will provide the Company with the renewed authority to purchase up to ten percent (10%) of the total number of issued shares of the Company at the point of purchase through the Company's appointed stockbroker(s) as approved by Bursa Securities. The purchases pursuant to the Proposed Renewal of Share Buy-Back Authority will be effected on Bursa Securities subject to compliance with Section 127 of the Act, the Listing Requirements and the prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the purchase.

The actual number of GBGAQRS Shares to be purchased and the timing of such purchase will depend on (among others) the prevailing equity market conditions and sentiments of the stock market as well as the balances in retained profits, and the financial resources available to the Company at the time of the purchase(s).

The Proposed Renewal of Share Buy-Back Authority, if approved, shall be effective upon the passing of the resolution at the forthcoming Twelfth AGM of GBGAQRS until:-

- (a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by ordinary resolution passed at that meeting that the authority is renewed, either unconditionally or subject to conditions; or
- (b) the expiration of the period within which the next AGM after that date is required by law to be held; or
- (c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever occurs first, but shall not prejudice the completion of purchase(s) by the Company before the aforesaid expiry date and, in any event, in accordance with the provisions of the Listing Requirements and any other relevant authorities.

The approval of the shareholders on the Proposed Renewal of Share Buy-Back Authority does not impose an obligation on the Company to purchase its own shares. However, it will allow the Board to exercise the power of the Company to purchase its own shares at any time within the abovementioned time periods.

2.2 Maximum Amount of Funds to be Allocated

The total existing issued share capital of GBGAQRS as at LPD is 543,937,119 Shares.

For illustrative purposes, as at LPD, the total number of issued shares of the Company now stood at 543,937,119 Shares (including 1,165,744 treasury shares). Assuming that (i) no further Shares are issued and (ii) no outstanding Warrants are exercised by the entitled warrant holders; as at the LPD, the maximum number of Shares that can be purchased pursuant to the Proposed Renewal of Share Buy-Back Authority is 54,393,711 Shares.

For the avoidance of doubt, for illustrative purposes throughout this Statement including the proforma effects as disclosed in Section 6 below, we have not taken into account:-

- (i) any purchase of Shares by GBGAQRS pursuant to the share buy-back authority approved by shareholders at Eleventh AGM, after the LPD; and
- (ii) any issuance of additional Shares pursuant to Sections 75 and 76 of the Act after the LPD.

As at LPD, the Company has outstanding of Warrant B 2018/2023 amounting to 119,394,407, which is remain unexercised and entitles the warrant holders to subscribe for 119,394,407 new GBGAQRS Shares at an exercise price of RM1.12 per share.

Hence, based on the Company's total number of issued shares as at LPD and the assumption that all Warrants are converted into new GBGAQRS Shares, the Proposed Renewal of Share Buy-Back Authority will enable the Company to purchase up to a maximum of 66,333,152 Ordinary Shares, representing 10% of the enlarged total number of issued shares of the Company.

STATEMENT ACCOMPANYING NOTICE OF AGM

[CONT 'D]

2.3 Treatment of Shares Purchased

Section 127(4) of the Act allows the Company to cancel the purchased Shares, to retain the purchased Shares as treasury shares or a combination of both shares that are purchased by the Company shall be deemed to be cancelled immediately on purchase unless it is held in treasury.

If such purchased Shares are held as treasury shares and in accordance to Section 127(7) of the Act, the Board may:-

- (a) cancel all or part of the purchased shares; and/or
- (b) retain the purchased shares as treasury shares; and/or
- (c) retain part of the purchased shares as treasury shares and cancel the remainder; and/or
- (d) distribute the treasury shares as share dividends to shareholders of the Company; and/or
- (e) resell the treasury shares or any of the shares in accordance with the relevant rules of Bursa Securities; and/or
- (f) transfer the treasury shares, or any of the shares for the purposes of or under an employees' share scheme established by the Company; and/or
- (g) transfer the treasury shares, or any of the shares as purchase consideration; and/or
- (h) sell, transfer or otherwise use the treasury shares for such other purposes as the Minister charged with the responsibility for companies may by order prescribe,

or in any other manner as allowed by the Act, the applicable laws, regulations and guidelines applied from time to time by Bursa Securities and/or any other relevant authority for the time being in force and that the authority to deal with the Purchased Shares shall continue to be valid until all the Purchased Shares have been dealt with by the Directors.

The decision whether to retain the Purchased Shares as Treasury Shares, or to cancel the Purchased Shares or a combination of both, will be made by the Board at the appropriate time.

If such purchased Shares are held as treasury shares, the rights attached to them as to attending and voting at meetings and any purported exercise of such rights is void. The treasury shares shall not confer the right to receive dividends or other distributions, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding-up of the Company. In addition, the treasury shares shall not be taken into account in calculating the number or percentage of Shares or of a class of Shares in the Company for any purposes including, without limiting the generality of the provision in the Act or the MMLR on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolutions at meetings of shareholders.

Where treasury shares are distributed as share dividends, the costs of the Shares on the original purchase shall be applied in the reduction of the funds otherwise available for distribution as dividends.

Where the Shares so purchased are cancelled or to cancel any treasury shares, the costs of the Shares shall be applied in the reduction of the profits otherwise available for distribution as dividends. The issued capital of the Company shall be diminished by the Shares so cancelled.

STATEMENT ACCOMPANYING NOTICE OF AGM

[CONT 'D]

2.4 Purchased/Resale Price

Pursuant to Paragraph 12.17 of the MMLR, the Company may only purchase its own Shares at a price which is not more than fifteen per centum (15%) above the weighted average market price of the Shares for the past five (5) market days immediately preceding the date of purchase.

In the case of resale or transfer of treasury shares, the Company may only resell the treasury shares or transfer treasury shares pursuant to section 127(7) of the Act and Paragraph 12.18 of the MMLR at:

- (a) a price which is not less than the weighted average market price of the Shares for the past five (5) market days immediately prior to the date of resale or transfer; or
- (b) a discounted price of not more than five per centum (5%) to the weighted average market price of the Shares for the past five (5) market days immediately prior to the date of resale or transfer provided that:-
 - the resale or transfer takes place not earlier than 30 days from the date of purchase; and
 - the resale or transfer price is not less than the cost of purchase of the Shares being resold or transferred.

In accordance with Paragraph 12.26 of the MMLR, the Company may purchase its own Shares in odd lots, i.e. any number of its own Shares which is less than the number of Shares prescribed by Bursa Securities as a board lot through direct business transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

3. RETAINED PROFITS

In accordance with the MMLR, the Proposed Renewal of Share Buy-Back Authority must be made wholly out of GBGAQRS's retained profits of the Company. The maximum amount of funds to be utilised for the Proposed Renewal of Share Buy-Back Authority will be limited to the amount of retained profits based on the latest audited and unaudited financial statements of the Company. Based on the audited financial statements of the Company for the financial year ended 31 December 2021, the retained profits of the Company amounted to RM18,717,812.

4. SOURCE OF FUNDS

The Proposed Renewal of Share Buy-Back Authority will be funded through internally generated funds and/or bank borrowings or a combination of both. In the event that the Company intends to purchase its own Shares using bank borrowings, the Board shall ensure that the Company shall have sufficient funds to repay the bank borrowings and interest expense and that the repayment would not have any material effect on the cash flow of the Company.

The amount of funds to be utilised will depend on the actual number of Shares to be purchased, the price of the Shares and the availability of funds involved for each purchase(s) will depend on market conditions and sentiments of the stock market as well as the retained profits and financial resources available to the Group. In addition, the Board will ensure that the Company satisfies the solvency test as stated in the Section 112(2) of the Act before execution of the Proposed Renewal of Share Buy-Back Authority.

STATEMENT ACCOMPANYING NOTICE OF AGM

[CONT 'D]

5. RATIONALE, POTENTIAL ADVANTAGES AND DISADVANTAGES FOR THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

The Proposed Renewal of Share Buy-Back Authority is expected to benefit the Company and its shareholders in the following manners:-

- (a) it is expected to potentially benefit the Company and its shareholders, in terms of stabilising the supply and demand of GBGAQRS Shares as well as the price of the Company's Shares;
- (b) it will enhance the EPS of GBGAQRS, irrespective of whether the purchased Shares are held as treasury shares or cancelled, as it will result in a lower number of Shares being taken into account for the purpose of computing the EPS of the Shares; and
- (c) if the purchased Shares are held as treasury shares, such Shares may potentially be resold in the open market at a higher price and therefore realising a potential gain without affecting the total number of issued Shares. The treasury shares may also be distributed to the shareholders as dividend and if undertaken, would serve as a reward to the shareholders, or to be utilised as purchase consideration by the Company in corporate transactions thereby reducing the financial outflow and/or preserve the working capital of the Company.

The Proposed Renewal of Share Buy-Back Authority, if implemented, would reduce the financial resources of the Group. This may result in the Group having to:-

- (a) forgo future investments or business opportunities;
- (b) increase its interest expense or reduce its interest income accordingly, that may be derived from not utilising such funds to repay bank borrowings or not depositing such funds in income bearing instruments; and/or
- (c) reduce the availability of funds for distribution of cash dividends to shareholders.

On the other hand, the financial resources of the Group may increase, if the resale of the purchased Shares (not held as treasury shares) is at prices higher than purchase price.

In this connection, the Board will be mindful of the interests of the Group, the shareholders and stakeholders when implementing the Proposed Renewal of Share Buy-Back Authority and when cancelling and/or reselling the said treasury shares, if any, on Bursa Securities.

6. FINANCIAL EFFECTS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY

On the assumption that the Proposed Renewal of Share Buy-Back Authority is carried out in full, the effects of the Proposed Renewal of Share Buy-Back Authority on the share capital, net assets, working capital, earnings and dividends are set out below:-

6.1 Share Capital

Based on the issued share capital of the Company as at LPD and assuming that the maximum number of GBGAQRS (of up to ten percent (10%) of the issued share capital) authorised under the Proposed Renewal of Share Buy-Back Authority are purchased and cancelled, it will result the in the issued share capital of the Company being reduced as follows:

Scenario I : Assuming no further exercise of Warrants

Scenario II : Assuming that all the outstanding Warrants are exercised and converted into Shares

STATEMENT ACCOMPANYING NOTICE OF AGM

[CONT 'D]

| | No. of shares | |
|--|--------------------|--------------------|
| | Scenario I | Scenario II |
| Total Issued Shares as at LPD | 543,937,119 | 543,937,119 |
| Shares to be issued upon full exercise of the Warrants | - | 119,394,407 |
| Enlarged total number of issued Shares | 543,937,119 | 663,331,526 |
| Cancellation of Purchased GBGAQRS Shares | (54,393,711) | (66,333,152) |
| Total number of issued shares after the Proposed Renewal of Share Buy-Back Authority | 489,543,408 | 596,998,374 |

However, the Proposed Renewal of Share Buy-Back Authority will have no effect on the total number of issued shares if all the purchased Shares are to be retained as treasury shares, resold or distributed to the shareholders. Nevertheless, certain rights attached to the Ordinary Shares such as voting, dividends and participation in other distribution will be suspended while they are held as treasury shares.

6.2 NA, NA Per Share and Gearing

The effect of the Proposed Renewal of Share Buy-Back Authority on the consolidated NA per share of the Group would depend on the purchase prices, number of Shares purchased, treatment of the purchased Shares and the effective funding cost or loss of interest income to GBGAQRS if internally generated funds are utilised.

The Proposed Renewal of Share Buy-Back Authority will reduce the NA per share at the time of purchase if the purchase price exceeds the NA per share and conversely, will increase the NA per share at the time of purchase if the purchase price is less than the NA per share.

If the treasury shares are sold at a gain, the NA per share would increase and, conversely, the NA per share would decrease if the treasury shares are sold at a loss. The quantum of the increase or decrease in NA will depend on the selling prices of the purchased Shares and the number of purchased Shares resold.

The effects of the Proposed Renewal of Share Buy-Back Authority on the gearing of the Group will depend on the proportion of borrowing being utilised to fund the purchase of the Purchased Shares. At this juncture, the Directors have not determined whether to use borrowings for purposes of purchasing its own Shares.

6.3 Earnings

The effect of the Proposed Renewal of Share Buy-Back Authority on the EPS of GBGAQRS will depend on the purchase price of the Shares, the number of Shares purchased and the opportunity cost arising from the funds utilised for the Proposed Renewal of Share Buy-Back.

Any cancellation of the Shares purchased is expected to give rise to increase EPS provided the income foregone and/or interest expenses incurred on the share purchased is less than the EPS prior to the Proposed Renewal of Share Buy-Back Authority.

Assuming that the Shares purchased are retained as treasury shares and resold, the effects on the earnings of the Group will depend on the actual selling price, the number of treasury shares resold and the effective gain or interest savings from the exercise.

STATEMENT ACCOMPANYING NOTICE OF AGM

[CONT 'D]

6.4 Working Capital

The Proposed Renewal of Share Buy-Back Authority will reduce the working capital of the Group, the quantum of which will depend on, amongst others, the purchase prices, the number of Shares purchased and the effective funding cost, if any.

However, the cash flow or working capital position of the Company will be restored if the purchased of GBGAQRS Shares are resold at least at the purchase price.

6.5 Dividends

The Proposed Renewal of Share Buy-Back Authority may result in a lower amount of cash reserves available for dividends to be declared to shareholders as funds are utilised to purchase Shares. Nonetheless, the treasury shares may be distributed as dividend to the shareholders if the Company so decides.

7. DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' SHAREHOLDINGS

Based on the Register of Substantial Shareholders and Directors' Shareholdings as at the LPD, and assuming the Proposed Renewal of Share Buy-Back Authority is implemented in full (i.e. up to 10% of the total number of issued shares) and that the Purchased Shares are from shareholders other than the Directors and Substantial Shareholders, the effects of the Proposed Renewal of Share Buy-Back Authority on the shareholdings of the existing Directors and Substantial Shareholders of the Company by virtue of Section 127 of the Act are as follows:-

[The rest of this page has been intentionally left blank]

STATEMENT ACCOMPANYING NOTICE OF AGM

[CONT 'D]

Scenario I : Assuming that none of the Warrants are exercised and the Proposed Renewal of Share Buy-Back Authority is implemented in full:-

| Directors | As at LPD ^(a) | | | | After the Proposed Renewal of Share Buy-Back Authority ^(b) | | | |
|--|--------------------------|------|---------------------------|------|---|-------|---------------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Y.M Tunku Alizan bin Raja Muhammad Alias | 1,200,492 | 0.22 | - | - | 1,200,492 | 0.24 | - | - |
| Dato' Sri Azizan bin Jaafar | 2,935,146 | 0.54 | ⁽¹⁾ 53,602,938 | 9.87 | 2,935,146 | 0.59 | ⁽¹⁾ 53,602,938 | 10.94 |
| Dato' Ow Chee Cheoon | 33,966,774 | 6.25 | - | - | 33,966,774 | 6.93 | - | - |
| Ow Yin Yee | 163,812 | 0.03 | - | - | 163,812 | 0.03 | - | - |
| Dato' Kamisah binti Johan | 51,730,552 | 9.53 | - | - | 51,730,552 | 10.56 | - | - |
| Substantial Shareholders | | | | | | | | |
| Dato' Sri Azizan bin Jaafar | 2,935,146 | 0.54 | ⁽¹⁾ 53,602,938 | 9.87 | 2,935,146 | 0.59 | ⁽¹⁾ 53,602,938 | 10.94 |
| Dato' Ow Chee Cheoon | 33,966,774 | 6.25 | - | - | 33,966,774 | 6.93 | - | - |
| Ganjaran Gembira Sdn Bhd | 53,602,938 | 9.87 | - | - | 53,602,938 | 10.94 | - | - |
| Dato' Kamisah binti Johan | 51,730,552 | 9.53 | - | - | 51,730,552 | 10.56 | - | - |
| Employees Provident Fund Board | 37,609,064 | 6.92 | - | - | 37,609,064 | 7.68 | - | - |

Notes :-

^(a) Calculated based on the total number of issued shares of 542,771,375 Ordinary Shares excluded 1,165,744 treasury shares.

^(b) Assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full, i.e. 10% of the total number of issued shares of the Company, the purchased Shares are held as treasury shares under the respective scenarios and that the Directors and substantial shareholders' shareholdings remain unchanged.

⁽¹⁾ Deemed interested via shareholding in Ganjaran Gembira Sdn Bhd pursuant to Section 8 of the Act.

STATEMENT ACCOMPANYING NOTICE OF AGM

[CONT 'D]

Scenario II : Assuming that all the outstanding Warrants are exercised and the Propose Share Buy-Back is implemented in full:-

| Directors | As at LPD ^(a) | | | | Assuming full exercise of Warrants ^(b) | | | | After the Proposed Renewal of Share Buy-Back Authority ^(c) | | | |
|--|--------------------------|------|---------------------------|------|---|------|---------------------------|------|---|-------|---------------------------|-------|
| | Direct | | Indirect | | Direct | | Indirect | | Direct | | Indirect | |
| | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % | No. of Shares | % |
| Y.M Tunku Alizan bin Raja Muhammad Alias | 1,200,492 | 0.22 | - | - | 1,374,142 | 0.20 | - | - | 1,374,142 | 0.23 | - | - |
| Dato' Sri Azizan bin Jaafar | 2,935,146 | 0.54 | ⁽¹⁾ 53,602,938 | 9.87 | 3,395,721 | 0.51 | ⁽¹⁾ 60,423,438 | 9.12 | 3,395,721 | 0.56 | ⁽¹⁾ 60,423,438 | 10.12 |
| Dato' Ow Chee Cheoon | 33,966,774 | 6.25 | - | - | 42,291,964 | 6.38 | - | - | 42,291,964 | 7.08 | - | - |
| Ow Yin Yee | 163,812 | 0.03 | - | - | 203,962 | 0.03 | - | - | 203,962 | 0.03 | - | - |
| Dato' Kamisah binti Johan | 51,730,552 | 9.53 | - | - | 51,730,552 | 7.81 | - | - | 51,730,552 | 8.66 | - | - |
| Substantial Shareholders | | | | | | | | | | | | |
| Dato' Sri Azizan bin Jaafar | 2,935,146 | 0.54 | ⁽¹⁾ 53,602,938 | 9.87 | 3,395,721 | 0.51 | ⁽¹⁾ 60,423,438 | 9.12 | 3,395,721 | 0.56 | ⁽¹⁾ 60,423,438 | 10.12 |
| Dato' Ow Chee Cheoon | 33,966,774 | 6.25 | - | - | 42,291,964 | 6.38 | - | - | 42,291,964 | 7.08 | - | - |
| Ganjaran Gembira Sdn Bhd | 53,602,938 | 9.87 | - | - | 60,423,438 | 9.12 | - | - | 60,423,438 | 10.12 | - | - |
| Dato' Kamisah binti Johan | 51,730,552 | 9.53 | - | - | 51,730,552 | 7.81 | - | - | 51,730,552 | 8.66 | - | - |
| Employees Provident Fund Board | 37,609,064 | 6.92 | - | - | 37,609,064 | 5.67 | - | - | 37,609,064 | 6.29 | - | - |

Notes :-

- Calculated based on the total number of issued shares of 542,771,375 Ordinary Shares excluded 1,165,744 treasury shares
 - Calculated based on the total number of issued shares and warrants converted of 662,165,779 Ordinary Shares excluded 1,165,744 treasury shares.
 - Assuming that the Proposed Renewal of Share Buy-Back Authority is implemented in full, i.e. 10% of the total number of issued shares of the Company, the purchased Shares are held as treasury shares under the respective scenarios and that the Directors and substantial shareholders' shareholdings remain unchanged.
- (1) Deemed interested via shareholding in Ganjaran Gembira Sdn Bhd pursuant to Section 8 of the Act.

STATEMENT ACCOMPANYING NOTICE OF AGM

[CONT 'D]

8. PUBLIC SHAREHOLDING SPREAD

Pursuant to Paragraph 8.02(1) of the MMLR, a listed issuer must ensure that at least 25% of its total listed Shares (excluding treasury shares) are in the hands of public shareholders.

The public shareholding spread of the Company as at LPD is 56.73%. In implementing the Proposed Renewal of Share Buy-Back Authority, the Company will ensure that the minimum public shareholding spread of 25% is complied with.

9. PURCHASE, RESALE AND CANCELLATION OF TREASURY SHARES MADE IN THE PREVIOUS TWELVE (12) MONTHS

The Company has no purchase, resale or cancellation of treasury shares in the preceding twelve (12) months.

As at the LPD, the balance of 1,165,744 Purchased Shares is retained as Treasury Shares.

10. HISTORICAL SHARE PRICES

The monthly high and low prices of the Company as traded on Bursa Securities for the last twelve (12) months from March 2021 to March 2022 are as follows:-

| | Shares | |
|-----------|---------|--------|
| 2021 | High RM | Low RM |
| March | 0.695 | 0.620 |
| April | 0.710 | 0.635 |
| May | 0.635 | 0.565 |
| June | 0.615 | 0.550 |
| July | 0.560 | 0.510 |
| August | 0.515 | 0.465 |
| September | 0.575 | 0.515 |
| October | 0.585 | 0.530 |
| November | 0.525 | 0.450 |
| December | 0.445 | 0.410 |
| 2022 | | |
| January | 0.465 | 0.390 |
| February | 0.400 | 0.375 |
| March | 0.400 | 0.315 |

Last transacted market price of GBGAQRS Shares on 1 April 2022 was RM0.395 (being the last practicable date prior to the printing of this Statement).

STATEMENT ACCOMPANYING NOTICE OF AGM

[CONT 'D]

11. IMPLICATIONS OF THE PROPOSED RENEWAL OF SHARE BUY-BACK AUTHORITY IN RELATION TO THE RULES ON TAKE-OVERS, MERGERS AND COMPULSORY ACQUISITIONS, 2016

The Company also intends to implement the Proposed Renewal of Share Buy-Back Authority in the manner that will not result in any of the shareholders having to undertake a mandatory offer pursuant to the Rules. In this respect, the Board will be mindful of the requirement of the Rules when implementing the Proposed Renewal of Share Buy-Back Authority.

As the Board has no intention for the Proposed Renewal of Share Buy-Back Authority to trigger the obligation to undertake a mandatory general offer under the Rules by any of its substantial shareholders and/or parties acting in connect with them, the Board will ensure that only such number of Ordinary Shares are purchased, retained as treasury share, cancelled or distributed such that the Rules will not be triggered.

12. DIRECTORS' RESPONSIBILITY STATEMENT

This Statement has been seen and approved by the Board and they individually and collectively accepted full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts, the omission of which would make any statement herein misleading.

13. DIRECTORS' RECOMMENDATION

The Directors, having considered all aspects of the Proposed Renewal of Share Buy-Back Authority are of the opinion that it is in the best interests of the Company and its shareholders and accordingly, recommends that you vote in favour of the ordinary resolution to be tabled at the forthcoming Twelfth AGM.

14. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the Company's Registered Office at G-58-3, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810, Petaling Jaya, Selangor Darul Ehsan, Malaysia, during normal business hours and on Mondays to Fridays (except public holidays) from the date of this Statement to the date of the forthcoming AGM:

- (i) the Constitution of the Company; and
- (ii) the audited consolidated financial statements of GBGAQRS for the two financial years ended 31 December 2020 and 31 December 2021.

[The rest of this page has been intentionally left blank]

ABBREVIATIONS

| | |
|---------------------------|--|
| AGM | Annual General Meeting |
| BDO | Messrs BDO PLT |
| Board | Board of Directors of the Company |
| Bursa Securities | Bursa Malaysia Securities Berhad |
| CEO | Chief Executive Officer |
| CFO | Chief Financial Officer |
| CMCO | Conditional Movement Control Order |
| Company | Gabungan AQRS Berhad |
| CSR | Corporate social responsibility |
| dB(A) | Weighted Decibel |
| DO | Dissolved Oxygen |
| DOE | Department of Environment Malaysia |
| EBITDA | Earnings before interest, taxes, depreciation and amortization |
| ED/EDs | Executive Director or its plural |
| EES | Economic, Environmental and Social |
| EPS | Earnings Per Share |
| ESG | Environmental, Social and Governance |
| FYE | Financial year ended |
| GBGAQRS Share(s) / Shares | Ordinary share(s) in the Company |
| GDV | Gross Development Value |
| GRI | Global Reporting Initiative |
| Group/GBG/GBGAQRS | Gabungan AQRS Berhad and/or its group of companies |
| HSE | Health, Safety and Environment |
| IBS | Industrialised Building System |
| IFRS | International Financial Reporting Standards |
| ISO | International Organization for Standardization |
| IUCN | International Union for Conservation of Nature |
| KPI | Key performance indicators |
| KRA | Key results area |
| LPD | 1 April 2022, being the latest practicable date prior to the printing of this statement |
| LTI | Loss time incidents |
| MCO | Movement Control Order |
| MMLR | Main Market Listing Requirements of Bursa Securities including any amendment(s) thereto which may be made from time to time |
| MRCB | Malaysian Resources Corporation Berhad |
| MRCBGK | MRCB George Kent |
| MRT | Mass Rapid Transit |
| NA | Net Assets |
| NCI | Non-controlling interest |
| NED/NEDs | Non-Executive Director or its plural |
| NGO/NGOs | Non-Governmental Organisations |
| NH3-N | Ammonia-Nitrogen |
| NYSE | New York Stock Exchange |
| OSH | Occupational Safety and Health |
| PPR | Projek Perumahan Rakyat |
| PR1MA | Perumahan Rakyat 1 Malaysia |
| Prevailing Laws | Any prevailing laws, rules, regulations, orders, guidelines and requirements issued by the relevant authorities at the time of the Proposed Share Buy-Back |
| RM and sen | Ringgit Malaysia and sen respectively, being the lawful currency of Malaysia |
| SDG | Sustainable Development Goals |
| sq.ft | square feet |
| TSP | Total Suspended Particulate |
| TSS | Total Suspended Solids |
| UN | United Nations |
| UNSDG | United Nations Sustainable Development Goals |



FORM OF PROXY

| CDS account no. | Number of shares held |
|-----------------|-----------------------|
| | |

*I/We, _____ NRIC/Passport/Registration No. _____
(full name as per NRIC/Passport/Certificate of Incorporation in capital letters)

_____ of _____
(full address)

being a member of **GABUNGAN AQRs BERHAD** ("Company") hereby appoint:

| Full Name (IN BLOCK LETTERS) | NRIC/Passport No. | Proportion of Shareholdings | |
|------------------------------|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Full Address | | | |
| | | | |
| | | | |
| Email Address | Contact No. | | |

or failing him/her,

| Full Name (IN BLOCK LETTERS) | NRIC/Passport No. | Proportion of Shareholdings | |
|------------------------------|-------------------|-----------------------------|---|
| | | No. of Shares | % |
| Full Address | | | |
| | | | |
| | | | |
| Email Address | Contact No. | | |

or failing him/her the Chairman of the Meeting as *my/our proxy, to vote for *me/us on *my/our behalf at the Twelfth Annual General Meeting ("12th AGM") of the Company to be held **virtually via live streaming** and online remote voting at the broadcast venue at The Function Room, G-58-3, Block G, Jalan Teknologi 3/9, Bistari 'De' Kota, Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, Malaysia on Thursday, 16 June 2022 at 10.00 a.m. and at any adjournment thereof, on the following resolutions referred to in the Notice of 12th AGM.

*My/Our proxy(ies) *is/are to vote as indicated below:-

| NO. | ORDINARY RESOLUTION | FOR | AGAINST |
|-----|---|-----|---------|
| 1. | To re-elect Dato' Ow Chee Cheoon who retires in accordance with Clause 119 of the Company's Constitution | | |
| 2. | To re-elect Dato' Kamisah binti Johan who retires in accordance with Clause 118 of the Company's Constitution | | |
| 3. | To re-elect Dato' Muraly Daran A/L M Narayana Menon who retires in accordance with Clause 118 of the Company's Constitution | | |
| 4. | To re-elect Datuk Ir. Mohd Dom bin Ahmad who retires in accordance with Clause 118 of the Company's Constitution | | |
| 5. | To re-elect Puan Masleena binti Zaid who retires in accordance with Clause 118 of the Company's Constitution | | |
| 6. | To approve the payment for under provision of Director's Fee for year ended 31 December 2021 | | |
| 7. | To approve the payment of Director's Fees to Y.M. Tunku Alizan bin Raja Muhammad Alias | | |
| 8. | To approve the payment of Director's Fees to Dato' Kamisah binti Johan | | |
| 9. | To approve the payment of Director's Fees to Dato' Muraly Daran A/L M Narayana Menon | | |
| 10. | To approve the payment of Director's Fees to Datuk Ir. Mohd Dom bin Ahmad | | |
| 11. | To approve the payment of Director's Fees to Puan Masleena binti Zaid | | |
| 12. | To approve the payment of Director's Fees to Puan Latifah binti Abdul Latiff | | |
| 13. | To approve the payment of Director's Fees to Datuk Kamarudin bin Md. Ali | | |
| 14. | To approve the payment of Director's Fees to Mr Muk Sai Tat | | |
| 15. | To approve the payment of Directors' benefits (excluding Directors' fees) up to an amount of RM48,000 from 17 June 2022 until the next Annual General Meeting of the Company in year 2023 | | |
| 16. | To re-appoint Messrs. BDO PLT as the Company's Auditors for the ensuing year and to authorise the Board of Directors to fix their remuneration | | |
| 17. | Authority to Issue and Allot Shares pursuant to the Companies Act 2016 | | |
| 18. | Proposed Renewal of Authority for Share Buy-Back | | |

(Please indicate with an "X" in the appropriate box against each Resolution on how you wish your vote to be cast. If no specific direction as to how the proxy shall vote, the proxy shall vote as he/she thinks fit or, at his/her discretion, abstain from voting.)

Signed this _____ day of _____ 2022

Signature of Member(s) / Common Seal

NOTES:-

1. The 12th AGM will be conducted on a virtual basis by way of live streaming and online remote voting via the Remote Participation and Voting ("**RPV**") facilities to be provided by SS E Solutions Sdn Bhd via Securities Services e-Portal's platform at <https://sshsb.net.my/login.aspx>. Please read carefully and follow the procedures provided in the Administrative Guide in order to register, participate and vote remotely via the RPV facilities.
2. The Broadcast Venue, which is the main venue of the 12th AGM, is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 and Clause 81 of the Company's Constitution, which require the Chairman to be present at the main venue of the 12th AGM. Members, proxies and/or corporate representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 12th AGM.

With the RPV facilities, the members, proxies and/or corporate representatives are strongly encouraged to exercise their rights to participate (including to pose questions to the Chairman, Board of Directors or Management) and vote at the 12th AGM.

As guided by the Securities Commission Malaysia's Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers, the right to speak is not limited to verbal communication only but includes other modes of expression. Therefore, all members, proxies and/or corporate representatives shall communicate with the main venue of the 12th AGM via real time submission of typed texts through a text box within Securities Services e-Portal's platform during the live streaming of the 12th AGM as the primary mode of communication. In the event of any technical glitch in this primary mode of communication, members, proxies and/or corporate representatives may email their questions to eservices@sshsb.com.my during the 12th AGM. The questions and/or remarks submitted by the members, proxies and/or corporate representatives will be responded via broadcast by the Chairman, Board of Directors and/or Management during the Meeting.

3. In respect of deposited securities, only members whose names appear in the Record of Depositors as of 9 June 2022 shall be eligible to attend the Meeting or appoint proxies to attend and/or vote in his/her stead.
4. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing. In the event the appointer is a corporation, the instrument appointing a proxy must be either under the appointer's Common Seal or under the hand of its officer or attorney duly authorised.

Please fold here

Stamp

The Company Secretary
Gabungan AQRS Berhad
[Registration No. 201001028608 (912527-A)]
G-58-3, Block G
Jalan Teknologi 3/9
Bistari 'De' Kota
Kota Damansara, PJU 5
47810 Petaling Jaya
Selangor Darul Ehsan, Malaysia

Please fold here

5. A member of the Company entitled to attend and vote at the Meeting, may appoint more than one (1) proxy to attend and vote in his stead. When a member appoints more than one (1) proxy to attend and vote at the same meeting, such appointment shall be invalid unless the proportion of the shareholdings to be represented by each proxy must be specified in the instrument appointing the proxies. There shall be no restriction as to the qualification of the proxy. A proxy appointed to attend and vote at the Meeting of the Company shall have the same rights as the member to speak at the Meeting.
6. Where a member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint at least one (1) proxy in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
7. Where a member of the Company is an exempt authorised nominee holding ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**") as defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA, there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
8. The instrument appointing a proxy must be deposited at SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan or submitted electronically via Securities Services e-Portal at <https://sshsb.net.my/login.aspx> not later than forty-eight (48) hours before the time set for holding the 12th AGM or any adjournment thereof.

The lodging of the Form of Proxy does not preclude a member from attending and voting remotely at the 12th AGM should he subsequently decides to do so, provided a notice of termination of proxy authority in writing is given to the Company and deposited to SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than twenty-four (24) hours before the time stipulated for holding the 12th AGM or any adjournment thereof, and you register for RPV as guided in the Administrative Guide. Please contact the poll administrator, SS E Solutions Sdn Bhd, at 03-2084 9000 for further assistance.

* Delete if not applicable



Gabungan AQRs Berhad
[Registration No : 201001028608 (912527-A)]

G-58-3, Blok G, Jalan Teknologi 3/9, Bistari 'De' Kota
Kota Damansara, PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan

Tel: +603 6141 8870 | Fax: +603 6141 8871

Email: enquiries@gbg.com.my

www.gbg.com.my

