GADANG HOLDINGS BERHAD

199301023376 (278114-K)

# *Staying* THE COURSE

ANNUAL REPORT 2022

# ANNUAL REPORT 2022 COVER RATIONALE


**There had been many business challenges in the last few years, from the Covid-19 pandemic, to supply chain disruptions, trade wars and sanctions.**

Gadang however, has proven its resilience in overcoming these adversities. It has continued to remain profitable during this difficult period.

This is achieved by relying on our core strengths - its vast experience and ability to deliver sizeable construction projects, providing affordable and liveable homes by its Property division, and maintaning a sustainable Utility business.

It will stay the course.


*View of Contract C6A2 North West Plaza - Public Realm night scene*

# CONTENTS




## CHAIRMAN'S STATEMENT

We will continue to leverage on our expertise in earthwork, building and infrastructure to secure new projects while enhancing operational efficiency in terms of quality, safety and cost control strategies.

**Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican**

## NOTICE OF 29TH ANNUAL GENERAL MEETING

**Fully Virtual General Meeting**

Wednesday, 9 November 2022 at 10.00 a.m.,
Online meeting platform via TIIH Online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia

# ENGINEERING & CONSTRUCTION

Gadang Engineering (M) Sdn Bhd (GESB) was established since 1980. It is a wholly-owned subsidiary of Gadang Holdings Berhad (Gadang). It is a registered G7 contractor with Construction Industry Development Board (CIDB) which has been awarded with five-star SCORE rating in January 2021. GESB also obtained Sijil Perolehan Kerja Kerajaan (SPKK) from CIDB.

GESB has ISO 9001:2015 Quality Management System certification for the scope of civil engineering and building construction, ISO 14001:2015 Environmental Management System certification, ISO 45001:2018 and MS 1722:2011 Occupational Health and Safety Management System certifications.

Over four decades, GESB has successfully undertaken numerous projects from both the government and private sectors.

*Construction of Interchange for Central Spine Road, Section 2B*

# CORPORATE INFORMATION



Sec 1

## OUR **VISION**

**To be the preferred leader in all our core businesses, recognised for our high standards and commitment to excellence**

## OUR **MISSION**

1. To perpetually pursue value for all our stakeholders
2. To build an effective management team that emphasises on productivity and innovation
3. To drive a holistic approach to business management, incorporating Economic, Environment, Social and Governance considerations alongside financial ones, to support business continuity and competitiveness over the long term

*View of Contract C6A2 North West Plaza - Public Realm*

# OUR BUSINESSES

**The Company, through its subsidiaries, are principally involved in engineering & construction, property development, utility and mechanical & electrical.**

## ENGINEERING & CONSTRUCTION

TUN RAZAK EXCHANGE PACKAGE C3

Kuala Lumpur

TUN RAZAK EXCHANGE, PACKAGE C6 (PUBLIC REALM)

Kuala Lumpur

EAST COAST RAIL LINK (ECRL) - SECTION 5

Kerteh, Terengganu Darul Iman

EAST COAST RAIL LINK (ECRL) - SECTION 6

Maran, Pahang Darul Makmur

CENTRAL SPINE ROAD

Seksyen 2B: Paloh 2 ke Bukit Sejuk Gua Musang, Kelantan

RAPID TRANSIT SYSTEM LINK (RTS LINK) BETWEEN JOHOR BAHRU AND SINGAPORE

Package 4: Bukit Chagar Station and Operation Control Centre Package 6: Depot and Power Supply System

## PROPERTY DEVELOPMENT

MAPLE RESIDENCE

Laman View, Cyberjaya

CASSIA RESIDENCE

Laman View, Cyberjaya

AKASIA

Semenyih, Selangor Darul Ehsan

THE VYNE

Sungai Besi, Kuala Lumpur

ELEGAN RESIDENSI

Taman Putra Perdana Puchong, Selangor Darul Ehsan

LAMAN CITRA

Gelang Patah, Johor Darul Ta'zim

## UTILITY

### POWER CONCESSION

PT IKHWAN MEGA POWER

9MW Minihydro Power Plant, Lintau, Kabupaten Tanah Datar, Sumatera Barat, Indonesia

NUSANTARA SURIAMAS SDN BHD

5.9MWac Large Scale Solar Power, Tawau, Sabah

### WATER CONCESSION

PT TAMAN TIRTA SIDOARJO

Kabupaten Sidoarjo, Jawa Timur, Indonesia

PT HANARIDA TIRTA BIRAWA

Kabupaten Sidoarjo, Jawa Timur, Indonesia

PT DEWATA BANGUN TIRTA

Kabupaten Gresik, Jawa Timur, Indonesia

## MECHANICAL & ELECTRICAL

Supply and install Electrical Services of existing MAS building and one block of 50 storey Hotel for PERMODALAN NASIONAL BERHAD

Supply and install Electrical Services of Public Realm Works (Phase 1) for TRX CITY

Supply and install Mechanical & Electrical Services for TRX tunnel (package C3) for TRX CITY

Supply and install Electrical Services of Coronade Tower 3 for CORONADE PROPERTIES SDN. BHD.

EPCC of 5.9MWac Large Scale Solar Photovoltic (LSSPV) Tawau, Sabah for NUSANTARA SURIAMAS SDN BHD

Supply and install 11kv incoming cable from MAHB Main intake PPU to DHL's warehouse for BP ENGINEERING SDN BHD

**Gadang Holdings Berhad (Gadang or the Company) was incorporated in Malaysia on 6 October 1993 as a public limited company under the name of Lai Sing Holdings Berhad.**

**It was listed on the Second Board of Bursa Malaysia Securities Berhad on 2 September 1994 under the Construction Sector.**

In 1997, Tan Sri Dato' Kok Onn who is the Group Managing Director cum Chief Executive Officer became the major shareholder and took over the operations of the Company and renamed the Company as Gadang. Gadang was subsequently transferred to the Main Board (currently named as Main Market) under the same sector on 24 December 2007.

Gadang is an investment holding company while its subsidiaries are in civil engineering and construction, property development, water supply and mechanical and electrical engineering services. As part of the Group's strategy to gain a stronger footing in business with recurring and sustainable income, the Group has made inroads into hydro power generation in 2014 by acquiring 60% stake in PT Ikhwan Mega Power, the holder of a 9 megawatt hydro power concession in Lintau, Kabupaten Tanah Datar, Sumatera Barat for a period of 15 years.

*ECRL Section 6 (Maran - Temerloh): Slope cutting and forming the railway embankment*

# Financial **Calendar**
for financial year ended 31 May 2022


## ANNOUNCEMENT OF QUARTERLY RESULTS

| | | |
|---|---|---|
| 1st | 27 October 2021 | First Financial Quarter ended 31 August 2021 |
| 2nd | 26 January 2022 | Second Financial Quarter ended 30 November 2021 |
| 3rd | 27 April 2022 | Third Financial Quarter ended 28 February 2022 |
| 4th | 27 July 2022 | Fourth Financial Quarter ended 31 May 2022 |

## PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

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**29 September 2022**
Notice of 29th Annual General Meeting

9

**9 November 2022**
29th Annual General Meeting

| YEAR ENDED 31 MAY | 2022 RM'000 | 2021 RM'000 (Restated) | 2020 RM'000 (Restated) | 2019 RM'000 | 2018 RM'000 |
|---|---|---|---|---|---|
| **REVENUE** | | | | | |
| Construction | **319,859** | 365,983 | 492,475 | 479,546 | 378,131 |
| Property Development | **304,903** | 183,138 | 156,136 | 184,919 | 193,826 |
| Utility | **27,231** | 25,647 | 24,445 | 23,228 | 22,814 |
| Investment Holding and Others | **-** | - | - | - | - |
| | **651,993** | 574,768 | 673,056 | 687,693 | 594,771 |
| Plantation (discontinued) | **-** | - | - | - | 235 |
| | **651,993** | 574,768 | 673,056 | 687,693 | 595,006 |
| **PROFIT/(LOSS) BEFORE TAXATION** | | | | | |
| Construction | **4,211** | 109 | 33,716 | 40,940 | 84,728 |
| Property Development | **69,035** | 27,697 | 36,175 | 39,237 | 66,957 |
| Utility | **6,655** | 7,243 | 4,903 | 7,005 | 60 |
| Investment Holding and Others | **(9,753)** | (13,093) | (15,462) | (15,459) | (17,643) |
| | **70,148** | 21,956 | 59,332 | 71,723 | 134,102 |
| Plantation (discontinued) | **-** | - | - | - | (155) |
| | **70,148** | 21,956 | 59,332 | 71,723 | 133,947 |
| **PROFIT AFTER TAXATION** | **43,168** | 13,264 | 35,654 | 44,141 | 98,400 |
| **PROFIT ATTRIBUTABLE TO SHAREHOLDERS** | **41,655** | 12,902 | 35,463 | 44,061 | 98,387 |
| **ISSUED SHARE CAPITAL** | **389,521** | 389,521 | 389,521 | 338,380 | 338,380 |
| **SHAREHOLDERS' FUNDS** | **825,399** | 782,119 | 777,451 | 733,836 | 706,815 |
| **TOTAL TANGIBLE ASSETS** | **1,545,333** | 1,698,769 | 1,719,534 | 1,768,231 | 1,687,331 |
| **NET EARNINGS PER SHARE (sen)** | **5.72** | 1.77 | 4.89 | 6.66 | 14.94 |
| **NET ASSETS PER SHARE (RM)** | **1.13** | 1.07 | 1.07 | 1.11 | 1.07 |

## DIVISION REVENUE (RM'000) FYE 2022

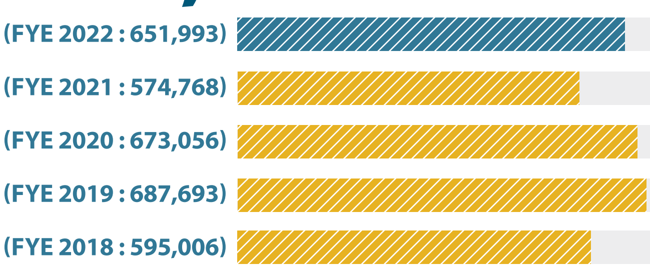

RM **319,859**


RM **304,903**


RM **27,231**

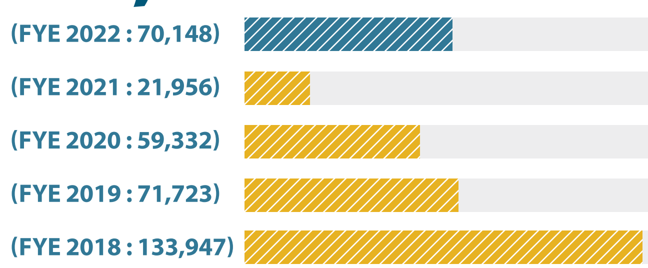
## REVENUE (RM'000)

**651,993**



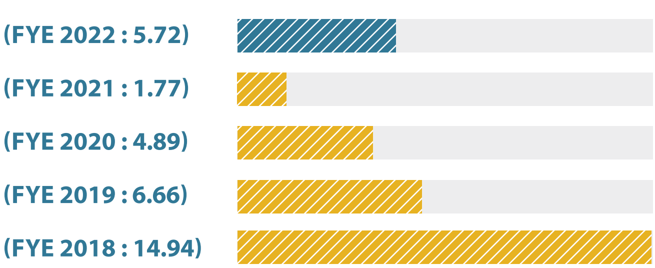

## PROFIT/(LOSS) BEFORE TAXATION (RM'000)

**70,148**



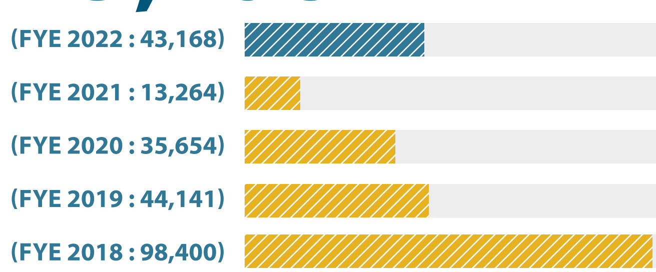

## NET EARNING PER SHARE (SEN)

**5.72**




## PROFIT AFTER TAXATION (RM'000)

**43,168**



**GADANG HOLDINGS BERHAD**
199301023376 (278114-K)

* *Joint Venture*
*Dormant companies are not included here*

## Engineering & Construction

- 100% Gadang Engineering (M) Sdn Bhd
  - 100% Gadang Construction Sdn Bhd
  - 100% Bincon Sdn Bhd
  - 100% Kartamo Corporation Sdn Bhd
  - 100% Katah Realty Sdn Bhd
  - 100% Era Berkat Sdn Bhd
  - 51% Gadang CRFG Consortium Sdn Bhd*
  - 100% Yi Sheng Foundation Pte Ltd
    - 100% Usaha Pesona Sdn Bhd
    - 51% UA Foundation Pte Ltd

## Utility

- 100% Regional Utilities Sdn Bhd
  - 100% Asian Utilities Pte Ltd
    - 95% PT. Taman Tirta Sidoarjo
    - 95% PT. Hanarida Tirta Birawa
    - 60% PT. Ikhwan Mega Power
    - 95% PT. Dewata Bangun Tirta
    - 80% PT. Hidronusa Rawan Energi
  - 100% PT. Asian Utilities Indonesia
  - 70% Nusantara Suriamas Sdn Bhd

## Mechanical & Electrical

- 100% Datapuri Sdn Bhd
  - 45% Zeta Datapuri JV Sdn Bhd*

## Property Development

- 100% Achwell Property Sdn Bhd
- 100% Mandy Corporation Sdn Bhd
- 100% Gadang Land Sdn Bhd
  - 100% Gadang Properties Sdn Bhd
    - 100% Buildmark Sdn Bhd
  - 100% Noble Paradise Sdn Bhd
  - 100% Damai Klasik Sdn Bhd
  - 100% Magnaway Sdn Bhd
  - 100% Splendid Pavilion Sdn Bhd
  - 100% Sama Pesona Sdn Bhd
  - 100% City Version Sdn Bhd
  - 100% Natural Domain Sdn Bhd
  - 100% Crimson Villa Sdn Bhd
  - 100% Flora Masyhur Sdn Bhd
    - 100% Camar Ajaib Sdn Bhd
  - 100% Skyline Symphony Sdn Bhd
  - 100% Hillstrand Development Sdn Bhd
  - 100% Detik Tiara Sdn Bhd
  - 100% Prelude Avenue Sdn Bhd
  - 100% Tema Warisan Sdn Bhd
  - 100% Special Courtyard Sdn Bhd
  - 100% Elegance Sonata Sdn Bhd

## BOARD OF DIRECTORS

**TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN**
Chairman, Independent Non-Executive Director

**TAN SRI DATO' KOK ONN**
Group Managing Director cum Chief Executive Officer

**KOK PEI LING**
Executive Director,
Chief Financial Officer

**HUANG SHI CHIN**
Senior Independent Non-Executive Director

**SHERMAN LAM YUEN SUEN**
Independent Non-Executive Director

**WONG PING ENG**
Independent Non-Executive Director

## AUDIT COMMITTEE

Sherman Lam Yuen Suen (Chairman)
Huang Shi Chin
Wong Ping Eng

## NOMINATION & REMUNERATION COMMITTEE

Huang Shi Chin (Chairman)
Sherman Lam Yuen Suen
Wong Ping Eng

## BOARD RISK COMMITTEE

Huang Shi Chin (Chairman)
Sherman Lam Yuen Suen
Wong Ping Eng

## SECRETARY

Tan Seok Chung, Sally
SSM PC No. 202008001386
MAICSA 0829689

## REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

Wisma Gadang, No. 52, Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur
Tel. : (03) 6279 6288
Fax. : (03) 6279 6376
E-mail : corporate@gadang.com.my
Website : www.gadang.com.my

## SHARE REGISTRAR

**Tricor Investor & Issuing House Services Sdn Bhd**
Registration No.: 197101000970 (11324-H)
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur
Tel. : (03) 2783 9299
Fax. : (03) 2783 9222
E-mail : is.enquiry@my.tricorglobal.com
Website : www.tricorglobal.com

## AUDITORS

**Crowe Malaysia PLT**
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16, Tower C
Megan Avenue II
12, Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel. : (03) 2788 9999
Fax. : (03) 2788 9998

## PRINCIPAL BANKERS

United Overseas Bank (Malaysia) Berhad
Malayan Banking Berhad
OCBC Bank (Malaysia) Berhad
Public Bank Berhad

## STOCK EXCHANGE LISTING

Main Market of Bursa Malaysia Securities Berhad
Stock Name : GADANG (Ordinary Shares)
Stock Code : 9261 (Ordinary Shares)
Stock Sector : Construction

## OUR BOARD COMPRISES SIX HIGHLY DEDICATED INDIVIDUALS WITH OUTSTANDING CAREERS IN THE CORPORATE WORLD, BOTH IN ECONOMIC / FINANCE AUDIT AND OTHER DEMANDING INDUSTRIES.

BOARD
**EXPERIENCE**

MORE THAN
**26***
YEARS OF EXPERIENCE

* on average

BOARD
**LENGTH OF TENURE**

**83%**
Below 10 Years

**17%**
Above 10 Years

BOARD
**COMPOSITION**

**33%**
Executive Director

**67%**
Non-Executive Director

**67%**
Independent Director

BOARD
**COMMITTEES**

HUANG SHI CHIN ● ● ●

WONG PING ENG ● ● ●

SHERMAN LAM YUEN SUEN ● ● ●

● Audit Committee
● Nomination & Remuneration Committee
● Board Risk Committee

### TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN

| 74 years | Malaysian | Male |
|---|---|---|

*Chairman, Independent Non-Executive Director*

**Date of Appointment**
1 December 2016

**Membership of Board Committees**
Nil

**Length of Service (as at 31 Aug 2022)**
5 years 9 months

**Academic/Professional Qualification(s)**
- Bachelor of Medicine, Bachelor of Surgery (MBBS), University of Malaya
- Fellow of the American College of Physicians (F.A.C.P) (Hons, US)

**Working Experience**
- Director-General (DG) of Health of Malaysia (2005 till 2011)
- President of the Malaysian Medical Council
- Member of the Promotion Board of the Malaysian Civil Service
- Member of the Board of Directors of the National Heart Institute
- Chairman of the National Committee for Clinical Research
- Chairman of Drug Control Authority
- Chairman of National Poisons Board
- Chairman of Medicine Advertisement Board
- Chairman of Pharmacy Board

**Other Directorship(s)**

| Listed Entities | Public Companies |
|---|---|
| • Nil | • Nil |

**Board Meeting Attendance in financial year 2022**
6/6

## TAN SRI DATO' KOK ONN

| 71 years | Malaysian | Male |
|---|---|---|

*Group Managing Director cum Chief Executive Officer*

### Date of Appointment

- 10 March 1997 as Joint Managing Director
- 2 September 1997 as Group Managing Director cum Chief Executive Officer

### Membership of Board Committees

Nil

### Length of Service (as at 31 Aug 2022)

25 years 6 months

### Working Experience

Prior to joining the Company, he was the Group Chief Executive Officer of Bridgecon Holdings Berhad ("Bridgecon"). He was also the founder of Bridgecon Engineering Sdn Bhd ("BESB"), the wholly-owned subsidiary of Bridgecon. The track record of BESB was used to list Bridgecon on the Second Board of the Bursa Malaysia Securities Berhad on 16 November 1994.

His exposure in the construction industry began in 1972 and has been involved in the industry for more than 50 years. He has gained extensive knowledge and experience in most aspects of civil and structural engineering schemes with various projects in Malaysia, China, Middle East and South Africa.

He was also the person who transformed Bridgecon from a pure construction company to activities involving manufacturing and supply of readymixed concrete, concrete pumping, quarrying, property and resort development and on international aspect where he spearheaded Bridgecon's venture into three toll expressway operations in the People's Republic of China.

### Other Directorship(s)

| Listed Entities | Public Companies |
|---|---|
| • Nil | • Nil |

### Board Meeting Attendance in financial year 2022

6/6

## KOK PEI LING

| 40 years | Malaysian | Female |
|---|---|---|

*Executive Director, Chief Financial Officer*

### Date of Appointment

2 January 2013

### Membership of Board Committees

Nil

### Length of Service (as at 31 Aug 2022)

9 years 8 months

### Academic/Professional Qualification(s)

- Bachelor of Commerce (Finance and Management), University of Melbourne, Australia

### Working Experience

She began her career as a consultant for Corporate Recovery and Insolvency in BDO Capital Consultants Sdn Bhd from April 2004 to June 2006. She then joined OSK Investment Bank Berhad as an Associate for Debt Capital Markets from June 2006 to May 2007. Prior to joining the Company in September 2009, she was the Assistant Manager (Investment Banking) of OCBC Bank (M) Berhad.

### Other Directorship(s)

| Listed Entities | Public Companies |
|---|---|
| • Nil | • Nil |

### Board Meeting Attendance in financial year 2022

6/6

## HUANG SHI CHIN

| 64 years | Malaysian | Male |
|---|---|---|

*Senior Independent Non-Executive Director*

### Date of Appointment
1 August 2017

### Membership of Board Committees
- Audit Committee
- Nomination & Remuneration Committee (Chairman)
- Board Risk Committee (Chairman)

### Length of Service (as at 31 Aug 2022)
5 years 1 month

### Academic/Professional Qualification(s)
- Member of the Institute of Chartered Accountants, England & Wales
- Chartered Accountant of the Malaysian Institute of Accountants

### Working Experience
An Accountant by profession, Mr Huang previously worked for a well-known FMCG public listed company in Malaysia for over 21 years, first as its Finance Director and later Corporate Affairs Director. He also served as an Executive Director on its Board for nine years.

He has extensive experience in financial reporting, risk management, regulatory framework, as well as in corporate affairs & communication and human capital development & management.

Prior to that he worked in public accounting firms, including two of the leading public accounting firms in Malaysia, specialising in audit and due diligence.

### Other Directorship(s)

| Listed Entities | Public Companies |
|---|---|
| • Nil | • Nil |

### Board Meeting Attendance in financial year 2022
6/6

## WONG PING ENG

| 49 years | Malaysian | Female |
|---|---|---|

*Independent Non-Executive Director*

### Date of Appointment
25 May 2022

### Membership of Board Committees
- Audit Committee
- Nomination & Remuneration Committee
- Board Risk Committee

### Length of Service (as at 31 Aug 2022)
3 months

### Academic/Professional Qualification(s)
- Member of the Association of Chartered Certified Accountants (ACCA)
- Member of the Malaysian Institute of Accountants

### Working Experience
Ms Wong has more than 20 years' experience in the financial and accounting field. She started her career as Audit Assistant at KPMG, Kuching from September 1997 until December 2000. In January 2001, she joined Naim Holdings Berhad as Accountant. In April 2004, she was appointed the Operations Manager for Naim's Bandar Baru Permyjaya project in Miri where she was responsible for managing the whole of Miri Operations.

In July 2008, she was promoted as Vice President – Finance and Accounts to oversee the Group Finance and Accounts Division. She was subsequently promoted as Deputy Director – Finance & IT Division in July 2010 and in August 2012, she was promoted as Senior Director for Naim's Group Support Division comprising Finance & Accounts, Administration, Human Resource and Information Technology. She was appointed as an Executive Director of Naim Holdings Berhad on 29 November 2012 and on 9 January 2013, she was redesignated as the Deputy Managing Director of Naim Holdings Berhad.

### Other Directorship(s)

| Listed Entities | Public Companies |
|---|---|
| • Nil | • Nil |

### Board Meeting Attendance in financial year 2022
-/-

## SHERMAN LAM YUEN SUEN

| 49 years | Malaysian | Male |
|---|---|---|

*Independent Non-Executive Director*

### Date of Appointment
16 August 2021

### Membership of Board Committees
- Audit Committee (Chairman)
- Nomination & Remuneration Committee
- Board Risk Committee

### Length of Service (as at 31 Aug 2022)
1 year 1/2 month

### Academic/Professional Qualification(s)
- Master of Business Administration (Finance), CSU Australia
- Chartered Accountant of the Malaysian Institute of Accountants
- Fellow Member of the Chartered Institute of Management Accountants, U.K.
- Fellow Member of CPA Australia
- Chartered Member of the Institute of Internal Auditors Malaysia
- CFP™ Certified Member of the Financial Planning Association of Malaysia
- Member of the Institute of Corporate Directors Malaysia

### Working Experience
Mr Sherman has more than 25 years of broad-based senior management experience in corporate finance, corporate strategy advisory, treasury management, capital markets and investments as well as corporate board experience in listed public and privately held entities in Malaysia, Singapore, Indonesia and China.

He started his career with Fulton Prebon (M) Sdn Bhd, a financial services subsidiary of Seacorp (a PNB company) in 1994. He then joined the Treasury Division of Utama Merchant Bank Berhad, (an investment bank jointly owned by Utama Banking Group Berhad and HSBC Investment Bank Asia Ltd) in 1997, eventually taking up the position of Chief Dealer and Treasury Manager. Thereafter he joined Nikkei Pacific Corporate Advisors, a regional corporate finance advisory firm in 2000 as an Associate Director where he advised on several large corporate restructuring and capital raising exercises in Indonesia and Malaysia.

Since 2002, Mr Sherman has been the Managing Director of Cirrus Ventures group, a regional private equity/venture capital investments and corporate strategic consulting services firm. He is also the Managing Partner of Sherman Lam & Co, a Chartered Accountant firm.

### Other Directorship(s)

**Listed Entities**
- Asian Pac Holdings Berhad
- Hiap Teck Ventures Berhad

**Public Companies**
- Nil

### Board Meeting Attendance in financial year 2022
5/5

**Other Information on Directors**
Save as disclosed, none of the Directors have:-
1. any family relationship with any Director and/or major shareholder of the Company, except for Tan Sri Dato' Kok Onn who is the father of Ms Kok Pei Ling, the Executive Director and spouse of Puan Sri Datin Chan Ngan Thai, a major shareholder of the Company;
2. any conflict of interest with the Company;
3. any conviction for offences within the past five years; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2022.

### DATO' CHAN AH KAM

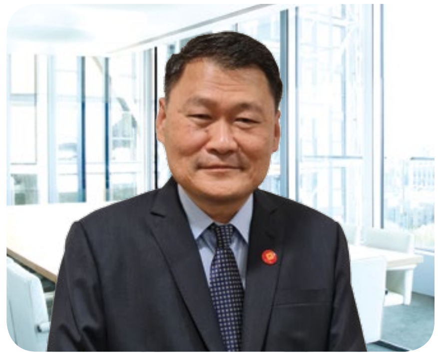
| 69 years | Malaysian | Male |
|---|---|---|

*Head of Group Legal & Contract,*
*Gadang Holdings Berhad*

**Date Appointed as Key Senior Management**
15 December 1997

**Academic/Professional Qualification(s)**
- Bachelor of Engineering (Hons) in Civil Engineering, University of Malaya
- Registered Professional Engineer with the Board of Engineers, Malaysia
- Member of the Institution of Engineers, Malaysia

**Working Experience**
He joined the Board of Gadang Engineering (M) Sdn Bhd, the Construction Division of the Group on 15 December 1997. He was the Executive Director of Gadang Holdings Berhad from February 2001 until February 2009. Previously with Bridgecon Engineering Sdn Bhd ("BESB"), he was the Assistant General Manager for Penang Operations, overseeing and monitoring the operations on the Northern Region of Malaysia. Prior to that, he was attached to the consultant engineering firm, Hashim & Neh Jurutera Perunding Sdn Bhd in Lumut Naval Base, Perak. From 1977 to 1985, he was working with the Government of Malaysia under Jabatan Kerja Raya and Ministry of Defence.



### KHEW CHECK KIET

| 62 years | Malaysian | Male |
|---|---|---|

*Managing Director,*
*Gadang Engineering (M) Sdn Bhd*
*(Construction Division)*

**Date Appointed as Key Senior Management**
13 June 2011

**Academic/Professional Qualification(s)**
- Bachelor of Science College of Engineering (Civil Engineering), Mississippi State University, United States
- Bachelor of Science (Mathematics and Business Administration in Banking & Finance), Northwestern Oklahoma State University, United States

**Working Experience**
He was appointed as Deputy Managing Director of Gadang Engineering (M) Sdn Bhd on 2 September 2008 and was redesignated as Managing Director on 13 June 2011.

Previously with MTD Construction Sdn Bhd, he was the Planning and Utilities Engineer, responsible on planning, managing and implementation and also coordinating the various sequence of works until his promotion as a Project Manager in 1991. Thereafter, he was attached to MTD Equity Sdn Bhd from 1998 to December 2001 as a Business Development Manager cum Alternate Director, based in Chile, and as a Deputy General Manager with MTD Prime Sdn Bhd from 2002 to August 2008.

### SAW CHEE HOAY

| 68 years | Malaysian | Male |
|---|---|---|

*Executive Director/Head of Tender & Contract,*
*Gadang Engineering (M) Sdn Bhd*
*(Construction Division)*

**Date Appointed as Key Senior Management**
2 August 2000

**Academic/Professional Qualification(s)**
- Bachelor of Science in Civil Engineering, National Taiwan University, Republic of China

**Working Experience**
Previously, he was attached to Mitsui Construction Company and Bridgecon Engineering (M) Sdn Bhd.

He has extensive pre-contract and post-contract experience in costing and contract administration in highway, bridges, dam, power station and also commercial and residential building construction.

## YU KANG HUAI

| 50 years | Malaysian | Male |
| --- | --- | --- |

*Managing Director,*
*Gadang Land Sdn Bhd*
*(Property Division)*

### Date Appointed as Key Senior Management
1 September 2020

### Academic/Professional Qualification(s)
- Bachelor of Engineering (Hons) in Civil Engineering, University of Teknologi Malaysia

### Working Experience
He joined Gadang Land Sdn Bhd in 2010 as Project Senior Manager. He was subsequently promoted as Project General Manager in 2014 and Chief Operating Officer in charge of the Property Division of the Group in 2017.

He has more than 24 years of experience in the property industry. Previously, he was attached to TY LIN International Sdn Bhd, Mahajaya Berhad and Permatanah Sdn Bhd.

## LIEW SWEE KONG

| 50 years | Malaysian | Male |
| --- | --- | --- |

*Managing Director,*
*Datapuri Sdn Bhd*
*(Mechanical & Electrical Division)*

### Date Appointed as Key Senior Management
1 November 2012

### Academic/Professional Qualification(s)
- Bachelor in Electrical Engineering, University of Teknologi Malaysia

### Working Experience
He started his career with KTA Tenaga Sdn Bhd as Mechanical and Electrical Consulting Engineer. Subsequently, he joined Gadang Engineering (M) Sdn Bhd as Project Manager in September 2000 before he was appointed as Director of Datapuri Sdn Bhd, the Mechanical & Electrical Division of the Group on 1 April 2001.

## FOO MIENG YONG

| 69 years | Malaysian | Male |
| --- | --- | --- |

*Managing Director,*
*Regional Utilities Sdn Bhd*
*(Utility Division)*

### Date Appointed as Key Senior Management
1 March 2016

### Academic/Professional Qualification(s)
- Bachelor of Science in Civil Engineering (Hons) from Brighton Polytechnics, United Kingdom

### Working Experience
He retired in February 2009 from Tenaga Nasional Berhad after serving the company for 33 years. He has worked and served in various capacities primarily in the generation department for the development and implementation of thermal power plants. He has also served in the property and asset management/development division.

He joined Regional Utilities Sdn Bhd as Project Director from March 2009 to December 2012. In December 2012, he was appointed Executive Vice President (Power Division) in Genting Sanyen. He then joined Engineering and Environmental Consultants Sdn Bhd, a consulting firm in 2014 as Project Director in the Power Division.

**Other Information on Key Senior Management**
Save as disclosed, none of the Key Senior Management have:-
1. any directorship in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company, except for Mr Liew Swee Kong who is the nephew of Tan Sri Dato' Kok Onn and cousin of Ms Kok Pei Ling who are members of the Board of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past five years; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2022.

Release date: 21 09 2021

## Gadang's latest contract win is a huge plus

PETALING JAYA: Despite the downside risks, Gadang Holdings Bhd's recent contract win of RM100.34mil for subcontract works is positive for the company and an earnings booster.

The subcontract works for the Central Spine Road Package 2 was secured by its wholly-owned subsidiary, Gadang Engineering (M) Gadang has finally ended its contract drought as this is the first job win by the group in financial year (FY) 2022.

The previous major job win for the group was the RM81.2mil work package for sections 5 and 6 of the East Coast Rail Link, which was secured about one and a half years ago.

"Assuming a gross margin of 10%, the pro- the fourth quarter ended May 31, 2021 (Q4'FY21) compared with a loss of RM259,000 a year ago, while revenue was 32% higher to RM152.3mil.

The group is involved in civil engineering and construction, property development, water supply, mechanical and electrical engineering services.

Release date: 21 07 2022

## Contract win set to spur Gadang earnings

KUALA LUMPUR: Gadang Holdings Bhd's RM680mil contract win is set to boost the construction engineering firm's outstanding order book and spur earnings for the current financial year ending May 31, 2023 (FY23).

TA Research in a report yesterday said it is raising Gadang's earnings forecasts for FY23 and FY24 by 2.8% and 4.4%, respectively.

***"This is the first major job win for Gadang in FY23 and it helps boost its outstanding order book to about RM1bil."***

TA Research

Release date: 11 10 2021

## Gadang Land's Elegan Residensi in Puchong 90% taken-up

Chai Yee Hoong / The Edge Malaysia

October 11, 2021

The individual strata-titled townhouse units are priced from RM531,000 to RM900,000 and monthly maintenance is estimated at RM100 to RM150.

According to Gadang Land head of finance and sales Kok Pei Shing, Elegan Residensi buyers are mainly owner-occupiers. "They are mostly couples who have a growing family, families with two generations living together as well as young couples looking to stay closer to Puchong.

"Location is a main attraction [of Elegan Residensi], as it is a 10 to 15 minutes' drive to Bandar Puchong Jaya and less than

for vacant possession or handover by year-end whereas Phase 2 is scheduled to be completed 36 months from the signing of the sale and purchase agreement.

Kok notes that the pandemic and lockdowns since

Release date: 19 07 2022

## Gadang secures two contracts totalling RM680mil

Tuesday, 19 Jul 2022

KUALA LUMPUR: Gadang Holdings Bhd has two contracts totalling RM680mil for the Johor Bahru to Singapore Rapid Transit System Link Rail

Release date: 27 10 2021

## Gadang returns to profitability on better contributions from its business segments

Justin Lim / theedgemarkets.com

October 27, 2021 .

KUALA LUMPUR (Oct 27): Gadang Holdings Bhd posted a net profit of RM3.69 million for its first quarter ended Aug 31, 2021 compared to a net loss of RM455,000 a year ago, helped by higher contributions from its construction, property and utility businesses.

Release date: 17 09 2021

## Gadang lands RM100m sub-contract under Central Spine Road project

Shazni Ong / theedgemarkets.com
September 17, 2021

Release date: 19 07 2022

## Gadang wins RM680 mil subcontract works in RTS Link project

Hailey Chung / theedgemarkets.com
July 19, 2022

Release date: 23 12 2021

## Gadang's unit signs PPA with SESB

PETALING JAYA: Gadang Holdings Bhd's unit has signed a power purchase agreement (PPA) for large scale solar with Sabah Electricity Sdn Bhd (SESB).

In its stock exchange filing, the company said under the contract, its indirect 70%-owned subsidiary, Nusantara Suriamas Sdn Bhd (NSSB), would design, construct, test, commission, own, operate and maintain a solar photovoltaic energy generating facility, with the capacity of 5.9 megawatt alternating

Release date: 29 04 2022

## Gadang wins RM90.4 million subcontract works for Central Spine Road

Seah Eu Hen / theedgemarkets.com
April 29, 2022

KUALA LUMPUR (April 29): Gadang Holdings Bhd has secured subcontract works valued at RM90.4 million for

Release date: 22 12 2021

## Gadang signs power purchase agreement to develop solar PV plant in Sabah

Syafiqah Salim / theedgemarkets.com
December 22, 2021

KUALA LUMPUR (Dec 22): Gadang Holdings Bhd announced on Wednesday (Dec 22) that its indirect 70%-owned subsidiary Nusantara Suriamas Sdn Bhd (NSSB) has signed a power purchase agreement (PPA) for a large-scale solar energy project with Sabah Electricity Sdn Bhd (SESB).

Release date: 06 05 2022

分析： Apex JF Apex 证 券

## 嘉登

基建开跑势头看俏

守住 HOLD

目标价：41仙

**最新进展** 嘉登（GADANG，9261，主板建筑股）独资的嘉登工程，获得价值9040万令吉的中枢大道（Central Spine Road）分包工程合约。

该公司也在不久前公布，

Release date: 17 12 2021

## Gadang secures RM131.37m Central Spine Road subcontract

Tan Siew Mung / theedgemarkets.com
December 17, 2021

# TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN

CHAIRMAN

*View of RTS Link Depot Project – Earthwork in progress*

## DEAR VALUED SHAREHOLDERS,

**On behalf of the Board of Directors, it gives me great pleasure to present the Annual Report of the Group for the financial year ended 31 May 2022 ("FYE 2022").**

## ECONOMIC LANDSCAPE

We started the financial year with a nationwide Full Movement Control Order ("FMCO") which commenced on 1 June 2021. The year that ensued proved to be another arduous year not just for the Group, but for the entire construction sector as the industry was weighed down by the prolonged effects of the Covid-19 pandemic.

From June till end-July 2021, multiple restrictions were imposed such as closure of non-essential services, reduction of operating hours and work force, strict travel restrictions, to name a few, all of which affected our business activities.

Nevertheless, the Government announced its four-phase National Recovery Plan in June 2021 as its strategic initiative to help the country emerge from the Covid-19 pandemic and economic struggles. Following the mass rollout of vaccinations, the country was once again on its recovery path as economic sectors gradually reopened and restrictions were progressively lifted.

The Malaysian economy registered a growth of 8.9% in 2Q2022 (1Q2022: 5.0%). The growth was higher to some extent because of the low base from the FMCO in June 2021 coupled with growth in April and May 2022 which were reflective of normalisation of economic activity as the country moved towards endemicity and reopened international borders. In terms of economic activity, the services and manufacturing sectors continued to drive growth whilst the construction sector grew by 2.4% (1Q2022: a contraction of 6.2%), its first positive growth since 2Q2021.
*[Source: Bank Negara Malaysia Quarterly Bulletin – Second Quarter 2022].*

## FINANCIAL PERFORMANCE

The construction work progress started to pick up in FYE 2022 after experiencing much delay caused by work stoppages in our construction and property projects in the early stages of the Covid-19 pandemic back in FYE 2021. This catch up in construction progress coupled with several non-recurring transactions in the Property Division enabled the Group to post a higher revenue of RM652.0 million (FYE 2021: RM574.8 million) and a significantly higher pre-tax profit of RM70.1 million (FYE 2021: RM22.0 million).

An in-depth Group's financial performance and affairs are contained in the Management Discussion and Analysis section within this Annual Report.

## THE WAY FORWARD

The Group stands stronger today due to the continuous strive to ensure performance-driven contribution to remain productive. We will continue to leverage on our expertise in earthwork, building and infrastructure to secure new projects while enhancing operational efficiency in terms of quality, safety and cost control strategies.

Over the past five years, our sustainability efforts have evolved to become more concerted and coordinated. Premised on our sustainability vision, we are committed to the marketplace, environment, workplace and community through our Economic, Environmental and Social pillars.

Our Sustainability Statement contained in this Annual Report gives a comprehensive account of our progress and accomplishments during the year with regards to our efforts towards sustainable development.

## PROPOSED DIVIDEND

The Board is pleased to recommend a first and final dividend of 0.7 sen per share in respect of the financial year ended 31 May 2022, to be approved by the shareholders at the forthcoming Annual General Meeting.

The estimated dividend payment based on the share capital is approximately RM5.1 million, which is higher than the RM2.2 million dividend paid in the previous year.

The dividend payout ratio is approximately 11.8% of its profit after tax of RM43.2 million, which is lower than the previous years' dividend payout ratio of approximately 20% as the business and economic outlook remains uncertain and we have to conserve cash to sustain operations.

## CORPORATE AND BUSINESS DEVELOPMENTS

(a) On 28 July 2021, Achwell Property Sdn Bhd ("APSB"), a wholly-owned subsidiary of the Company entered into a Conditional Settlement Agreement ("FSA") with Capital City Property Sdn Bhd ("CCPSB") (through the Judicial Manager), which sets out the terms and conditions governing the payment of the Final Settlement Sum ("FSS") and other matters relating to the settlement.

Under the terms of the FSA, APSB's Entitlement Sum had been revised to RM190 million, of which a total of RM150 million had been paid to APSB. The Parties have agreed for CCPSB to settle and pay the FSS of RM40 million as the full and final settlement of APSB's Entitlement Sum and all other rights, interests and/or benefits APSB may have under the Joint Venture Agreement ("JVA") dated 26 December 2013. The FSA was subject to the fulfilment of the conditions precedent within six months from the date of the FSA, which included the approval of the Company's shareholders.

The conditions precedent have been fulfilled and the Unconditional Date for the FSA was on 3 November 2021 upon the fulfilment of the last condition precedent whereupon the Company's shareholders' approval was obtained.


*CAAS Changi: Foundation bored piling and secant bored piles work*

Below is the agreed schedule of payment for the FSS.

| Tranche | Amount to be Settled | Due Date |
|---|---|---|
| Tranche 1 | RM 5,000,000 | 28 January 2022 |
| Tranche 2 | RM 5,000,000 | 28 July 2022 |
| Tranche 3 | RM 10,000,000 | 28 July 2023 |
| Tranche 4 | RM 10,000,000 | 28 July 2024 |
| Tranche 5 | RM 10,000,000 | 28 July 2025 |

On 28 July 2022, APSB served a written notice to CCPSB requesting for remedy in relation to CCPSB's default in payment for Tranches 1 and 2 of the FSS amounting to RM10 million in aggregate, together with the late payment interest at the rate of 5% per annum (calculated on a daily basis).

CCPSB is required to remedy such default within two (2) months from the date of the said written notice ("Remedy Period") or such extended period of not more than one (1) month from the expiry of the Remedy Period as may be granted by APSB at its absolute discretion. However, in the event that CCPSB is unable to remedy the said default within the stipulated period, APSB shall be entitled to enforce its full rights under the FSA, including to enforce the security created under the Debenture and proceed to sell the remaining Collateral Units which are not already released from the Debenture and use the said sale proceeds to settle the entire outstanding FSS together with any interest thereon and all other sums due and payable by CCPSB to APSB under the FSA and the Debenture.

(b) On 8 February 2022, the Company's indirect wholly-owned subsidiary, Yi Sheng Foundation Pte Ltd ("Yi Sheng") acquired 1 ordinary share representing 100% of the equity interest in Usaha Pesona Sdn Bhd ("Usaha Pesona") for a total purchase consideration of RM1. With this acquisition, Usaha Pesona became an indirect wholly-owned subsidiary of the Company. The intended principal activity of Usaha Pesona shall be contractor of bored pile works.

(c) On 14 March 2022, Yi Sheng subscribed for 51% equity interest representing 1,530 ordinary shares in UA Foundation Pte Ltd ("UAF") for a total purchase consideration of SGD1,530. With this subscription, UAF became an indirect 51% subsidiary of the Company. The intended principal activity of UAF shall also be contractor of bored pile works.

(d) With regards to the disposal of a parcel of residential land located at Jalan Kolam Air, Taman Melawati, Kuala Lumpur, to SkyRia Development Sdn Bhd for a total cash consideration of RM43 million based on the Sale & Purchase Agreement entered into on 23 August 2021, the balance sum of RM38,700,000 was received on 19 May 2022 and as such, the disposal has been completed.

(e) On 16 March 2022, Skyline Symphony Sdn Bhd, a wholly owned subsidiary of the Company entered into a Sale and Purchase Agreement with Dynamic Pro-Parking Sdn Bhd ("Purchaser") to dispose of its parcel of freehold land located at Gasing Indah, Petaling Jaya for a total cash consideration of RM5,200,000. The Purchaser has paid 10% of the consideration and the balance to be paid within six (6) months of the Sale and Purchase Agreement.

(f) On 31 May 2022, the Company's wholly-owned subsidiary, Asian Utilities Pte Ltd, entered into a Conditional Sale and Purchase of Share Agreement with PT Bangun Karya Nusa to dispose of its entire 95% equity interest in PT Bintang Hytien Jaya ("PT BHJ") for a total consideration of IDR 2 billion (equivalent to approximately RM580,000). With the completion of the disposal on 1 July 2022, PT BHJ ceased to be a subsidiary of the Company.

(g) On 19 July 2022, Gadang Engineering (M) Sdn Bhd accepted the following letters of award from Adil Permata Sdn Bhd as a sub-contractor in the project known as "Projek Rapid Transit System Link (RTS Link) Antara Johor Bahru Dan Singapura":-

1. Package 4: Bukit Chagar Station and Operation Control Centre at a sub-contract sum of RM370,000,000.
2. Package 6: Depot and Power Supply System at a sub-contract sum of RM310,000,000.

## BUSINESS OUTLOOK

According to the IMF's world economic update in July 2022, the global growth is becoming gloomy and more uncertain. A tentative recovery in 2021 has been followed by increasingly gloomy developments in 2022 as risks began to materialise. Global output contracted in the second quarter of 2022, owing to downturns in China and Russia, while US consumer spending undershot expectations.

Several shocks have hit a world economy already weakened by the pandemic i.e. higher-than-expected inflation worldwide, especially in the United States and major European economies, triggering tighter financial conditions, a worse-than-anticipated slowdown in China, reflecting Covid-19 outbreaks and lockdowns and further negative spill overs from the war in Ukraine.

*View of RTS Link Station Project – Bored piling works in progress*

On the local front, throughout FYE 2022, the entire construction sector was weighed down by the prolonged effects of the Covid-19 pandemic. Large commercial and industrial projects as well as small-scale projects continued to support activity in the non-residential and special trade subsectors. Meanwhile, the slower progress in infrastructure projects led to subdued growth in the civil engineering subsector. As a result, the construction sector grew by 2.4% (1Q2022: a contraction of 6.2%), its first positive growth since 2Q2021. *[Source: Bank Negara Malaysia Quarterly Bulletin – Second Quarter 2022].*

The Government had in mid-July 2022, reported that it would be taking measures to save public expenditure by postponing or not proceeding with any project that has yet to commence. The said austerity drive would likely impact domestic demand and overall growth prospects over the medium term.

Despite the foreseeable hurdles, the Construction Division managed to secure two new projects in July 2022 with a combined value of RM680 million and this bolstered the Construction Division's outstanding order book to RM1.14 billion. This order book will provide revenue and earnings visibility for the next three years.

For the property sector, the market sentiment has however, seen a gradual recovery which enabled the Property Division to achieve sales of RM265 million for FYE 2022. An announcement which augurs well for the Property Division was made by the Prime Minister Datuk Seri Ismail Sabri Yaakob on 15 July 2022. There will be a 100% stamp duty exemption for first-time homeowners of properties priced RM500,000 and below through the Keluarga Malaysia Home Ownership Initiative ("i-MILIKI") from 1 June 2022 until December 2023. Meanwhile, a stamp duty exemption incentive of 50% will be given for homes priced above RM500,000 to RM1 million.

Pricing of property and location will be the two primary factors that will determine the success of property launching and will need to be properly strategised. Therefore, the Division will focus on mid-market products in strategic locations for the coming financial year.

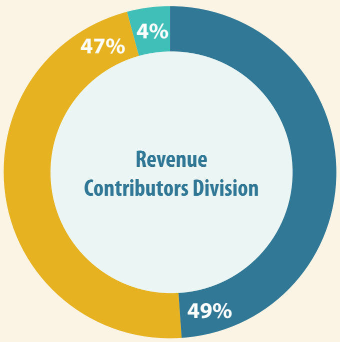
The Covid-19 pandemic in Indonesia has not significantly impacted the Utility Division's concession water treatment assets. The operations and maintenance of the water treatment plants are going on uninterrupted, fulfilling the contractual obligations, and the collection on billings has been on time. The completion of the Group's mini-hydro power plant in Sumatera, Indonesia, however, had been delayed largely due to the Covid-19 restrictions. The physical progress was at 97.1% as at 31 May 2022. Upon commissioning of the power plant, the investment is expected to contribute regular income streams to the Group until the year 2037.

The Group anticipates a challenging year ahead with suppressed project margins due to volatile material prices, overall cost of doing business and increased competition for contracts. Therefore, the Group will be implementing cost control strategies and continue to assess and revise its business strategies accordingly to overcome challenges in the year ahead.

## ACKNOWLEDGEMENT

The Board of Directors wishes to thank the management and all employees for their dedication and contributions to the Group in the past year. They have persevered amidst difficult and challenging times. We would also like to thank all our shareholders, customers and business partners for their continuous support and unwavering confidence in the Group.

**TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN**
Chairman




| | |
|---|---|
| Construction | **RM319.9 million** |
| Property | **RM304.9 million** |
| Utility | **RM27.2 million** |

**Group Earnings Performance**

13%

**Revenue:**

RM652.0 million

(FYE 2021: RM574.8 million)

220%

**Profit Before Tax:**

RM70.1 million

(FYE 2021: RM22.0 million)

**The Group will continue to capitalise on the inherent strength with a proven track record in project implementation, prudent cash flow management and cost control to deliver a sustainable medium to the long-term value proposition.**

*The building facade of Vitis @ The Vyne, Sungai Besi*

## TAN SRI DATO' KOK ONN

GROUP MANAGING DIRECTOR CUM CHIEF EXECUTIVE OFFICER

### REVIEW OF FINANCIAL RESULTS

#### FINANCIAL PERFORMANCE OVERVIEW

The business operations of the Group for FYE 2022 continue to be impacted by the economic disruptions and social restrictions brought by the various Movement Control Orders to curb the spread of Covid-19. However, there was improvement in the Group's financial performance following the Government's roll-out of the National Recovery Plan to manage the safe re-opening of the economy. Towards the end of the financial year, the country was returning to normalcy with the re-opening of most economic sectors as well as the re-opening of both state and international borders.

For FYE 2022, the Group registered a higher revenue of RM652.0 million (FYE 2021: RM574.8 million). The higher revenue was attributed to better performance in the Property Division, which is higher by 66% from the previous year, but partly offset by lower revenue contribution by the Construction Division.

The profit before tax increased to RM70.1 million in FYE 2022 (FYE 2021: RM22.0 million). The significant increase was mainly due to recognition of non-recurring profit before tax resulting from settlement with Capital City Property Sdn Bhd, gains from the disposal of development lands and better sales achieved from property development.

The Construction Division continues to be the main revenue contributor of the Group, recording a revenue of RM319.9 million (FYE 2021: RM366.0 million). The Construction Division's profit before tax increased to RM4.2 million compared to RM0.1 million last year due to the completion of various projects. It has been a challenging operating environment for the Division in the past two years due to the Covid-19 pandemic and the consequential containment measures imposed by the Government. Nevertheless, the Group continues to seek opportunities and has successfully secured new contracts in July 2022 which will contribute positively to the Construction Division's performance for the coming financial year.

The Property Division's revenue for the current year increased to RM304.9 million (FYE 2021: RM183.1 million). The profit before tax increased to RM69.0 million (FYE 2021: RM27.7 million). The sharp increase in revenue and profit before tax were mainly attributed to the following:-

(i) Recognition of a non-recurring revenue and profit before tax of RM68.2 million and RM41.0 million respectively in the current year resulting from the fulfilment of the conditions precedents of the settlement agreement between Capital City Property Sdn Bhd and Achwell Property Sdn Bhd.

(ii) Disposal of a development land located at Taman Melawati, Kuala Lumpur for RM43.0 million and gains derived from the disposal of RM0.8 million.

(iii) Disposal of a development land located at Gasing Indah, Petaling Jaya for RM5.2 million and gains derived from the disposal of RM1.3 million.

(iv) Better sales achieved and higher work progress for on-going development projects.

The Utility Division registered a profit before tax of RM6.7 million (FYE 2021: RM7.2 million), on the back of revenue of RM27.2 million (FYE 2021: RM25.7 million). The lower profit was mainly due to the higher operating costs and unfavourable foreign exchange translation in the current year.

## FINANCIAL POSITION OVERVIEW

The Group's financial position remained stable in FYE 2022 as shown below:

| Financial Ratio | FYE 2022 | FYE 2021 (Restated) |
|---|---|---|
| Current Ratio | 3.3 times | 2.9 times |
| Total Equity | RM832.1 million | RM787.1 million |
| Net Asset per share | RM1.13 | RM1.07 |

### Current Ratio (Current Assets/Current Liabilities)

The Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, improved marginally to 3.3 times (FYE 2021: 2.9 times). The healthy current ratio indicates that the Group has adequate liquidity to meet its short-term commitments and working capital requirements.

### Total Equity

Total equity continued to grow strongly by 5.7% to RM832.1 million on higher retained earnings.

*TRX Tunnel connection from SMART Tunnel bounce to Jalan Tun Razak*

## STATEMENT OF CASH FLOWS

| RM'million | FYE 2022 | FYE 2021 (Restated) |
|---|---|---|
| Net Operating Cash Flows | 139.7 | (109.7) |
| Net Investing Cash Flows | (6.6) | (3.7) |
| Net Financing Cash Flows | (86.7) | 123.0 |

### Net Operating Cash Flows

The net operating cash inflow was principally due to the earnings from our business activities and improved collections from ongoing construction projects.

### Net Investing Cash Flows

The net investing cash outflow arose mainly from the construction of our mini-hydro power plant in Indonesia. The cash outflow was partly mitigated by the proceeds from the sale of development lands.

### Net Financing Cash Flows

The net financing cash outflow arose mainly from repayment of Group borrowings and interest payment, as well as the payment of dividends to shareholders.

## CAPITAL MANAGEMENT

| RM'million | FYE 2022 | FYE 2021 |
|---|---|---|
| Total Borrowings | 294.5 | 408.7 |
| Total Cash & Bank Balances, and Investment Securities | 289.0 | 286.1 |
| Net Borrowings | 5.5 | 122.6 |
| Total Equity | 832.1 | 787.1 |
| Net Gearing Ratio (times) | 0.01 | 0.16 |

Our approach to capital management is to maintain a robust capital base and healthy capital ratios to support our daily operations without disruption. The Group adopts prudent treasury management strategies that enable flexibility in responding to operational requirements, volatilities in the financial markets as well as investment opportunities. Our funds are invested in a balanced portfolio of money market instruments and in selected funds. Our objective as a Group is to constantly improve in the areas of treasury, liquidity and risk management with the goal of lowering our weighted average cost of capital on one hand and obtaining the best absolute returns or yield on our cash and cash equivalents.

The Group's total borrowings decreased to RM294.5 million (FYE 2021: RM408.7 million), due to repayment with proceeds from completed construction projects and disposal of development lands.

The Group is continuously working towards reducing its gearing level such as assets monetisation, disposal of the landbank which is not for immediate development and intensifying the sales of the Group's existing inventories under the Property Division.

It is vital to ensure that we have sufficient internal funds and credit facilities on hand to ensure that we can seize any project opportunities in the market. Our credit facilities vary from the issuance of bank guarantees such as performance bonds, advanced payment bonds, tender bonds, invoice factoring, term loans and revolving credit.

Total capital expenditure incurred in FYE 2022 was RM14.0 million, comprising mainly the following capital allocations:-

- the construction of the mini-hydro power plant in Indonesia – RM7.4 million;
- acquisition of property plant and equipment, and motor vehicles – RM5.5 million.

## BUSINESS OPERATIONS REVIEW

### Construction Division

The world is experiencing an extended period of disruption brought about by global political tensions, the emergence of new Covid-19 variants, climate change, high inflation and rising overall operating costs. The uncertainty of the world economic performance and the high inflation figures registered in the developed and developing world coupled with supply chains disruptions have a huge bearing on the supply and demand side of the construction industry, especially in the procurement of materials, light and heavy machinery and equipment. The continuous high crude oil prices have induced higher logistics cost, whereby these costs are then passed down to the end users. As such, the construction industry is facing a herculean challenge in project management and operations, be it in infrastructure works or in property development.

For the Construction Division, the ongoing projects are mostly at the tail end whilst several projects have been completed on time. Therefore, the price escalation has minimal impact to the profitability of the said projects. For newly awarded projects, the price escalation is accounted into the contract sum to mitigate the volatile fluctuations in prices of construction materials.

The ongoing uncertainties and political instability in the country does not augur well for the construction industry. For the past three years, the construction industry faced a reduction in infrastructure job flows on the back of reduced public sector spending brought on by fiscal constraints faced by the Malaysian Government as well as reduced investments by the private sector that was also affected by the pandemic. This has impacted Construction Division's speed to replenish its order book.

However, the Division has aligned its business strategy with the Group's strategic plan to address the business challenges ahead by working tirelessly to secure some projects to ride out the economic uncertainty for the next two years. The Division successfully secured two packages of the Rapid Transit System Link between Johor Bahru and Singapore works in July 2022 based on its experience, capability and timeliness in delivering projects of similar nature, quantum and scale to clients. In addition, the Division continues to uphold the highest standards of Health, Safety and Environment practices at its workplace and also adopting sustainability practices to reduce its carbon footprint. Balanced and calculated risk management processes are ingrained in the project planning and implementation process.

The Division's outlook remains cautiously optimistic backed by its core group of key personnel and expertise in managing significant and complex construction projects.

### Property Division

The re-opening of the broad economic sectors and transition from Covid-19 pandemic to endemic phase on 1st April 2022, allowed the Malaysian property market to progressively recover from the negative socio-economic impacts of the Covid-19 pandemic. However, with the ongoing disruption of the global supply chain, global inflation on the rise, Cross-Taiwan Straits tensions and the geopolitical unrest caused by the Russian-Ukraine conflict, these brings about uncertainties and challenges to property developers in the forthcoming year.

In 2021, property developers recorded good sales with the incentive schemes introduced by the Government including the Home Ownership Campaign 2021 ("HOC") coupled with the low interest rates environment then. However, the property sector outlook is cautious with a negative undertone for 2022, affected by the discontinuation of the HOC scheme, the expected further interest rates hikes and increase in building material costs which will lead to higher property selling prices and softening demand for residential properties. Nevertheless, strong demand is still anticipated for affordable homes and high-rise units at established locations.

The Property Division's performance for FYE 2022 was mainly derived from the following developments:-

- Phase 3C of Cassia Residence at Laman View, which comprises 300 units of high-rise apartments in Cyberjaya, Selangor, launched in July 2021;
- Phase 1 of Laman Citra at Gelang Patah, which comprises 206 units of double storey terrace homes in Johor Bahru launched in September 2021;
- Vitis at The Vyne, an affordable luxury condominium development, which comprises 152 units in Salak South, Kuala Lumpur;
- Akasia at Semenyih comprising 152 units 1.5 storey townhouses; and
- Elegan Residensi at Putra Perdana (Phase 2), which comprises 134 units 1.5 storey townhouses in Puchong.

Notwithstanding the soft market sentiment and challenges faced by the property sector in FYE 2022, the Division recorded RM265.0 million (FYE 2021: RM231.3 million) in property sales.

The Division currently has a balance of 183.2 acres of undeveloped land with an estimated gross development value of RM3.1 billion and unbilled sales of RM214.8 million. In FYE 2022, the Property Division launched Phase 3C, Cassia Residence in Laman View Cyberjaya and 2 storey terrace homes in Laman Citra at Gelang Patah.

In FYE 2023, the Division will focus mainly on affordable residential developments in line with the current market demands. The new launches planned for the coming financial year are:-

- Phase 4 in Salak South, which comprises 309 units of serviced apartments;
- Phase 1B of Akasia, which comprises 162 units of 1.5 storey townhouses in Semenyih; and
- Phase 1 of Laman Waringin in Kwasa land, which comprises 46 units of stratified double storey terrace homes and 312 units of high-rise condominiums.

As we enter into a new financial year, the short-term outlook for the property sector remains challenging. However, the easing of Covid-19 restrictions and the opening of international borders augur well for the property market by providing a good opportunity for the property sector to recover and attain a sustainable growth.

The Property Division will remain prudent in financial management, continues with its effort to remain focused in meeting and fulfilling the demand for affordable homes. We are also committed to align our initiatives to the Group by incorporating and implementing Economic, Environmental and Social features into the upcoming product offerings that will benefit not only our customers but the broader community.

*Rapid Sand Filters, Coagulation and Flocculation Tower View of PT Hanarida Tirta Birawa*

**Utility Division**

The Utility Division's water business operations in Indonesia continue to record consistent improved results in FYE 2022 amidst volatile and uncertain economic conditions due to Covid-19.

For strategic reasons, the Division disposed its loss making subsidiary, PT. Bintang Hytien Jaya which operates a small-scale water business concession in July 2022. However, the Division has revitalised the potential of expansion in Sidoarjo and Gresik treatment plants in an effort to meet the Government's commitment to fulfil potable water needs.

The 9MW mini-hydropower project at Lintau Sumatera Barat, Indonesia is at the final stages of construction and is expected to achieve the Commercial Operation Date ("COD") in the fourth quarter of 2022. The delay in operation has been largely attributed by the extreme difficulties in the construction of waterway and intake structures that had impacted the testing and commissioning of the plant equipment together with the delay in delivery of materials resulted from the Covid-19 movement restrictions. Upon COD, the mini hydropower plant is expected to contribute a recurring income stream to the Group.

In December 2021, the Solar Power Purchase Agreement had been entered into with Sabah Electric Sdn Bhd for the design, construction and maintenance of a 5.9MWac solar photovoltaic energy generating facility located in Tawau, Sabah. The expected COD is scheduled in first half of 2023.

Throughout the Covid-19 pandemic and challenging global business environment, the Division continued to perform well with healthy operating cash flows and contributing a recurring revenue stream. The Division will remain prudent in its financial management, improve the financial performance and contribute positively to the Group.

Bolstered by our good track record, we continue to explore and review investment opportunities in Indonesia to build up its concession asset base.

## OUTLOOK

The Malaysian economy experienced a 8.9% gross domestic product ("GDP") growth year-on-year in the second quarter of 2022 as domestic demand strengthened amid the normalisation of economic activity as the country moved towards Covid-19 endemicity and re-opened its international borders. With the economic environment slowly returning back to normality, there remains lingering uncertainty over growth due to interest rate hikes to tame inflation, emergence of new Covid-19 variants, further escalation of geopolitical conflicts and worsening supply chain disruptions.

For FYE 2023, the Construction Division is optimistic of its prospects, in anticipation of large public infrastructure projects such as the Mass Rapid Transit 3 being rolled out by the Government. Nonetheless, the Division remains cautious in view of the uncertain business environment caused by geopolitical tensions, rising building material prices, labour shortages and supply chain disruptions. Meanwhile, the Division will continue to focus on timely execution and completion of its existing projects.

Market sentiment for the property sector has seen a gradual recovery with the Property Division achieving sales of RM265.0 million for FYE 2022. With its wide array of mid-market products in strategic locations and its unbilled sales of RM214.8 million, the Property Division is well-positioned for recovery, leveraging on demand-driven property development offerings and track record.

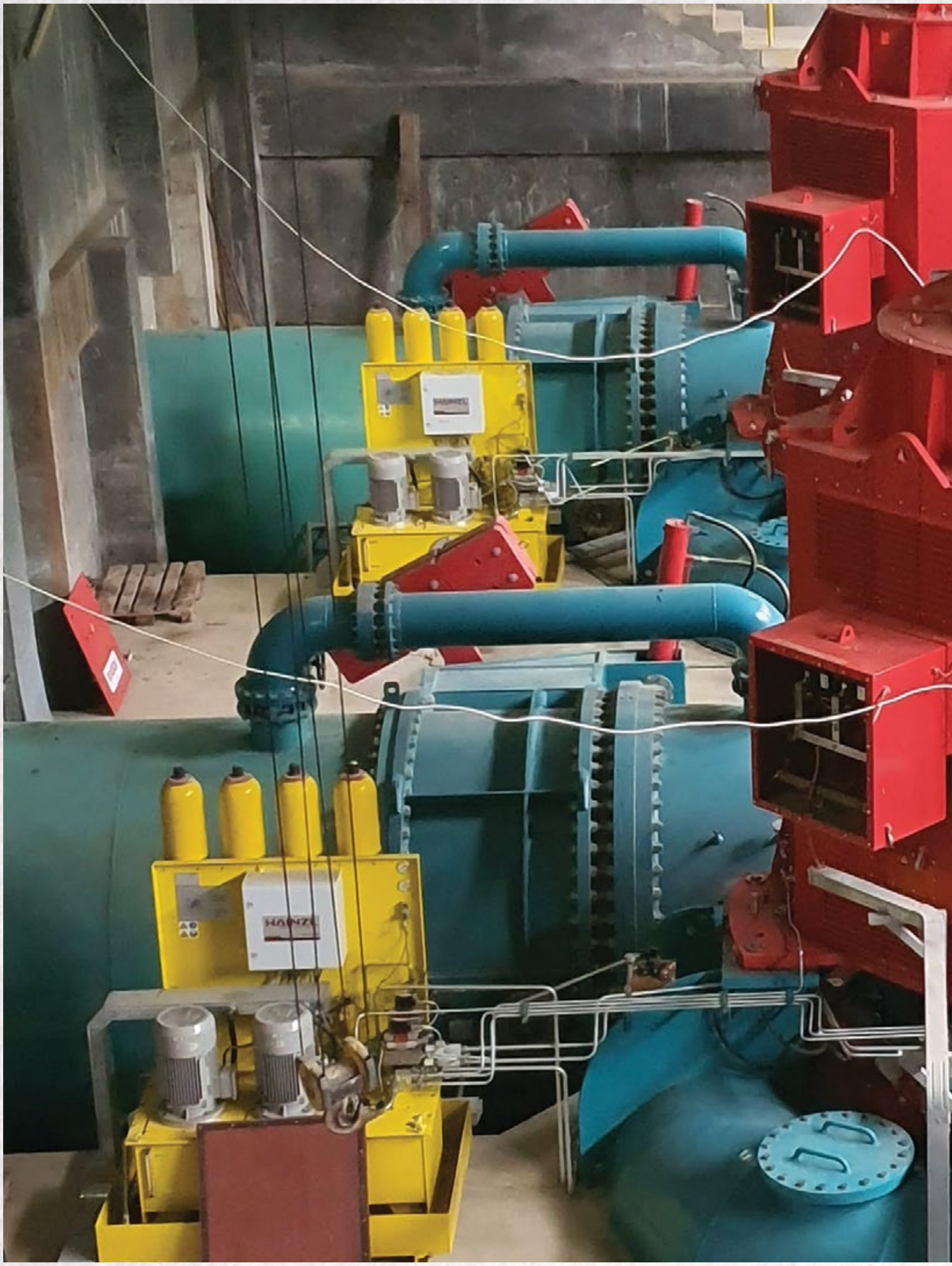
The Utility Division will continue to review investment opportunities to build up its concession asset base with recurring income streams to cushion against the cyclical nature of the construction segment.

The Group will continue to capitalise on its inherent strength with a proven track record in project implementation, prudent cash flow management and cost control to deliver a sustainable medium to the long-term value proposition. We will remain vigilant against an uncertain macroeconomic outlook with heightened inflationary pressures, supply chain constraints and labour shortages.

**TAN SRI DATO' KOK ONN**
Group Managing Director
cum Chief Executive Officer

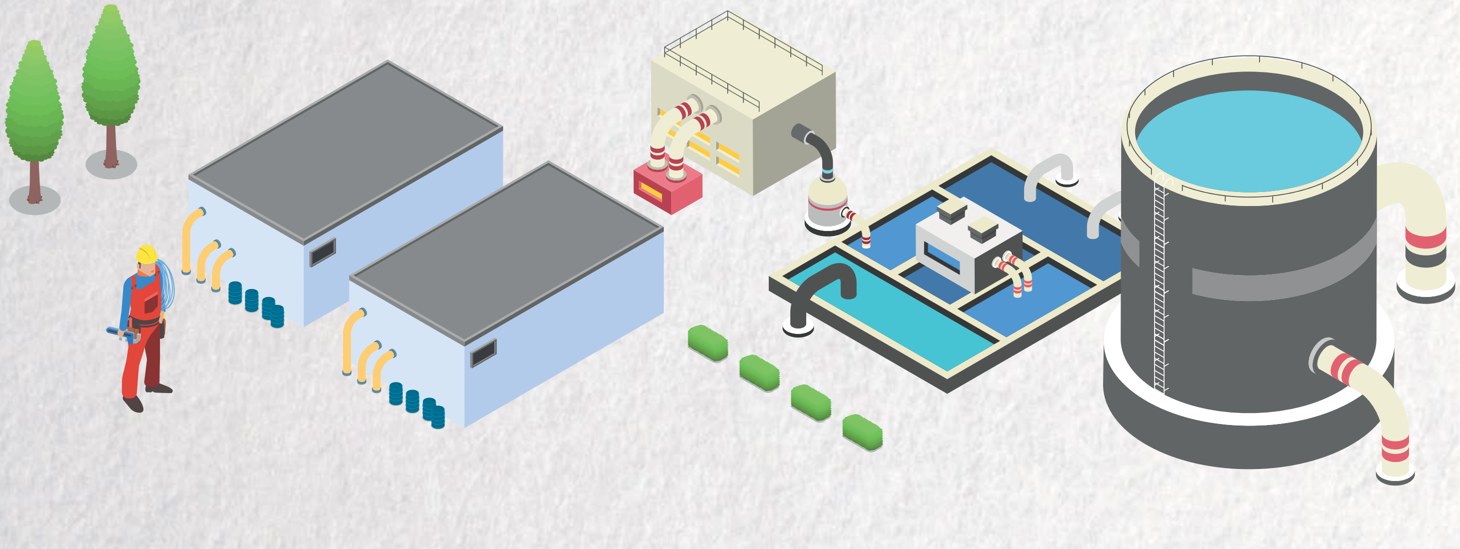
# UTILITY

Utility is envisaged by Gadang to be a sector with good potential for development and long term growth.

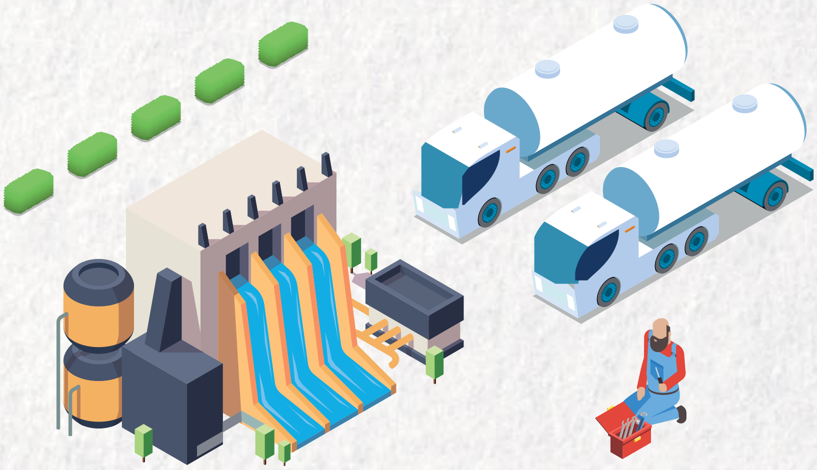


In 2005, Gadang, through Asian Utilities Pte Ltd ("AUPL") acquired its first water concession in Sidoarjo, Jawa Timur, Indonesia. To date, AUPL owns one mini-hydro power concession and three water concessions in Indonesia with a total water production nearing to 1,050 litres/second.

Moving forward, the Division actively seeks business opportunities and expansion in water business and power generation within Asia region by exploring and inspiring potential in partnership and engagement. The Division will also focus on quality improvement to strive for its valued customer satisfaction.




2 x 4.5 MW Electromechanical Equipment



# CORPORATE GOVERNANCE



Sec 2

## THE BOARD OF DIRECTORS OF GADANG HOLDINGS BERHAD ("GADANG" OR "COMPANY") IS COMMITTED TO ENSURE A HIGH STANDARD OF CORPORATE GOVERNANCE IS PRACTICED THROUGHOUT THE COMPANY AND ITS SUBSIDIARIES ("THE GROUP") IN DISCHARGING ITS RESPONSIBILITIES WITH INTEGRITY, TRANSPARENCY AND PROFESSIONALISM TO PROTECT AND ENHANCE SHAREHOLDERS' VALUE AND THE FINANCIAL POSITION OF THE GROUP.

This Corporate Governance Overview Statement outlines the corporate governance practices of the Company that are in place during the financial year ended 31 May 2022 and is prepared in compliance with the Main Market Listing Requirements (**MMLR**) of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). Essentially, this statement takes guidance from the following three (3) key corporate governance principles as set out in the Malaysian Code on Corporate Governance which was further updated on 28 April 2021 ("**MCCG**"):-

- 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 Company has applied all applicable Practices set out in the MCCG for the financial year ended 31 May 2022 except for:

| | |
|---|---|
| **Practice 8.2** | **The board discloses on a named basis the top five senior management's remuneration component including salary, bonus, benefits in-kind and other emoluments in bands of RM50,000.** |

The explanation for the departure from the Practice 8.2 and measure to be taken are provided in the Corporate Governance Report 2022 of the Company ("CG Report 2022").

This statement is to be read together with the CG Report 2022 which is available on the Company's website at www.gadang.com.my. The CG Report 2022 provides the details on how the Company has applied each Practice as set out in the MCCG during the financial year 2022.

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### I Board Responsibilities

The Board is collectively the primary decision-making body for all material matters affecting the Group. It also provides effective leadership, guidance and sets strategic direction. The Board is responsible for the proper stewardship of the Group's business and the creation of long-term value of the Group to its shareholders and other stakeholders.

In particular, the principal duties and responsibilities of the Board include:-

a. Reviewing and adopting the strategic plans for the Group.
b. Overseeing the conduct of business and performance of the Company and subsidiaries to ensure they are being properly and appropriately managed.
c. Identifying principal risks and ensuring the implementation of appropriate internal control systems to manage the identified risks.
d. Succession planning, including ensuring that processes are in place to recruit senior management with the highest standards of integrity and competence, and to train, develop and retain them.
e. Reviewing the adequacy and integrity of internal control system of the Group, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
f. Overseeing the development and implementation of an effective communication policy for the Group.

In order to ensure effective discharge of the Board's functions, the Board has delegated its specific powers of the Board to the relevant Board Committees, the Group Managing Director cum Chief Executive Officer (**Group MD/CEO**) and Management team.

As depicted in the following illustration, the Board Committees have been established to assist the Board in its oversight function with reference to specific responsibility areas. Each of the Board Committee operates within its own written terms of reference and whose actions are reported to and monitored by the Board. The Board accepts that while these various Board Committees have the authority to examine particular issues and will report back to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

## LEADERSHIP STRUCTURE AND GOVERNANCE FRAMEWORK

### The Board

Responsible for the overall conduct of the Company's business including driving its long term success, setting values, standards and strategic objectives, reviewing the performance, and ensuring a successful dialogue with its shareholders.

#### Chairman

- Plays a leadership role in the conduct of the Board and its relationship with shareholders and other stakeholders.
- Responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

#### Non-Executive Directors

- Act as a bridge between Management and stakeholders, particularly shareholders.
- Provide the relevant checks and balances on the acts of the Board and Management of the Company, focusing on shareholders' and other stakeholders' interests and ensuring that high standards of corporate governance are applied.

#### Senior Independent Director

- Acts as a sounding board to the Chair.
- Acts as intermediary for other Directors, when necessary.
- Available to respond to shareholder concerns when contact through the normal channels are inappropriate.

### Board Committees

Delegated to by the Board, and are responsible to maintain effective governance in the respective areas.

#### Audit Committee

- Examines the integrity of the Company's financial reporting.
- Reviews the adequacy and effectiveness of the Company's internal controls and risk management framework and related compliance activities.
- Reviews the effectiveness of the internal and external audit functions.

#### Board Risk Committee

- Oversees the Company's risk management and sustainability matters.

#### Nomination & Remuneration Committee

- Evaluates the Board's composition and ensures Board diversity, right mix and balance of skills.
- Oversees the nomination and appointment for Directors and Senior Management.
- Oversees the implementation of the remuneration policy and structure for Directors and Senior Management.

### Executive Directors

#### Group Managing Director/Chief Executive Officer

Responsible for the overall operations of the Group's businesses and implements corporate strategy for the Group. Leads the management team in ensuring that the Group's businesses deliver shareholder value.

#### Chief Financial Officer

Responsible for overall financial and fiscal management aspects of the Group's operations, including financial planning and implementation, management of financial risks and financial reporting.

### Management

Responsible for implementing strategic objectives and decisions, realising competitive business performance in line with the established risk management framework, compliance policies, internal control systems and reporting requirements.

In discharging the Board's duties and responsibilities effectively, the Board is guided by its Board Charter which outlines the roles, responsibilities, functions and authority of the Board, Board Committees and individual Directors, the principles and practices of corporate governance to be followed as well as key matters that are solely reserved for the Board's decision and approval. The Board Charter is reviewed regularly to ensure they remain consistent with the Board's objectives, current law and best practices.

The Board Charter was reviewed and updated in July 2022 to be in line with the requirements and recommendations outlined in the MCCG and the Bursa Securities MMLR. The Board Charter can be viewed on the Company's website at www.gadang.com.my.

**Separation of the Roles of Chairman and Group MD/CEO**

The roles of the Chairman of the Board and Group MD/CEO are clearly separated and the positions are held by different individuals. The division of responsibilities between the Chairman and Group MD/CEO ensures an appropriate balance of power and authority in the Board. The Chairman of the Board plays a leadership role in the conduct of the Board and its relationship with shareholders and other stakeholders. The Chairman of the Board is also responsible for instilling good corporate governance practices, leadership and effectiveness of the Board.

The Group MD/CEO, supported by Senior Management, implements the Group's strategic plan, policies and decisions adopted by the Board and oversees the operations of the Group. The Group MD/CEO has been delegated with certain powers to execute transactions that are guided by the rules and procedures for the Group MD/CEO and in accordance with the authority limits as defined and formalised.

**Senior Independent Director**

The Board recognises the importance of Senior Independent Director ("**SID**") to serve as a sounding board for the Chairman and as an effective conduit for other Independent Directors' concerns. He is also the designated contact point to whom shareholders may convey any concerns or queries on the affairs of the Company. The SID of the Company is Mr Huang Shi Chin, who was appointed to the position on 16 August 2021.

Mr Huang Shi Chin can be contacted at francis.huang@gadang.com.my.

**Company Secretary**

The Board members have full access to the Company Secretary who is an Associate member of the Malaysian Institute of Chartered Secretaries and Administrators and is qualified to act as company secretary under Section 235(2) of the Companies Act, 2016. She is responsible for advising the Board on issues relating to compliance with the Company's constitution and applicable laws, rules, procedures and regulations affecting the Group, as well as the principles of best corporate governance practices, in addition to corporate secretarial matters. The Company Secretary also acts on behalf of the Company to liaise with the Companies Commission of Malaysia, the Bursa Malaysia Securities Berhad and when necessary, its shareholders.

To facilitate the Directors in planning their attendance at the Board and Board Committees meetings as well as the Annual General Meeting, an annual meeting calendar with the scheduled meeting dates is prepared and confirmed before the beginning of each year. To assist directors in planning their attendance, the Company Secretary consults every director before fixing the dates of these meetings. The Board meets at least five times a year. Ad hoc meetings are also convened to deliberate on urgent substantive matters.

**Timely Information**

Complete, adequate and timely information is vital for Directors to make informed decisions and discharge their duties well. They must also be kept abreast of the Group's operational and financial performance, key issues, challenges and opportunities. As a general rule, the notice of Board and Board Committees meetings together with meeting materials are furnished to the Directors at least five (5) working days in advance to enable the Directors to have sufficient time to review the documents and obtain further information or clarification to expedite the decision making process. The meeting agenda and board papers are distributed in hard copy and/or electronically to the Directors for deliberations during Board meetings. Reminders are also sent in advance electronically to the Directors prior to the meetings.

There were six (6) Board meetings, five (5) Audit Committee (**AC**) meetings, four (4) Board Risk Committee (**BRC**) meetings, two (2) Nomination & Remuneration Committee (**NRC**) meetings and one (1) general meeting held during the financial year ended 31 May 2022. The Board is satisfied with the level of time commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings and Board Committees meetings during the financial year as set out in the table below:-

| Name of Directors | Board meetings | AC meetings | BRC meetings | NRC meetings | General Meeting |
|---|---|---|---|---|---|
| **Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican** *(Chairman of the Board)* | 6/6 (100%) | 5/5 (100%) | 4/4 (100%) | 2/2 (100%) | 1/1 (100%) |
| **Tan Sri Dato' Kok Onn** | 6/6 (100%) | N/A | N/A | N/A | 1/1 (100%) |
| **Boey Tak Kong** *(Demised on 14 October 2021)* | 2/2 (100%) | 2/2 (100%) | 1/1 (100%) | 1/2* (50%) | - |
| **Kok Pei Ling** | 6/6 (100%) | N/A | N/A | N/A | 1/1 (100%) |
| **Huang Shi Chin** | 6/6 (100%) | 5/5 (100%) | 4/4 (100%) | 2/2 (100%) | 1/1 (100%) |
| **Sherman Lam Yuen Suen** *(Appointed on 16 August 2021)* | 5/5 (100%) | 4/4 (100%) | 3/3 (100%) | 2/2 (100%) | 1/1 (100%) |
| **Wong Ping Eng** *(Appointed on 25 May 2022)* | - | - | - | - | - |

* *Absent for one (1) NRC meeting due to illness*

**Code of Ethics and Conduct, Whistleblowing Policy and Anti-Bribery & Corruption Policy**

The Board has in place a Code of Ethics and Conduct ("Code"), which applies to all Directors and employees of the Group, to ensure a high standard of ethical and professional conduct is upheld in the performance of their duties and responsibilities. The Code sets out the principles and standards of business ethics and conduct of the Group.

Further, in line with the Company's commitment in achieving and maintaining the highest standards of openness, ethics, and accountability, the Company has also established a Whistleblowing Policy & Procedure ("WPP"). The WPP is aimed to provide a formal mechanism for employees, other external stakeholders and members of the public to raise concerns related to possible malpractices at the earliest opportunity, in an appropriate manner and without fear of reprisal or victimization. The

Whistleblowing Committee, which comprises Chairman of Audit Committee, Chief Financial Officer (CFO) and Head of Group Internal Audit, is responsible to oversee the implementation of the WPP. The CFO and the Chairman of Audit Committee are responsible for receiving whistleblower report(s) made by the employees or external parties as prescribed under the WPP.

The Company has also established a standalone Anti-Bribery & Corruption ("ABC") Policy, to spell out the Company's stand on bribery and corruption and conducts which are prohibited. The ABC Policy is applicable to the Directors and employees of the Group and any other person(s) associated with the Group, including third parties. It reiterates the Company's commitment to ensure full compliance with the Malaysian Anti-Corruption Commission (MACC) Act 2009 and the MACC (Amendment) Act 2018 and any other local anti-bribery or anti-corruption laws that may be applicable. This Policy complements and is to be read in conjunction with the Company's Code and WPP.

The Code, WPP and ABC Policy are available on the Company's website at www.gadang.com.my.

## II Board Composition

The Board comprises six (6) Directors out of which four (4) are Independent Non-Executive Directors, including the Chairman, and two (2) are Executive Directors.

Based on the above, the current Board complies with Paragraph 15.02 of MMLR of Bursa Securities that requires at least one-third (1/3) of the Board to be independent directors and MCCG where more than half of the Board comprises independent directors. This helps to assure objectivity on issues deliberated and impartiality in the decision-making process.

No alternate Directors have been appointed in respect of any of the Directors. The current size and composition of the Board is adequate for facilitating effective and objective decision making given the scope and nature of the Group's business and operations. In addition, the Board collectively provides an appropriate balance and mix of skills, expertise, knowledge and experience to direct the Group. Following are the collective skills & competence of the Board:-

| Skill/Competence | Description |
|---|---|
| **Leadership** | Overall stewardship of the Group, business leadership, public listed company experiences |
| **Strategy and Entrepreneurial Acumen** | Business development, assessment of existing and emerging opportunities |
| **Sustainability and Stakeholder Management** | Governmental relations, community and investor relations, corporate governance and banking |
| **Technical** | Engineering, real estate and property development, construction and other related skills |
| **Finance and Corporate** | Accounting, audit, financial reporting, taxation, legal, corporate financing, risk management and human capital development & management |

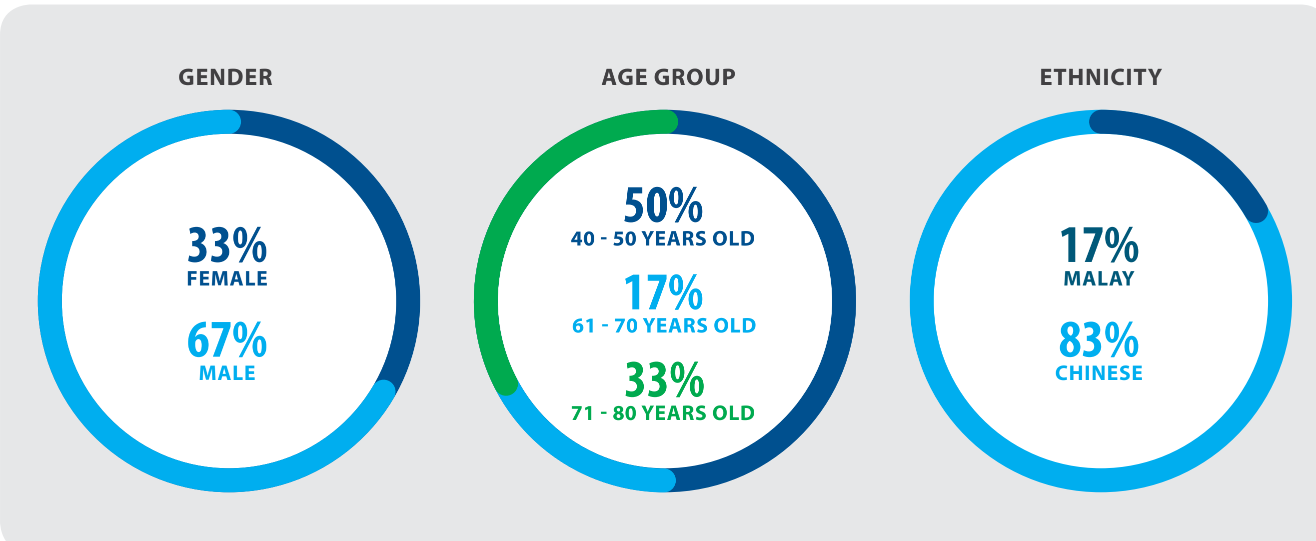
The presence of the Independent Non-Executive Directors will serve to bring objective and independent views, advice and judgment to the decision making of the Board and provide the necessary checks and balances to ensure that the interests of all shareholders and the general public are given due consideration in the decision-making process. The Non-Executive Directors contribute significantly in areas such as policy and strategy, performance monitoring, allocation of resources as well as improving governance and controls.

**Board Diversity**

The Company has in place a Board Diversity Policy which sets out principles to maintain diversity of board composition, as well as to ensure effective decision-making and governance of the Company and its businesses.

The Board currently has two (2) female Directors out of six (6) Directors following the appointment of Ms Wong Ping Eng as an Independent Non-Executive Director on 25 May 2022. Female representation as a percentage of the full Board is 33%, which is in line with the 30% recommended under Practice 5.9 of the MCCG.

With the above new Board appointment, the Board composition in terms of gender, age and ethnicity is as follows:-




**Nomination & Remuneration Committee**

The Nomination Committee and the Remuneration Committee were established on 30 July 2001 and were merged into a single committee on 28 October 2010 for the purpose of convenience and practicality.

The Nomination & Remuneration Committee ("**NRC**") currently comprises three (3) members, all of whom are independent non-executive directors. Mr Huang Shi Chin, the Senior Independent Non-Executive Director, is the Chairman of the NRC, and the other members are Mr Sherman Lam Yuen Suen and Ms Wong Ping Eng. During the year, the Chairman of the Board, Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican relinquished his position as a member of the NRC to comply with Paragraph 1.4 of the MCCG.

The duties and responsibilities of the NRC are to assist the Board in the appointment and evaluation of the performance of the Directors (including Board Committees) and reviewing and recommending the appropriate remuneration policies applicable to Directors and Senior Management.

The Terms of Reference of the NRC are available for reference at www.gadang.com.my.

During financial year 2022, the activities of the NRC included the following:-

(i) Board Composition
- Reviewed the current composition and board size to ensure that the Board continues to have the right balance of skills, knowledge, experience and diversity.

(ii) Appointment of Directors and Senior Officers
- Reviewed and made recommendations to the Board on the re-election of Directors at the 29th AGM.
- Considered the proposals to renew the employment contract of senior officers of the Group.
- Reviewed the succession plan for the senior leadership critical positions of its major subsidiary.
- Reviewed and recommended candidate (Ms Wong Ping Eng) to the Board for appointment.

(iii) Remuneration for the Group
- Reviewed the benefits and terms and conditions of employment of the Executive Directors and senior management.
- Reviewed the annual salary increments and bonuses of the Executive Directors and senior management of the Group.
- Reviewed the remuneration framework for Non-Executive Directors.

(iv) Board Effectiveness Evaluation
- Conducted annual assessment of individual, peer and Board assessment.
- Conducted annual assessment of independence status of Independent Non-Executive Directors.
- Evaluated and determined the training needs of the Directors.

**Board Appointment Process**

The Company practices a rigorous process on the appointment of new Directors. The NRC is entrusted with the role of identifying, assessing and nominating candidates to fill Board vacancies and for succession planning. The search for potential Independent Non-Executive Director (INED) is normally made through recommendations from the existing Directors or external parties including the Company's business contacts in related industries as well as utilizing independent sources to fill the vacant positions based on the identified search criteria approved by the NRC. The NRC will shortlist candidates for interview to review the suitability of the candidate prior to recommending to the Board for approval. All potential candidates are first considered by the NRC, taking into account the mix of skills, competencies, qualification, experience, integrity, and time commitment. Diversity in terms of age and gender are also considered during the selection criteria.

In year 2022, the Board appointed Ms Wong Ping Eng ("Ms Wong") as an INED to fill the position vacated following the demise of the late Mr Boey Tak Kong in October 2021. Ms Wong was identified through the Company's contact in the construction industry. Her qualification, relevant experience and expertise (with 10 years of top management experience in the fields of property development, construction, highways and infrastructure, which are also the core businesses of the Group) would help to strengthen the skills/expertise in the Company's Board composition.

**Re-election of Directors**

In accordance with the Company's Constitution, at each Annual General Meeting ("**AGM**"), one-third (1/3) of the Directors shall retire by rotation from office and may offer themselves for re-election. All Directors, including Managing and Executive Directors shall retire from office once in every three (3) years but shall be eligible for re-election. The Directors to retire in each year shall be those who have been longest in office since their last election.

The Board's support for a Director's re-election is not automatic and is subject to satisfactory assessment of performance and contribution. The NRC will first assess the Directors who are due for re-election at the AGM and will then submit its recommendation to the Board for deliberation and approval. This recommendation is based on formal reviews of the performance of the Directors, taking into account their contribution to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interests of the Group in decision-making process.

At this forthcoming 29th AGM, Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican and Ms Kok Pei Ling will be due for retirement pursuant to Clause 108 of the Company's Constitution. Ms Wong Ping Eng, who was newly appointed to the Board on 25 May 2022, will also retire pursuant to Clause 115 of the Company's Constitution. Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican, Ms Kok Pei Ling and Ms Wong Ping Eng, being eligible, have offered themselves for re-election at the upcoming AGM on 9 November 2022.

As evaluated by the NRC and approved by the Board, the retiring Directors have met the Board's expectations and continued to contribute to the Board's deliberations and the Board would accordingly recommend their re-election to the shareholders at the forthcoming AGM.

**Review of Directors' Independence and Tenure of Independent Directors**

The Board assesses the independence of Directors before they are appointed and on an annual basis, with a focus on their capacity to bring independence of judgement to board decisions. The Independent Directors are required to complete a Director's Independence Checklist based on the provisions in MMLR of Bursa Securities and the MCCG. Thereafter, the NRC reviews the completed checklists, assesses the independence of the Directors and presents its recommendation to the Board.

In 2022, all the Independent Directors declared themselves to be independent. The Board also assessed the independence and considered them to be independent in character and judgement.

In line with the exemplary practice as recommended by the MCCG, the Company has adopted a policy which limits the tenure of its Independent Directors to nine (9) years without further extension, with a view to ensure continued effective functioning and progressive refreshing of the Board. Currently, none of the Independent Non-Executive Directors of the Company have served the Board for nine (9) years.

**Annual Board Evaluation**

The Board through its NRC, reviews annually, the effectiveness of the Board and Board Committees as well as the performance of individual directors. For financial year 2022, the evaluation which was conducted internally, involved individual Directors and Committee members completing separate evaluation questionnaires regarding the processes of the Board and its Committees, their effectiveness and where improvements could be considered. They also undertook a self-review and peer review in which they assessed their fellow Directors' performance. The results were compiled and analysed by the Company Secretary and presented at board meeting.

Based on the 2022 Board evaluation findings, the Board is satisfied and acknowledged that the Board has continued to perform effectively in discharging its responsibilities with most areas rated in the range of "4" (Good/Competent) to "5" (Strong/Outstanding). The Board Committees have discharged their functions and duties adequately in accordance with their respective terms of reference. The individual Directors have also met the standards expected of them, with each making strong contributions, generally and through the knowledge derived from their specialised areas of expertise, skills and experience.

**Continuing Development Programme for Directors**

All Directors have attended the Mandatory Accreditation Programme as required by Bursa Securities. The Directors are mindful that they should receive appropriate continuous training by attending seminars and courses to keep themselves abreast on matters relating to their duties and responsibilities as Directors. The Board delegates its role to the NRC, which in turn assesses the training needs for the Directors.

Directors also receive regular business briefings at Board meetings. These briefings are intended to provide Directors with information on each area of the Group's business, in particular regarding performance, key issues, risks and strategies for growth. In addition, Non-Executive Directors are also encouraged to visit the Group's operations to increase their exposure to the business.

The Company ensures that Directors are kept up to date on changes to regulations, guidelines and accounting standards as well as other relevant topics including the outlook of various markets and updates to the MCCG. These are done either during board meetings or at specially convened training sessions or seminars conducted by external professionals which are funded by the Company. Relevant articles and reports are also circulated to the Directors for information.

The Company Secretary will also facilitate in organizing internal and external programmes, training sessions, workshops and seminars for Directors and keeps a complete record of the training received and attended by the Directors.

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

| Name of Director | Training Programme/Conference/Seminar |
| --- | --- |
| **Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican** | • Trends, Developments, and Best Practices in Financial and ESG Reporting<br>• Webcast on Becoming A Boardroom Star |
| **Tan Sri Dato' Kok Onn** | • Trends, Developments, and Best Practices in Financial and ESG Reporting |
| **Kok Pei Ling** | • The Malaysian Code on Corporate Governance – Updated 28 April 2021<br>• Trends, Developments, and Best Practices in Financial and ESG Reporting<br>• Covid Creates Unique Governance issues (MSWG Webinar)<br>• Task Force on Climate-related Financial Disclosures ("TCFD") Training Programme |
| **Huang Shi Chin** | • Trends, Developments, and Best Practices in Financial and ESG Reporting<br>• Covid Creates Unique Governance issues (MSWG Webinar)<br>• Sustainability and Its Impact on Organisations: What Directors Need to Know |
| **Sherman Lam Yuen Suen** | • International Accountants Conference<br>• Steward Leadership for Sustainability<br>• MIA Conference 2021<br>• Corporate Board Leadership Symposium<br>• Advanced Corporate Tax Issues and Strategies<br>• Covid-19: Malaysia's Economic Recovery Strategy<br>• Blockchain: Benefits, Values and Opportunities<br>• Update Malaysia Code of Corporate Governance<br>• Financial Digitalisation and Data Governance<br>• Assessable Income and Exclusions, Allowable Business Deductions and Capital Allowances<br>• Demystifying ESG<br>• Data Adoption and AI to Drive Better Business Decisions<br>• Strategy Planning and Execution (by Harvard ManageMentor)<br>• ESG vs CSR: Environment Social Sustainability Reporting |
| **Wong Ping Eng** | • Virtual MIA International Accountants Conference 2021<br>• The Principles and Methodology of Task Force on Climate Related Financial Disclosures (TCFD) in ESG Reporting<br>• Service Tax, Sales Tax, GST & Customs Duties: Special Tax Incentives in 2022 - Voluntary Disclosures & Amnesty |

### III Remuneration of Directors and Senior Management

The Board aims to provide attractive and well-structured remuneration which are sufficient to attract, retain and motivate Directors and Senior Management to drive the Company's strategic objectives, business sustainability and create long-term value for shareholders.

The Board has adopted a remuneration policy to provide a clear and guiding principles for determining the remuneration of the Board and Senior Management to support its objectives. The remuneration policy of the Company is available for reference at the Company's website at www.gadang.com.my.

The NRC is responsible to oversee the implementation of the remuneration policy and structure, and reviews and recommends matters relating to the terms of employment and remuneration for Directors and Senior Management to the Board.

The Board collectively determines the remuneration for the Non-Executive Directors based on the NRC's recommendation. Each of the Non-Executive Directors abstains from deliberating and voting on their own remuneration.

The breakdown of the detailed Directors' remuneration paid to the Directors by the Company for the FYE 31 May 2022 is disclosed in the Corporate Governance Report 2022 which is accessible to the public at Gadang's website at www.gadang.com.my.

In addition to the above, all Directors have the benefit of Directors and Officers (D&O) Liability Insurance which covers them against their personal legal liability in their capacity as Directors of the Company. The Directors shall not be indemnified in the event of any negligence, fraud, breach of duty or breach of trust proven against them.

## PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

### I Audit Committee

The Audit Committee (AC) of the Company comprises entirely Independent Non-Executive Directors ("INEDs") and is chaired by an INED who is not the Chairman of the Board so as to promote unfettered objectivity during the Board's review of the AC's findings and recommendations. All members of the AC are members of Malaysian Institute of Accountants. The present composition of the AC allows it to possess the requisite level of financial literacy and business acumen to have a sound understanding of the financial matters of the Group as well as an understanding of the latest developments in financial reporting, accounting and auditing standards.

The membership of the AC, meeting & attendance, training, summary of work and summary work of the internal audit function are set out on pages 44 to 48 under Audit Committee Report of this Annual Report.

**External Auditor**

Through the Audit Committee, the Company has established a formal and transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the relevant accounting standards.

It is the policy of the Audit Committee to meet with the external auditors three (3) times a year to discuss their audit plan, audit findings and the Company's financial statements. At least two (2) of these meetings are held without the presence of the Executive Directors and Management. The Audit Committee also meets with the external auditors whenever it deems necessary. In addition, the external auditors are also invited to attend the Annual General Meeting ("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 audit report.

The Audit Committee is responsible for the annual performance review and nomination for appointment or re-appointment by the Board of the Company's external auditors. Each year, the Audit Committee will evaluate the external auditors in fulfilling their duty to make an informed recommendation to the Board on their re-appointment. The annual review and assessment of the quality of audit is carried out through an assessment checklist based on four (4) key areas covering quality of the service provided; sufficiency of audit firm resources; quality of the communication and interactions with the external auditors and the independence, objectivity and professional scepticism as set out in the Company's External Auditors Policy.

In addition to performing their own assessment, the Audit Committee has also requested the Chief Financial Officer and the finance personnel (who have substantial contact with the external audit team) to perform the annual assessment of the external auditors. After having satisfied itself with their performance, the Audit Committee will recommend their re-appointment to the Board, upon which the shareholders' approval will be sought at the AGM.

**II Risk Management and Internal Control Framework**

The Board, with the assistance from the Risk Management Committee (RMC) (comprises the heads from each business function) and Board Risk Committee (BRC), is responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets.

The current BRC comprises three (3) members, all of whom are independent non-executive directors and is responsible to oversee the Company's risk management framework and policies.

The Group has in place a Risk Management Policy which is reviewed yearly to ensure it remains relevant and up-to-date. As required by the policy, Management operates a risk management process to identify, evaluate and report significant risks within the business and to report to the Board on how those risks are being managed. Risks are highlighted through a number of different reviews and culminate in a risk register, monitored by the RMC across the Group, which identifies the risk area, the probability of the risk occurring, the impact if it does occur and the actions being taken to manage the risk to the desired level. The RMC's report is tabled to the BRC for review and evaluation on a quarterly basis. The BRC then presents a summary of its deliberations and decisions to the Board.

The Board has established an in-house internal audit function for the Group, which is independent of the operations of the respective operating units. The principal role of the department is to undertake independent, regular and systematic reviews of the financial and operating systems and internal controls so as to provide reasonable assurance that such systems continue to operate satisfactorily and effectively. It is the responsibility of the Internal Audit Department to provide the AC with independent and objective report on the state of internal control of the various operating units within the Group and the extent of compliance of the units with the Group's established policies and procedures as well as relevant statutory requirements. The internal audit reports are presented together with the Management's response and proposed action plans to the AC quarterly.

The Internal Audit Department, in fulfilling its duty, adopts a risk-based approach and adheres to a methodology that is closely aligned to the International Professional Practices Framework of The Institute of Internal Auditors.

A detailed narrative of the Group's risk management and internal control framework is presented in the Statement on Risk Management and Internal Control of this Annual Report.

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

### I Communication with Stakeholders

The Company recognises the importance of communicating with its shareholders to ensure that its strategy and performance is understood and that it remains accountable to shareholders.

The Board always ensures there is effective, transparent and timely communication with the stakeholders. Various announcements and disclosures to the Bursa Securities made during the year, including the timely release of financial results on a quarterly basis and the distribution of annual reports and circulars, provide shareholders and the investing public with an overview of the Group's performance and operations as well as the latest developments of the Group.

The Group MD/CEO and/or Chief Financial Officer will meet with institutional shareholders and analysts on ad-hoc basis to promote better understanding of the Group's financial performance and operations.

The Company's website, www.gadang.com.my provides an avenue for providing information about the Company and the Group and receiving feedback from the stakeholders.

### II Conduct of General Meetings

The Company's AGM serves as the principal forum for dialogue and interaction with shareholders. Shareholders are encouraged to actively participate during the AGMs by raising questions and providing feedback to the Board and Management team.

The Board ensures that shareholders are given sufficient notice and time to consider the resolutions that will be discussed and decided at the AGM. Each item of ordinary business included in the notice of the AGM will be accompanied by an explanatory statement on the effects of the proposed resolution. The notice of AGM is given to shareholders more than 28 days prior to the date of the AGM in line with Practice 13.1 of MCCG. The Notice and Agenda will also be published in the local English newspapers and made available on the Company's website.

In view of the Covid-19 pandemic situation and as per the Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia, the Company had leveraged on technology by conducting its 28th AGM as a fully virtual meeting through live streaming. All members participated the AGM online and voted electronically using the Remote Participation and Voting ("RPV") facilities. The shareholders and proxies of the Company were also able to submit their questions electronically via the virtual event platform before and during the AGM. During the virtual AGM, the Chief Financial Officer (CFO) presented a comprehensive review on the Group's performance for the year and its business outlook. All the Directors, Senior Management and external auditors were present virtually at the AGM to provide answers and clarifications to shareholders. The proceedings of the AGM were recorded in the minutes of the meeting and made available on the Company's website within three weeks after the meeting.

The Corporate Governance Overview Statement is made in accordance with the resolution of the Board dated 7 September 2022.

## A. COMPOSITION

The current Audit Committee ("**AC**") comprises the following three members who are all Independent Non-Executive Directors:-

Mr Sherman Lam Yuen Suen - Chairman/Independent Director

Mr Huang Shi Chin - Independent Director

Ms Wong Ping Eng - Independent Director
*(Appointed as member on 25 May 2022)*

During the year, the Chairman of the Board, Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican relinquished his position as a member of the AC to comply with Paragraph 1.4 of the MCCG. The current composition meets the requirements of paragraph 15.09(1)(a) and (b) of the MMLR of Bursa Securities and Practice 9.4 (Step Up) of the MCCG where the AC comprises solely of Independent Directors. None of the AC members has appointed alternate directors.

The AC Chairman, Mr Sherman Lam Yuen Suen and the other AC members are members of the Malaysian Institute of Accountants. Accordingly, the Company complies with paragraph 15.09(1)(c) of the MMLR of Bursa Securities.

The composition of the AC also complies with Practice 9.2 of the MCCG which states that a former key audit partner shall not be appointed as a member of the AC until the expiry of a 3-year cooling-off period. No former audit partner has been appointed as a member of the AC to date.

## B. TERMS OF REFERENCE

The Terms of Reference ("TORs") of the AC set out the authority, duties and responsibilities of the AC and are accessible for reference on the Company's website at www.gadang.com.my.

## C. MEETINGS AND ATTENDANCE

The AC met five (5) times during the financial year as part of its standard schedule of meetings. No supplementary meetings were necessary in the year. The details of AC members' attendance records can be found under the Corporate Governance Overview Statement on page 35 of the Company's Annual Report 2022.

The AC meetings were always held before the Board's meetings. This was to ensure that all critical issues highlighted could be brought to the attention of the Board on a timely basis.

The AC meetings were always attended by the Chief Financial Officer, Group General Manager Finance, Group Accountant, Risk Manager and Head of Group Internal Audit. The Chief Executive Officer was also invited to attend the AC meetings to facilitate direct communication as well as to provide clarification on audit issues and the Group's operations. Other members of senior management also joined the meetings for specific topics upon request. The representatives of the external auditors attended three (3) of the AC regular meetings and had private sessions with the AC twice, in the absence of Management.

Minutes of each AC meeting were recorded and tabled for confirmation at the next AC meeting and subsequently presented to the Board for notation.

## D. TRAINING

For the year under review, the members of the AC have attended various trainings and the details of the trainings attended are reported under the Corporate Governance Overview Statement on page 40 of the Company's Annual Report 2022.

## E. SUMMARY OF WORK

Among the five meetings held during the year, the AC had two separate meetings for reviewing the annual results. Four meetings concentrated on internal control and internal audit related items while five meetings focused on accounting and financial reporting matters.

The work performed by the AC during the financial year 2022 included:-

### 1. Financial Reporting

In overseeing the Company's financial reporting, the following matters were reviewed and discussed by the Audit Committee before being recommended and presented to the Board for approval:-

a) The Company's quarterly financial statements including the draft announcements pertaining thereto for 4th quarter 2021, 1st quarter 2022, 2nd quarter 2022 and 3rd quarter 2022 were deliberated at the AC meetings held on 28 July 2021, 27 October 2021, 26 January 2022 and 27 April 2022 respectively.

b) The audited financial statements of the Company and the Group for the year ended 31 May 2021 were deliberated at AC meeting held on 1 September 2021.

The review was to ensure that the disclosure of information presented a true and fair view of the Company's financial position and performance and in compliance with the Malaysian Financial Reporting Standard, MMLR of Bursa Securities and any other legal and regulatory requirements.

To safeguard the integrity of the financial information, the AC considered reports from the Chief Financial Officer and the Divisional Heads on the scope and outcome of their quarterly review and liaised with the Internal Auditors, External Auditors and Management, as and when required.

### 2. Annual Reporting

The Audit Committee Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for insertion into the Company's 2021 Annual Report were reviewed and deliberated at its meeting held on 1 September 2021 before their release to ensure that they were prepared in compliance with the relevant regulatory requirements and guidelines.

### 3. External Audit

a. On 28 July 2021 and 1 September 2021, the AC reviewed the findings of the External Auditors' reports for the financial year ended 31 May 2021, particularly the issues raised on impairment assessment of goodwill, concession assets and property, plant and equipment for Utility Division, revenue recognition, progress billings and liquidated ascertained damages (LAD) exposure for construction contracts, and revenue recognition for property development activities together with Management's response to their findings, including the key audit matters.

   The audit issues raised by the External Auditors were deliberated and monitored. The AC paid particular attention to matters it considered to be important by virtue of their impact on the Group's results and particularly those which involved a relatively higher level of complexity, judgement or estimation by Management.

b. The AC had two private sessions on 28 July 2021 and 1 September 2021 with the representatives of Crowe Malaysia PLT without the presence of Management to discuss all major issues arising from the audit and any other matters the External Auditors might wish to raise. No major concerns were highlighted and the External Auditors had confirmed that they received full co-operation from the Management and staff during the audit and there was also timeliness of information requested.

c. To assess the effectiveness of the External Auditors, the AC on 1 September 2021 undertook an annual assessment on the performance and effectiveness of the External Auditors for the financial year ended 31 May 2021, having regard to several factors including the quality of service provided, sufficiency of audit firm resources, communication and interaction and independence, objectivity and professional skepticism.

   Having carried out the review described above and having satisfied itself that the External Auditors remain independent and effective, the AC recommended to the Board that Crowe Malaysia PLT be reappointed for the ensuing financial year 2022.

d. To fulfil its responsibility for oversight of the external audit process, the AC on 27 April 2022 reviewed and discussed with the External Auditors, the audit plan of the Company and of the Group for year 2022 (covering their audit approach, scope of work and the external auditors' fee proposal) prior to the commencement of the annual audit. After some deliberations, the AC approved the Audit Planning Memorandum for the financial year ended 31 May 2022 for implementation in accordance with the audit timeline.

   The AC also endorsed the proposed audit fees for the statutory audit and the said fees were duly approved by the Board.

   During the year under review, the total fees paid and payable to the External Auditors and its affiliates are set below:-

| | 2022 | |
|---|---|---|
| | **Group RM** | **Company RM** |
| Statutory audit fees | | |
| - Crowe Malaysia PLT | 386,000 | 65,000 |
| - SBY Partners PLT | 32,500 | - |
| - Strategic Audit Alliance PLT | 36,608 | - |
| - Heliantono & Rekan | 75,448 | - |
| - Chengco PLT | 900 | - |
| | **531,456** | **65,000** |
| Non-audit fees | | |
| - Crowe Malaysia PLT | 12,000 | 7,000 |
| - Crowe KL Tax Sdn Bhd | 102,600 | 5,300 |
| - PKF Tax Services Sdn Bhd | 3,300 | - |
| - Proserve Corporate Management Pte Ltd | 4,657 | - |
| - KJW Consulting | 14,949 | - |
| | **137,506** | **12,300** |

   The nature of the non-audit fees incurred by the Group and the company are services rendered for reviewing risk management and interval control statement, review of financial statements pursuant to the adoption of new accounting standards and tax services.

4. **Internal Audit Function**

   a. On 28 July 2021, 27 October 2021, 26 January 2022 and 27 April 2022, the AC reviewed the internal audit reports presented by the internal auditors which encompass the results of the internal audit assessments, recommendations and proposed enhancements suggested by the internal auditors, the respective management personnel's responses and corrective actions taken by Management in addressing and resolving issues and ensuring that all issues were adequately addressed in a timely manner.

   b. On 26 January 2022, the AC reviewed and approved the 2022 internal audit plan to ensure adequate audit scope and coverage of the key risks areas of business operations of the Group are carried out. As part of risk governance, the AC also reviewed the 2022 to 2024 Group Risk Heat Map to ensure the key risks impacting the Group are audited and adequate controls are in place.

   c. The AC also reviewed in every quarterly AC meeting, the status of recommendations for outstanding audit findings to ensure all key risks and control issues were addressed.

5. **Related Party Transactions**

   a. On 1 September 2021, the AC reviewed and deliberated on the proposed new and renewal of Shareholders' Mandate in respect of recurrent related party transactions of a revenue or trading nature for the Board's approval.

   b. The AC also reviewed the methods and procedures for recurrent related party transactions to make sure that the Group has in place adequate procedures to monitor, track and identify the said transactions to ensure that they are conducted at arm's length and on normal commercial terms.

   c. The AC reviewed the recurrent related party transactions on a quarterly basis to ascertain that the guidelines and procedures established to monitor the Recurrent Related Party Transactions have been complied with and to ensure that they are within the mandate obtained.

## F. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

The Group Internal Audit ("**GIA**") carries out the internal audit function for the Group. The Board obtains adequate assurance on the effectiveness of system of internal control in the Group, through a programme of regular reviews and appraisals conducted by the GIA, who reports directly to the AC. The GIA is led by the Head, Group Internal Audit who reports functionally to the AC and administratively to Executive Director/Chief Financial Officer. The incumbent, Mr. Alan Tham has over 20 years of internal audit and financial management experience, covering insurance industry, hospitality sector and FMCG business. Mr. Alan Tham holds a Bachelor of Commerce (Major in Accounting) and is a Certified Information System Auditor (CISA).

The internal audit function is guided by the approved Internal Audit Charter with unrestricted access to areas of Group's operational activities, and source records considered necessary to adequately discharge the internal audit duties and functions or investigation engagement. The internal audit function is independent of the activities of other operating departments and undertakes to review in depth all work processes of the Group activities and its relationship with third parties.

The internal audit adopts the proprietary risk-based internal audit methodology, which is aligned to the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors.

The internal audit also adopts the five components set in the Internal Control Integrated Framework issued by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) i.e. control environment, risk assessment, control activities, information and communication, and monitoring activities. COSO is an internationally recognised organisation providing guidance on internal control, enterprise risk management and governance.

During the financial year 2022, the GIA undertook the following audit activities:-

(a) prepared the internal audit plan 2021/2022, which was reviewed and approved by the Audit Committee, and updated where necessary.

(b) completed a total of six audit engagements and one process improvement (June 2020 to May 2021) covering the following processes:-

i) Business process review – GCC (TRX C3) material requisition, approval and receive management covering the following audit scope:
- Policy, roles and responsibilities.
- Material requisition, purchasing cycle and approval matrix.
- Material management and documentation.

ii) Business process review – Purchasing management process review of GCC (TRX C3) and Central Spine Road (CSR) project 2B covering the following audit scope:
- Policy, roles and responsibilities.
- Purchasing cycle and approval matrix.
- Payment and approval process.

iii) Business process review – Central Spine Road (CSR) Project 2B budgeting and costing management covering the following:
- Policy, roles and responsibilities.
- Process cycle of construction material handling and reporting management.
- Monitoring and reporting of costing/profitability.

iv) Business process review – East Coast Rail Link (ECRL) Section 6 material management covering the following sections:
- Policy, roles and responsibilities.
- Material requisition, purchasing cycle and approval matrix.
- Material management and documentation.

v) Business process review – GCC TRX C3 machinery disposal process covering the following key areas:
- Policy, roles and responsibilities.
- Asset disposal cycle, processes and approval matrix.
- Anti-bribery & corruption SOPP.

vi) Business process review – Regional Utilities Sdn Bhd (Water Division) covering the following internal control framework:
- Timeliness of financial reporting.
- Completeness of payment documentation and approval.
- Completeness and compliance of human resources operations.
- Compliance of plants operations procedures and water quality management.

vii) Business process improvement – Purchasing process and management covering the following:
- Purchasing data integrity and completeness.
- Enhance purchasing system.
- Simplify and improvise current processing, monitoring and reporting.

(c) examined and aligned the Company's Internal Control System Framework, including periodically reviewing controls, organising assessments and ensured effectiveness of the internal control system.

Internal audit reports were issued to Management of the operating units audited, highlighting the findings on any systems and control weaknesses together with recommendations for improvement. Management implements the corrective and preventive actions based on agreed deadlines. These reports, together with follow-up audit reports, were tabled to the AC quarterly for deliberations and process improvement.

A total cost of RM377,184 was incurred by the Company for maintaining the internal audit function for the year under review.

## INTRODUCTION

The Board of Directors is pleased to present the Statement on Risk Management and Internal Control of the Group comprising the Company and its subsidiary companies, excluding its associated company.

This statement is issued in compliance with Paragraph 15.26(b) of the Main Market Listing Requirements ("MMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities") and Principle B of the Malaysian Code on Corporate Governance, with guidance from the Statement on Risk Management and Internal Control : Guidelines for Directors of Listed Issuers.

## BOARD'S RESPONSIBILITY

The Board acknowledges its responsibility for maintaining a sound risk management framework and internal control system to safeguard shareholders' investments and the Group's assets, in addition to setting the tone at the top and a culture towards effective risk management and internal control.

Due to inherent limitations in any system of internal control and risk management, the Board recognises that such systems are designed to manage rather than to eliminate all the risks that may hinder the Group from achieving its business objectives, and as such, can only provide reasonable but not absolute assurance against material misstatement or loss.

The Board confirms that there is an ongoing process of identifying, analysing, evaluating, treating and monitoring the significant risks faced by the Group and the process has been in place for the financial year and up to the date of approval of this Statement for inclusion in the Annual Report. The process is reviewed quarterly by the Board and is in accordance with the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

The Board has received assurance from the Group Managing Director cum Chief Executive Officer and Chief Financial Officer ("CFO") that the Group's risk management and internal control system is operating adequately and effectively in all material aspects, based on the risk management and internal control system framework implemented by the Group.

## KEY FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL

### 1. Risk management

The Company's Enterprise Risk Management ("ERM") framework is illustrated below.

**ENTERPRISE RISK MANAGEMENT FRAMEWORK**

**ERM Infrastructure**

- Vision / Mission / Goals
- Governance Structure
- Board / Management Mandate
- ERM Policy & Procedures (ISO 31000 : 2018)
- Anti-Bribery & Corruption Policy
- Whistleblowing Policy & Procedures
- Sustainability Reporting Framework

**Communication & continuous improvement**

**ERM Process**

1. Quarterly initiation of risk review and reporting by Risk & Sustainability Facilitator
2. Risk assessment *(Identify, analyse & evaluate)*
3. Risk action implementation *(Develop key action plans)*
4. Risk reporting & action monitoring on a quarterly basis *(Monitor & report on implementation of action plans)*
5. Continuous monitoring & embedment *(Embedment of new internal controls)*

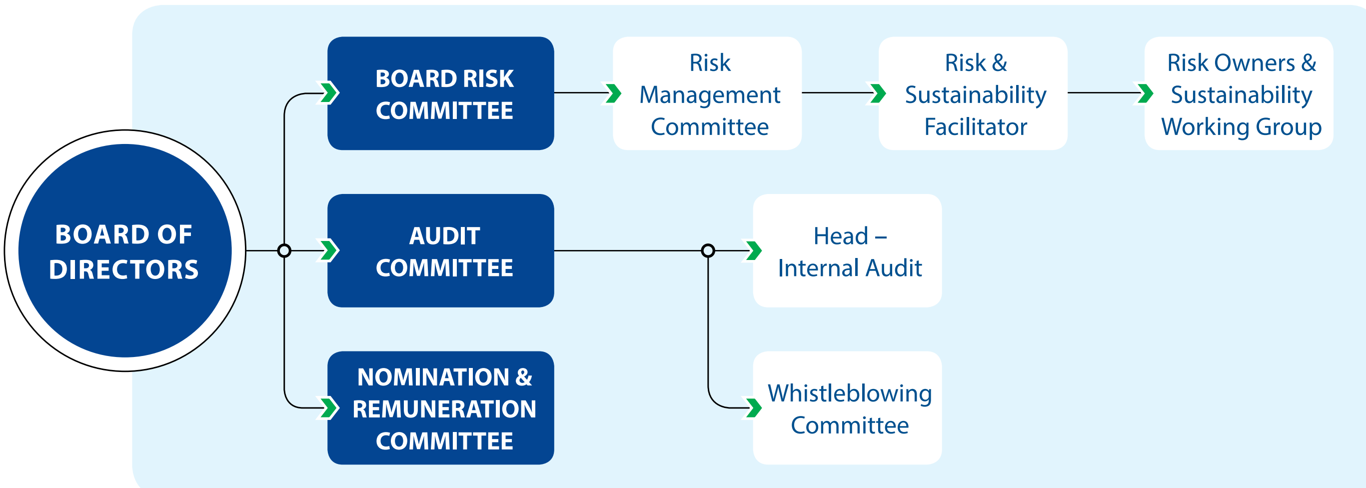
**ERM Integration**

- Code of Ethics & Conduct
- Business Planning
- Standard Operating Policies & Procedures
- Investment / Divestment / Joint Venture
- Decision Making
- Sustainability Targets
- Performance Management
- Internal Audit
- ISO 9001 : 2015 Quality Management System
- ISO 45001 : 2018 Occupational Health & Safety Management System
- ISO 14001 : 2015 Environmental Management System

The ERM framework is benchmarked against the ISO 31000 : 2018 Risk Management – Guidelines and is designed to embed ERM into key activities, initiatives and processes of the Group. The Board reviews the ERM framework annually.

In compliance with paragraph 15.29 of the MMLR of Bursa Securities, the Board ensured that the Company's Anti-Bribery & Corruption Policy and Whistleblowing Policy & Procedures are reviewed annually to assess its effectiveness and changes were made as and when necessary. These policies and procedures which are integrated into the Company's Code of Ethics & Conduct are published on the Company's website. Corruption risk assessment was conducted annually at the end of the financial year to identify probable corruption risks across our operations and to ensure that preventive controls are put in place and remain relevant. The outcome of corruption risk assessment and conflict of interest assessment were presented to the Board for deliberation. No significant issues or concerns were reported.

The Board has established a governance structure that ensures effective oversight of risks and internal controls within the Group. It is assisted by sub-committees as depicted below and the sub-committees are empowered by their respective terms of reference to ensure independent oversight of internal control and risk management.




At the management level, the Risk Management Committee ("RMC") is responsible for implementing the Group's policies and procedures on risk and internal control to identify, analyse, evaluate, treat, monitor and report risks and for taking appropriate and timely remedial actions as required. The RMC meets on a quarterly basis to review the significant risks faced by the Group. It reports to the BRC on a quarterly basis where key risks and mitigating actions are deliberated.

The Board Risk Committee ("BRC") comprises independent directors. It meets on a quarterly basis to review the significant risks faced by the Group and presents a summary of their deliberations and decisions to the Board. The Board evaluates the adequacy and effectiveness of the risk management system.

a. Operating risk

Operating risk management ranges from managing strategic operating risks to managing diverse day-to-day operational risks. The management of the Group's day-to-day operational risks includes those relating to supply chain, marketing and sales, project completion, health and safety, human capital and regulatory compliance; and is mainly decentralised at the business unit level and guided by standard operating policies and procedures. Operational risks that cut across the organisation including those relating to treasury management, transfer pricing and group sustainability are coordinated centrally.

Some of the key risks that were presented to the Board were as follows:-

(i) Project completion

The last two years have been an uphill battle with the Covid-19 pandemic causing interruptions to our construction projects execution. Projects were delayed inevitably. Our project leaders continued to register delay events caused by the MCOs of varying degrees as well as other delay events such as non-timely supply of materials by the main contractor, heavy rainfall during monsoon season etc. The critical control lies in compliance with the conditions of contract and documenting the application for extension of time on a timely basis, supported by the justifications. The project completion risks were highlighted to the Board, with root causes identified, the impacts and mitigating action plans. The accountability for managing project risks rests with the project leaders.

(ii) Increasing cost of construction

The ability of the Group to achieve the desired profitability is directly affected by the cost of construction. As the economy transitions into the endemic phase of Covid-19 and businesses resumed at full force, the cost of construction has seen a drastic increase due to disruption in the supply chain, shortage of raw materials and manpower. Similar to the Construction Division, the Property Division is also facing a huge challenge to maintain the profitability of its property developments due to a steep increase in construction cost.

Some of the mitigating actions taken are as follows:-

- Apply value engineering to improve design efficiency in order to bring down the overall cost in the event of cost overruns.
- Advance planning of construction materials procurement to ensure that the drawdown of the materials synchronises with the actual needs at the project site.
- Controlling construction wastages at site and recycle them.
- In-depth cost estimates and analysis for each project and each sub-trade prior to tender to ensure that the Property and Construction Divisions get the best pricing.
- Pursue Variation of Price ("VOP") with clients where the contract allows VOP.
- Enlarge existing pool of contractors and suppliers to ensure competitive prices.

(iii) Regulatory compliance

The Group's businesses are governed by relevant laws & regulations, standards, licenses and concession agreements. The Group manages these regulatory risks by:-

- Keeping updated with new laws & regulations by attending seminars, conferences and training programmes organised by the authorities or external training providers.
- Initiate and implement appropriate policies and procedures to ensure non-compliance risk is mitigated.
- Maintaining communication with the authorities to ensure compliance.

b. Cyber & IT security risk

This risk could result in unauthorised disclosure of sensitive business information, resulting in financial or reputational loss. It may also result in the disruption of business operations.

To mitigate this risk, the IT Department had put in place the necessary infrastructure and security features. We enhanced the network infrastructure and cybersecurity at HQ, deployed several new firewalls and implemented Network Attached Storage ("NAS") for Yi Sheng Foundation Pte Ltd.

c. Economic / Market risk

The Company's ongoing construction projects have seen suppressed margins due to higher implementation costs as a result of the Covid-19 pandemic which affected supply chains, caused onerous health and safety requirements, manpower shortages, etc. Overhead cost was higher due to extended time required to complete the projects, on top of additional Covid-19 related costs incurred. The project leaders continue to record and register those costs which may be claimable from the project owners.

Order book replenishment prospects are expected to be challenging due to the reduction in government infrastructure spending. On 15 July 2022, the media reported that all ministries, departments, agencies, federal statutory bodies and companies limited by guarantee were instructed, via the Malaysia Treasury Circular, to implement internal austerity measures by optimising expenditure. The government is taking measures to save public expenditure by postponing or not continuing any project that has yet to commence, to enable money to be channeled for the welfare of the people, apart from efforts toward the country's economic recovery.

Whilst the Group's existing order book of RM1.14 billion will provide revenue and earnings visibility for the next three years, the Construction Division may have to explore private sector projects in Malaysia and Singapore to replenish its order book.

The general market momentum of the property segment remains challenging amidst the increase in interest rates that affected the purchasers' sentiment. Pricing of property and location will be the two primary factors that will determine the success of property launching and will need to be properly strategised. The Division's unbilled sales of RM215 million will provide revenue and earnings visibility for the next two years.

On a positive note, the Prime Minister Datuk Seri Ismail Sabri Yaakob on 15 July 2022, announced a 100% stamp duty exemption for first-time homeowners of properties priced RM500,000 and below through the Keluarga Malaysia Home Ownership Initiative ("i-MILIKI") initiative from 1 June 2022 till December 2023. Meanwhile, a stamp duty exemption incentive of 50% will be given for homes priced above RM500,000 to RM1 million. Accordingly, the Property Division will continue to focus on landed properties and affordable housing where demand is more resilient.

d. Divestment

During the year, the Board evaluated and approved the following divestments:-

- The disposal of a parcel of residential land located at Jalan Kolam Air, Taman Melawati, Kuala Lumpur to SkyRia Development Sdn Bhd for a total cash consideration of RM43 million. The Sales and Purchase Agreement was executed on 23 August 2021;
- The disposal of Property Division's Gasing Land which was held under Skyline Symphony Sdn Bhd to Dynamic Pro-Parking Sdn Bhd at RM5.2 million. The Sales and Purchase Agreement was executed on 16 March 2022;
- The disposal of 100% of the issued and paid-up share capital of PT Bintang Hytien Jaya to PT Bangun Karya Nusa for an aggregate cash consideration of IDR 2 billion (equivalent to approximately RM580,000). The Sales and Purchase Agreements were executed on 1 July 2022.

e. Sustainability

The Group has in place a sustainability governance structure as described in the Sustainability Statement. Economic, Environmental and Social sustainability risks and rewards are described in greater detail in the Sustainability Statement on page 61.

f. Liquidity

The Group has an obligation to fulfil the scheduled payments for joint venture lands and instalments for landbank acquired and to service project financing from financial institutions for its operations. As a growing Group which is reliant on a combination of both equity and borrowings to fund its operations, the Group may be adversely affected by shortfall in anticipated cash flows. The Group continues to strengthen its treasury function by monitoring the Group's cash flow requirement and ensuring adequate financial facilities to support the Group's current and future needs. The engagement with key bankers is on a continuous basis to be more aware of the respective bank's lending appetite and to explore new funding opportunities. The Group also monitors its borrowing repayment maturity profiles and financial covenants and to ensure that its gearing is within acceptable level.

## 2. Audits

a. Internal audit

The in-house Group Internal Auditors assist the Audit Committee in the discharge of its duties and responsibilities to independently review and report on the adequacy and integrity of the Group's financial reporting, internal control systems and risk management practices. The Audit Committee approved the 2022 to 2024 audit plan based on risk based internal audit ("RBIA") approach in January 2022. RBIA is an internal audit methodology with the support of an audit heat map, to focus, identify and prioritise inherent risks involved in operations or system. The RBIA's objective is to provide assurance that management of risk and internal controls are in an adequate and effective control environment.

The internal audit planning adopts COSO's Internal Control Integrated Framework to identify, design and recommend effective control requirements to business and operating environments. The internal audit engagement is performed in accordance with the Institute of Internal Auditors International Professional Practices Framework ("IPPF") and Supplemental Guidance to govern code of ethics and to sustain internal audit effectiveness.

The Internal Auditors established an Internal Control Framework to carry out internal audit testing on operational units to assess the effectiveness of internal controls vis-à-vis established policies and procedures and best practices to identify potential business process and cost improvement. On a quarterly basis, the Internal Auditor attended the Audit Committee meetings to present the Internal Audit Report which includes overall audit opinion, significant weakness identified, recommended action plans, management responses, responsible personnel and deadlines. Follow-up reviews are also carried out to assess the status of implementation of management action plans. The results of these follow-up reviews are also highlighted to the Audit Committee at their meetings.

The Audit Committee deliberated on the internal audit issues and actions taken by Management, with the quarterly Audit Committee minutes duly extended to the Board for notation. For more details of the internal audit assignments carried out during the year, please refer to page 47.

A total cost of RM377,184 was incurred by the Company for maintaining the internal audit function for the year under review.

b. External audit

The External Auditor's annual audit planning memorandum in relation to the audit on the Group's financial statements were reviewed and approved by the Audit Committee. The External Auditors, through the Audit Committee, provides the Board with limited assurance on observations that are generally limited to risk and controls related to the financial statements. This is demonstrated by the external auditor's reports, particularly issues raised in the Management Letter, together with Management's response to their findings, if any.

## 3. Organisation structure and limits of authority

Formally defined and documented lines of responsibility and delegation of authority has been established through the relevant terms of reference, organisational structures and appropriate authority limits. Hierarchical reporting is also in place to enhance the Group's ability to achieve its strategies and operational objectives as well as provide for documented and auditable trail of accountability.

Various Board and Management Committees have been established to assist the Board in discharging its duties. Among the committees are:-

- Audit Committee
- Nomination & Remuneration Committee
- Board Risk Committee
- Risk Management Committee
- Group Management Committee
- Procurement Committee
- Disciplinary Committee
- Whistleblowing Committee

4. **Nomination & Remuneration Committee ("NRC")**

The NRC assists the Board to review and recommend appropriate remuneration policies for Directors and Senior Management to ensure that their remuneration commensurate with their performance. The NRC also reviews and recommends candidates to the Board and evaluates the performance of Directors (including Board Committees) on an annual basis.

5. **Management meetings**

The Group Management Committee ("GMC") meets bi-monthly to review and resolve key operational, corporate, financial, legal and regulatory matters. The minutes of GMC meetings are included in the papers for quarterly Board meetings. The Board is kept informed of the operational progress and / or issues and the mitigation plans.

6. **Planning, monitoring and reporting**

a) An annual business plan policy is in place, requiring all business divisions to prepare business plans for the forthcoming year. The Heads of Divisions present the business plans to the Board before the start of a new financial year. There is an interactive dialogue between the Board and the Heads of Divisions and amongst others, the risks, challenges and assumptions are deliberated upon before the Board approves the business plans for implementation. A half yearly business plan review is conducted to monitor the business performance and keep the Board updated with the progress of each division to ensure that the Group is aligned to the business strategies set earlier.

b) Premised on the approved business plans, Key Performance Indicators ("KPIs") are established for each Operating Division. The KPIs are then cascaded to their subordinates to align with the strategic business objectives.

c) On a quarterly basis, the Group Finance and Accounts personnel presents to the Board, the actual financial performance for each Operating Division against the budget. Financial performance variances are explained to the Board.

d) There is a regular and comprehensive flow of information to the Board and Management on all aspects of the Group's operations to facilitate the monitoring of performance against the Group's corporate strategy and business plan. On a quarterly basis, the Head – Human Capital & Support Services tracks the progress of KPIs achievement by the Heads of Divisions and reports the progress to the Group Managing Director cum Chief Executive Officer.

e) On a quarterly basis, the Group Finance and Accounts Department reviews and updates the profit forecast for the year, in consultation with Heads of Divisions and / or project leaders. On a monthly basis, a rolling cash flow forecast is prepared for review and monitoring by the CFO.

7. **Policies and procedures**

Elements of internal control have been embedded and documented in the form of policies and procedures to strengthen controls for financial management and operations. They serve as an operating guide to employees in their day-to-day work administration. Accountability and responsibility for key processes have been established in the policies and procedures. These policies and procedures are reviewed at least once a year and updates, if any, are communicated promptly to the employees.

8. **Financial reporting**

Adequate processes and controls are in place to ensure proper and correct recording of financial information and timely generation of up-to-date financial statements. The Audit Committee and the Board monitor and review the Group's performance and results at quarterly meetings, deliberating on the quarterly financial statements, key financial and operational performance results.

**9. Whistleblowing**

The Company has an established Whistleblowing Policy and Procedures which is made available on the Company's website. It is intended to assist the reporting individual to report to the appropriate channel, any suspected and / or known misconduct, wrongdoing or inappropriate behaviour relating to corrupt practices, fraud and / or abuse involving the Company's resources.

## REVIEW OF ADEQUACY AND EFFECTIVENESS

The Board is satisfied that the risk management and internal control system are operating adequately and effectively for the year under review, and up to the date of approval of this Statement. The internal controls are sound and sufficient to safeguard shareholders' interest, the interest of customers, regulators, employees and other stakeholders, and the Group's assets.

## REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

As required by paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors have reviewed this Statement on Risk Management and Internal Control to the scope set out in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the Audit and Assurance Practice Guide 3 ("AAPG 3") - Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by Malaysian Institute of Accountants.

Based on their review, the External Auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement is not prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers to be set out, nor is the Statement factually inaccurate.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 7 September 2022.

- **Utilisation of Proceeds raised from Corporate Proposals**

  The Company did not raise any funds through any corporate proposals during the financial year ended (FYE) 2022.

- **Material Contracts**

  There were no material contracts other than those in the ordinary course of business entered into by the Company or its subsidiary companies involving Directors' and major shareholders' interests during the FYE 2022.

- **Recurrent Related Party Transactions of a Revenue or Trading Nature**

  At the last Annual General Meeting held on 3 November 2021, the Company had obtained a mandate from its shareholders to allow the Company and/or its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature ("Recurrent Transactions") with related parties.

  In accordance with Paragraph 10.09(2)(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements, details of the Recurrent Transactions conducted during the FYE 2022 pursuant to the said shareholders' mandate are as follows:-

| Name of Related Party | Relationship | Nature of Transactions | The Company | Aggregate Value RM |
|---|---|---|---|---|
| **Boon Builder** | Boon Builder is a sole proprietorship owned by Mr Kok Khim Boon, the brother of Tan Sri Dato' Kok Onn who is the Group Managing Director cum Chief Executive Officer and a major shareholder of Gadang. | Provision of sub-contract works | Gadang Group | **2,393,023** |

# PROPERTY DEVELOPMENT

Gadang Land Sdn Bhd (GLSB) is the property development arm of Gadang. GLSB was established on 25 July 1996.

Its maiden project comprised 30 units of semi-detached factories in Shah Alam. Thereafter, GLSB has grown leaps and bounds by venturing into various types of developments such as terrace houses, semi-detached houses, apartments, luxury condominiums, detached factories, shop office suites and serviced apartments located mainly in the Klang Valley region.

Over the years, GLSB has built a solid reputation as a property developer that prides itself in providing quality residential and commercial properties to its customers. It continues to expand its landbank and is committed to build products that meet the needs and lifestyle of the market.

The overall view of The Amaya Residence @ Laman View, Cyberjaya

# SUSTAINABILITY STATEMENT



Sec 3

# Sustainability **Statement**

## ABOUT THIS SUSTAINABILITY STATEMENT

Gadang Holdings Berhad ("Gadang") is pleased to present its Sustainability Statement for the financial year ended 31 May 2022.

The last two years have been an uphill battle with the Covid-19 pandemic forcing shifts in public policies and companies' behaviours. The pandemic has taught us the importance of being able to react and adapt to situations of uncertainty. As a result of the pandemic-related restrictions, our construction activities were badly affected and hence caused some delays in construction work progress. However, we have survived and recovered from supply chain disruptions and have come up with alternative ways of running the business to ensure a more resilient future.

There was however, a positive impact to the environment. The social and economic movement restrictions provided an unexpected silver lining, with decreased outdoor activities in the past two years benefitting the natural environment as air quality became clearer and cleaner. The lesson learnt is that we can do plenty to impact our environment. We should not need another lockdown to realise that heeding this lesson is key to a sustainable existence for us and our future generations.

Hence, Gadang remains committed to embedding the sustainability elements of Economic, Environmental and Social ("EES") in our daily operations across our business sectors to perpetually pursue value for all our stakeholders. In doing so, we believe it will strengthen the trust and relationship with our stakeholders through increased transparency and disclosure. This report shares our commitment to sustainability with important stakeholders such as employees, investors, customers, business partners, suppliers and the community.

### GADANG SUSTAINABILITY PILLARS

| ECONOMIC | ENVIRONMENTAL | SOCIAL | |
|---|---|---|---|
| Business Front | Environment | Workplace | Community |
| Deliver quality products & services and maintain good corporate governance | Manage the environmental impact in the areas that we operate | Develop talent, recognise employees' contributions and provide a safe and conducive workplace | Giving back to the communities |

***Diagram 1*** *– Gadang Sustainability Pillars*

**Reporting Period**
This Statement covers the Group's sustainability management and performance data from 1 June 2021 to 31 May 2022 and the comparative data where applicable.

**Reporting Cycle**
Annually

**Reporting Guide**
- Bursa Malaysia's Main Market Listing Requirements
- Bursa Malaysia's Sustainability Reporting Guide - 2nd Edition
- United Nations Sustainable Development Goals

**Feedback**
Risk Management Department
Wisma Gadang
No. 52, Jalan Tago 2
Off Jalan Persiaran Utama
Sri Damansara
52200 Kuala Lumpur
Tel : + 603 6279 6382
Fax : + 603 6279 6376
Email : sustainability@gadang.com.my

## REPORTING SCOPE

The reporting scope encompasses Gadang and our active subsidiaries operating in Malaysia, Indonesia and Singapore. They are collectively referred to as the "Company" or "Group". The operations in Malaysia accounts for 92% of the Group's total revenue for FYE 2022.

### Engineering & Construction

- Gadang Engineering (M) Sdn Bhd ("GESB")
  - Yi Sheng Foundation Pte Ltd ("YSF")
- Datapuri Sdn Bhd ("DSB")

**Key Projects**

- Rapid Transit System Link ("RTS")
- Bridge & Tunneling Works for TRX City Sdn Bhd ("TRX Package C3")
- Public Realm Works at Tun Razak Exchange ("TRX Package C6")
- Central Spine Road ("CSR") Section 2B
- East Coast Rail Link Section 5 ("ECRL S5")
- East Coast Rail Link Section 6 ("ECRL S6")
- Cyberjaya Hospital
- Mass Rapid Transit Line 2: Package V206 ("MRT Line 2 – V206")

### Property Development

- Mandy Corporation Sdn Bhd ("MCSB")
- Gadang Land Sdn Bhd ("GLSB")
  - Hillstrand Development Sdn Bhd
  - Tema Warisan Sdn Bhd
  - Natural Domain Sdn Bhd
  - Crimson Villa Sdn Bhd
  - Splendid Pavilion Sdn Bhd

**Key Projects**

- Maple Residence, Cyberjaya
- Cassia Residence, Cyberjaya
- Elegan Residensi, Taman Putra Perdana
- The Vyne (Phase 3), Sungai Besi
- Taman Akasia, Semenyih
- Laman Citra, Gelang Patah

### Utility

- Regional Utilities Sdn Bhd ("RUSB")
  - Asian Utilities Pte Ltd ("AUPL")
    - PT. Taman Tirta Sidoarjo ("TTS")
    - PT. Hanarida Tirta Birawa ("HTB")
    - PT. Dewata Bangun Tirta ("DBT")
    - PT. Ikhwan Mega Power ("IMP")

***Diagram 2** – Our Reporting Scope*

## INDEPENDENT ASSURANCE

We have not sought any independent assurance. However, we strive to continuously enhance data collection, analysis and reporting to provide our stakeholders with a better insight into our sustainability management and performance.

## SUSTAINABILITY GOVERNANCE

The Board of Directors heads the sustainability governance structure. Besides directing the business strategies vis-à-vis the internal and external risk environment, it also sets the tone for managing the sustainability risks and opportunities.

The sustainability governance structure is depicted in Diagram 3 with clear lines of responsibility and accountability for each layer of the hierarchy that is involved in managing the material sustainability matters in the Company.

### SUSTAINABILITY GOVERNANCE STRUCTURE

**Board of Directors ("BOARD")**

- Reviews and approves overall strategic plans for the Group whilst maximising stakeholders' value through the management of financial (business growth, profitability, etc) and non-financial indicators, including economic, environmental and social ("sustainability") related matters arising from its business activities
- Reviews annually and approves the outcome of materiality assessment
- Approves the Sustainability Statement for inclusion in the Annual Report

**Board Risk Committee ("BRC")**

- Supports the Board by monitoring the implementation of the strategic plans by the Management

**Risk Management Committee ("RMC")**

- Chaired by the Group Managing Director cum Chief Executive Officer
- Supported by the respective Heads of Business Divisions to achieve the Group's sustainability objectives
- Accountable for the development and implementation of sustainability strategies
- Provides status updates on sustainability performance

**Risk & Sustainability Facilitator ("RSF")**

- Supports the RO & SWG

**Risk Owners ("RO") & Sustainability Working Group ("SWG")**

- Chaired by the Chief Financial Officer ("CFO") and represented by risk owners i.e. Heads of Departments ("HODs") and representatives from various departments across all business divisions in Malaysia, Indonesia and Singapore
- Sets the scope of sustainability management measures and drive the implementation and monitoring of sustainability management, across all business divisions whilst promoting interdepartmental collaboration
- Identifies, assesses and reports on sustainability risks and opportunities relevant to the Group's operations, providing progress updates on sustainability activities performance, and oversees the production of the Group's sustainability disclosures to ensure compliance with the regulatory requirements and subsequently recommends it for approval

***Diagram 3** – Sustainability Governance Structure*

## STAKEHOLDER ENGAGEMENT

We engage our stakeholders continuously via various communication channels as depicted in Table 1. The engagements form the basis for us to understand their focus areas so that we can align them to the Company's strategies and business operations.

| Stakeholder Group | Form of Engagement | Area of Interest | Outcome |
|---|---|---|---|
| **Board of Directors** | Board meetings<br>Annual General Meeting<br>Corporate / Company events<br>Stakeholder Engagement Surveys | Business strategy<br>Financial performance<br>Environmental practices<br>Human capital management<br>Client satisfaction<br>Occupational Health & Safety | Aligned strategic plans that maximise shareholders' value |
| **Investors / Shareholders** | Annual General Meeting<br>Investor relation activities<br>Public announcements<br>Corporate website<br>Annual report | Financial performance<br>Corporate developments<br>Timely & transparent disclosure<br>Business ethics & compliance<br>Sustainability matters | Positive reputation amongst investors / shareholders |
| **Employees** | Performance review<br>Learning & development programme<br>Employee Handbook<br>Code of Conduct & Ethics<br>Sports Club activities<br>Stakeholder Engagement Surveys | Fair employment practices<br>Staff development & training<br>Occupational Health & Safety<br>Information security<br>Anti-Bribery and Corruption | Improved staff engagement and satisfaction |
| **Clients / Customers** | Client / customer satisfaction surveys<br>Sales & marketing channels of business divisions<br>Exhibitions<br>Corporate website<br>Stakeholder Engagement Surveys | Product affordability and quality<br>Ethical business conduct<br>Quality of services & operations<br>Personal Data Protection<br>Sustainability (environmental) | Recurring business opportunities |
| **Government / Regulatory Authorities** | Ad hoc public invitations<br>Site visits<br>Conferences<br>Participation in organised programmes<br>Stakeholder Engagement Surveys | Information security<br>Compliance to regulatory requirements<br>Business ethics & compliance | Better understanding of Company's sustainability commitment<br><br>Compliance with laws & regulations |

| Stakeholder Group | Form of Engagement | Area of Interest | Outcome |
|---|---|---|---|
| **Contractors, Vendors, Suppliers** | › Supplier / Subcontractor evaluations<br>› Regular meetings<br>› Stakeholder Engagement Surveys | › Corporate governance practices<br>› Ethical business conduct<br>› Client satisfaction<br>› Occupational Health & Safety<br>› Diversity, equality and inclusion<br>› Local sourcing | Better understanding of Company's sustainability commitment |
| **Business Partners** | › On-going communication & visits | › Collaboration & market synergy<br>› Ethical business conduct<br>› Occupational Health & Safety<br>› Staff development & training | Recurring business opportunities |
| **Media / Analyst** | › Press conferences<br>› Media releases / interviews<br>› Ad hoc meetings | › Timely & transparent disclosure<br>› Environmental practices | Better understanding of Company's performance |
| **Local Communities / NGOs** | › Meetings & visits<br>› Community development programmes | › Accessible & affordable housing<br>› Environmental practices<br>› Community development<br>› Contribution to society | Better social relationship |

***Table 1*** *– Details of Our Engagement with Stakeholders*

## MATERIALITY ASSESSMENT

A materiality assessment exercise is carried out annually with our Sustainability Working Group ("SWG") from all business divisions via completion of a SWG Template. The exercise by our 36 SWG members is to validate the relevancy of the previous year's material sustainability matters, identify new material matters, assess the materiality of those matters by benchmarking against the Company's risk matrix and to identify and prioritise stakeholders. Our structured materiality assessment process is detailed in Diagram 4.


**1 REVIEW**

We reviewed the relevancy of sustainability matters using information from internal (i.e. management data, risk register, interviews' feedback from stakeholders) & external sources (e.g. Bursa Malaysia's Sustainability Reporting Guide) & relevant industry-specific references & publications).


**2 PRIORITISE**

From the list of identified matters, we prioritised matters based on the significance of Gadang's EES impacts & identified material interests & expectations of various stakeholders. This list of identified matters also formed the basis for our dialogue with stakeholders. Based on a structured stakeholder prioritisation exercise, we have identified our key stakeholders – with high level of influence & dependence over Gadang, who were subsequently engaged to rank the list of sustainability matters & provide feedback on any additional issues which they deemed as important to our business.

**3 INTEGRATE**

We examined the results of prioritisation & validated material matters with the Risk Management Committee & Board. The outcome of the materiality assessment is presented in a matrix and approved by Board.

**4 UPDATE**

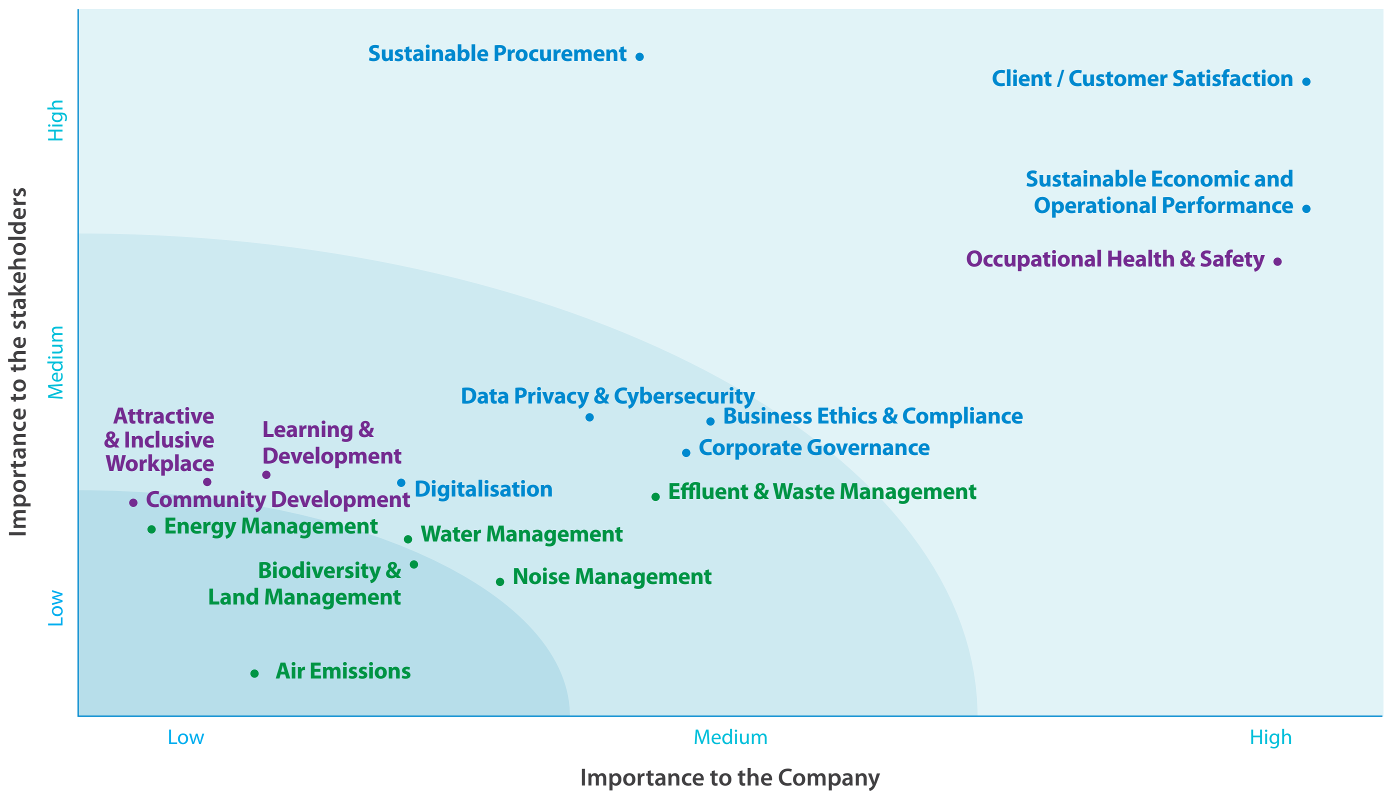
We updated our materiality periodically in light of changes against the business landscape, emerging global & national trends, regulatory development, as well as stakeholder opinions.

***Diagram 4** – Materiality Assessment Process*

During the materiality assessment process, we have identified 17 matters that are material to us. Stakeholder engagement surveys were used to collect data from both our internal and external stakeholders. A total of 55 stakeholder engagement survey responses were received from the Board of Directors, employees, shareholders, regulatory authorities, clients, subcontractors, suppliers and business partners.

The results from the SWG Template and data collected from the stakeholder engagement surveys are used to update the materiality matrix and is presented to the RMC for review and to the Board for approval.

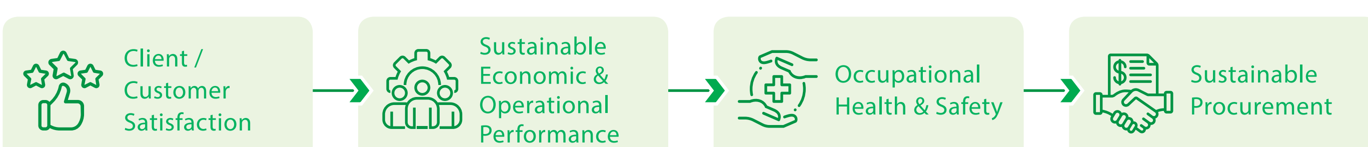
## MATERIALITY MATRIX




| Legend | Economic, Environmental & Social Impacts |
|---|---|
| **Economic** | Economic refers to impact of Company's business operations on the economic conditions of its stakeholders & on economic systems at local, national & global levels. It does not focus on the financial condition of the Company |
| **Environmental** | Environmental refers to the impact of Company's business operations on the living & non-living natural systems, including land, air, water, ecosystem and climate change |
| **Social** | Social refers to the impact of Company's business operations on the social systems within which it operates |

***Diagram 5** – Materiality Matrix*

Based on the Materiality Matrix, the high priority matters are:




Compared to last year, sustainable procurement has been identified as a material sustainability matter this year in view of increasing concern on how the Company can identify and reduce the environmental impacts from the business activities across its supply chains. Accordingly, more emphasis will be given to sustainable procurement in the next financial year.

## FYE 2022 SUSTAINABILITY TARGETS & PERFORMANCE

# ECONOMIC

| Category | Sustainability Targets FYE 2022 | Achievement |
|---|---|---|
| Quality | Quality Assessment System In Construction ("QLASSIC") for Cyberjaya Hospital >75 score | 76% |
| | Quality Assessment System In Construction ("QLASSIC") for Elegan Residensi >75 score | 80% |
| Operational Excellence | GESB Singapore Branch<br>To obtain Construction Grade C1 by Building Construction Authority which allows tender of project of SGD 5-16 Million | Grade C1 |
| | Dispose and scrap non-productive assets | 100% |
| Corporate Governance | To have 30% women directors in Board | 33% |
| ISO Standards | ISO for GESB to renew:<br>❯ ISO 45001:2018 (Occupational Health & Safety Management)<br>❯ ISO 14001:2015 (Environmental Management) | ISO renewed |
| | ISO for Yi Sheng to obtain:<br>❯ ISO 9001:2015 (Quality Management)<br>❯ ISO 45001:2018 (Occupational Health & Safety Management) | ISO obtained |
| Data Privacy & Cybersecurity | Zero data breaches | Zero breaches |
| | Enhancement through:<br>❯ Server upgrade for HQ<br>❯ Firewalls upgrade for Yi Sheng & Gadang HQ | Data Security Enhanced |
| | Enhanced Network Infrastructure & Cybersecurity for GHB (HQ) | |
| Digitalisation | Develop Gadang Sharepoint platform for internal data sharing and knowledge retention | Developed |
| Client / Customer Satisfaction | Client / Customer satisfaction<br>Target to achieve 75% and above | E&C 86%<br>Utility 89%<br>Property 73% |
| Diversification | To commence commercial operations of mini hydro plant at Lintau, Indonesia | In progress, at 97% |

## FYE 2022 SUSTAINABILITY TARGETS & PERFORMANCE (CONT'D)

### ENVIRONMENTAL

| Category | Sustainability Targets FYE 2022 | Achievement |
|---|---|---|
| Waste Management | Supporting recycling in Company HQ | 2,348 kg waste recycled |
| | Waste Management Campaign (3R – Reduce, Reuse and Recycle) for TRX C6 | Campaign Conducted |
| Energy Management | Solar Renewable Energy at HQ | 103,000 kWh clean energy |
| | 103,000 kWh generated from solar which contributed 21% of energy savings amounting to RM52,000 | |
| Environment Management | Zero summon from Departmental of Environment | Zero summons |
| Climate Change | Combat climate change through tree planting | 2,619 trees planted in Laman View development |

### SOCIAL

| Category | Sustainability Targets FYE 2022 | Achievement |
|---|---|---|
| Health and Safety | Zero fatality | Zero fatality |
| | Incident Rate < 4 per 1,000 workers | 3.64 |
| | Loss Time Injury Frequency Rate ("LTIFR") < 8 | 1.56 |
| | Health and Safety: 1 environmental and 1 safety campaigns to be conducted | Achieved |
| Attractive & Inclusive Workplace | School aid support to employees' children | RM45,800 contributed to 229 children |
| Community Development | Flood aid to employees | 15 employees benefited |
| | Supporting student scholarship | 2 students awarded scholarship |
| | Supporting Corporate Social Responsibility ("CSR") activities amounting to RM100,000 | Contributed RM138,000 in CSR |

## FYE 2022 AWARDS & RECOGNITION

In FYE 2022, we have obtained the following awards & recognition; they are a testament to our safety compliance with best practice and industry standards.


***Diagram 6*** *– Awards & Recognition*

**1 GRAND AWARD**

| Category | Awarded To |
|---|---|
| MISHA Golden Safety Award | Cyberjaya Hospital |

**7 CATEGORY AWARDS**

| Category | Awarded To | | |
|---|---|---|---|
| Best Emergency Response Team | TRX C3 | | |
| Best Labour Quarter Management | MRT Line 2 (V206) | | |
| Best Environmental Management | TRX C6 | MRT Line 2 (V206) | |
| Best Safety & Health Committee | ECRL | TRX C3 | TRX C6 |

***Table 2*** *– MISHA Award 2021*

## FYE 2022 AWARDS & RECOGNITION (CONT'D)

1


CREAM SHASSIC

CERTIFICATE

(SAFETY AND HEALTH ASSESSMENT SYSTEM IN CONSTRUCTION)

ENGINEERING, PROCUREMENT, CONSTRUCTION AND COMMISSIONING OF THE EAST COAST RAIL LINK (ECRL) PROJECT, SECTION 6, CONSTRUCTION AND COMPLETION OF SUBGRADE, DRAINAGE WORKS AND CULVERT WORKS FROM CHAINAGE 410+293 TO CHAINAGE 424+182

HAS BEEN AWARDED

(5 STAR RATING)

DEVELOPER / OWNER

CHINA COMMUNICATIONS CONSTRUCTION (M) SDN BHD

MAIN CONTRACTOR

GADANG ENGINEERING (M) SDN BHD

2


CREAM SHASSIC

CERTIFICATE

(SAFETY AND HEALTH ASSESSMENT SYSTEM IN CONSTRUCTION)

PROPOSED CONSTRUCTION AND COMPLETION OF PUBLIC REALM WORKS (PHASE 1) AT TUN RAZAK EXCHANGE (TRX)

HAS BEEN AWARDED

(5 STAR RATING)

DEVELOPER / OWNER

TRX CITY SDN BHD

MAIN CONTRACTOR

GADANG ENGINEERING (M) SDN BHD

3


bizSAFE STAR

CERTIFICATE

The Workplace Safety and Health Council is pleased to certify that

YI SHENG FOUNDATION PTE. LTD.

has fulfilled the requirements to attain bizSAFE Level Star

This certificate is valid till 28/2/2025

Christopher Koh

4


MMC GAMUDA

CERTIFICATE OF APPRECIATION

TO

Gadang Engineering (M) Sdn Bhd

MRT Putrajaya Line Project

PACKAGE V206

In recognition of succesfully achieving 2,300,000 Safe Man-Hours without Lost Time Injury as of 25 May 2022

ADIL PUTRA AHMAD

PROJECT DIRECTOR

7 July 2022

5


MMC GAMUDA

CERTIFICATE OF APPRECIATION

TO

Gadang Engineering (M) Sdn Bhd

In recognition of your role and contribution in the MRT Putrajaya Line Project achieving

5-STAR rating for DESIGN and CONSTRUCTION Based on the Sustainable INFRASTAR rating tool

Adil Putra Ahmad

Project Director

7 July 2022

6


荣誉证书

CERTIFICATE OF HONOR

中交马东铁项目六分部

二〇二二年一月

| | |
|---|---|
| 1 | Gadang Engineering (ECRL Project)<br>– Obtained SHASSIC 5 STAR for Safety |
| 2 | Gadang Engineering (TRX C6 Project)<br>– Obtained SHASSIC 5 STAR for Safety |
| 3 | Yi Sheng Foundation Obtained BizSafe Star Certificate. It fulfilled the requirements by Workplace Safety & Health Council |
| 4 | Gadang Engineering (V206 Project)<br>– In recognition of achieving 2,300,000 Safe Man-Hours |
| 5 | Gadang Engineering – Appreciation from MMC Gamuda for GESB's role & contribution in MRT Putrajaya Line project |
| 6 | Gadang Engineering (ECRL Section 5 Project)<br>– Awarded outstanding performance in HSE management by China Communications Construction Company ("CCCC") |
| 7 | Gadang Engineering (ECRL Section 5 Project)<br>– Awarded excellent subcontractor by CCCC |

7


CERTIFICATE

Gadang Engineering (M ) Sdn Bhd :

CCCC ECRL PROJECT MANAGEMENT SECTION 5 awarded you the "Excellent Subcontractor" in the year of 2022 "The start is a sprint,Double production to ensure progress" Construction Competition for your outstanding performance.

CCCC ECRL PROJECT MANAGEMENT SECTION 5

5 July 2022

# BUSINESS FRONT

## SUSTAINING BUSINESS PERFORMANCE

> To sustain revenue and profit

| | FYE 2020 (Restated) | FYE 2021 (Restated) | FYE 2022 |
|---|---|---|---|
| Revenue | 673,056,446 | 574,767,491 | 651,993,194 |
| Profit Before Tax (PBT) | 59,332,400 | 21,955,578 | 70,148,035 |
| Profit After Tax (PAT) | 35,654,367 | 13,264,323 | 43,168,215 |
| Shareholder Funds | 777,450,918 | 782,118,961 | 825,399,381 |
| Total Assets | 1,742,536,120 | 1,721,523,724 | 1,562,707,292 |
| Cash and Bank Balance | 302,826,378 | 286,109,291 | 289,008,367 |
| Share Price | RM0.51 | RM0.39 | RM0.375 |
| Net Asset Per Share | 1.07 | 1.07 | 1.13 |

Specific details of the Group's financial performance are provided in the Management Discussion and Analysis section of this annual report.

## QUALITY ASSURANCE

> To score above 75% for QLASSIC assessments
> To maintain ISO certifications
> To maintain CIDB SCORE rating – 5 STAR

**QLASSIC (Quality Assessment System in Construction)**

In FYE 2022, we have participated in 2 QLASSIC assessments for our construction buildings and we are proud to have achieved at least 75% score for both the assessments.

QLASSIC assessment is a measure and evaluation of the quality of workmanship of a building construction work in accordance to the Construction Industry Standard (CIS).

**QLASSIC ASSESSMENT**
**80%**
**for Elegan Residensi**

**QLASSIC ASSESSMENT**
**76%**
**for Cyberjaya Hospital**


## QUALITY ASSURANCE (CONT'D)

### ISO Quality Standards

We are committed to deliver quality standards in accordance to the best practice through maintaining our ISO certifications.

This year our indirect wholly owned subsidiary, Yi Sheng, obtained the ISO 9001:2015 Quality Management System and ISO 45001:2018 Occupational Health and Safety Management System. Gadang Engineering have also successfully renewed ISO 45001:2018 and ISO 14001:2015 upon the SIRIM audit, with a sterling achievement of zero Non-Conformance Report (NCR).


CERTIFICATE
EQA IMS
Certificate of Registration
Yi Sheng Foundation Pte Ltd
ISO 9001:2015


CERTIFICATE
EQA IMS
Certificate of Registration
Yi Sheng Foundation Pte Ltd
ISO 45001:2018


IQNet
CERTIFICATE
GADANG ENGINEERING (M) SDN. BHD.
ENVIRONMENTAL MANAGEMENT SYSTEM
ISO 14001 : 2015
Registration Number : MY - EMS 00738


IQNet
CERTIFICATE
GADANG ENGINEERING (M) SDN. BHD.
OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM
ISO 45001 : 2018
Registration Number : MY - OHS 00633

| Current ISO Management System held by Gadang | |
|---|---|
| ISO 9001 : 2015 | Quality Management System |
| ISO 14001 : 2015 | Environmental Management System |
| ISO 45001 : 2018 | Occupational Health & Safety Management System |


### CIDB SCORE Rating

We achieved our first five-star SCORE rating (also known as "Penilaian Keupayaan dan Kemampuan Kontraktor") in 2019 awarded by Construction Industry Development Board ("CIDB"). The certification is valid for two years. In 2021, we continued to uphold our good performance and managed to maintain our five-star SCORE rating. A minimum score of 85 points and 15 points for each parameter are the criteria to obtain five-star SCORE. The award ceremony was held on 2 August 2022.

## HANDLING CLIENT / CUSTOMER EXPECTATIONS

> To score at least 75% on our Client / Customer satisfaction for all Divisions

We engage our clients / customers frequently through meetings, site visits, surveys and other platforms to gauge the level of satisfaction. We are committed to respond timely when issues are raised by them.

Based on the analysis of data collected from client satisfaction surveys for engineering and construction projects, we achieved a higher average score of 86% as compared to previous year of 81%.

As for our customer satisfaction surveys for Elegan Residensi Phase 1, we scored 73% which is below our target of 75%. A longer time was taken to rectify defects due to Covid-19 lockdown and a shortage of workers in the construction industry.

For our Utility Division, we managed to maintain a high satisfaction score of 89% from our water supply clients.

| Engineering & Construction | Property Development | Utility |
| --- | --- | --- |
| 2022: 86% | 2022: 73% | 2022: 89% |
| 2021: 81% | 2021: 81% | 2021: 92% |

## CORPORATE GOVERNANCE

> To uphold ethical business conduct and corporate integrity
> Zero corruption

A strong and effective corporate governance ensures corporate success, cultivates a culture of integrity and maintains investors' confidence. We are governed in a structured manner whereby policies are in place to promote good corporate governance, accountability and integrity in the workplace.

**Governance Policies for the Directors and Employees**

| | | |
| --- | --- | --- |
| Board Charter | Code of Ethics and Conduct | Health and Safety Policy |
| Remuneration Policy of Directors and Senior Management | Anti-Bribery and Corruption Policy | ISO standards |
| External Auditor policy | Risk Management Policy | No Gift Policy |
| Business Continuity Plan | Whistleblowing Policy and Procedure | Sustainability Reporting Framework |

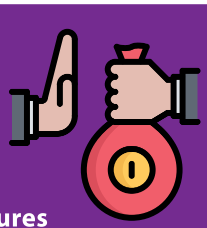
Annually, we review the Standard Operating Policy and Procedures ("SOPPs") of the entire group to ensure that they are applied consistently. This ensures the efficiency of performance and quality output while reducing miscommunication and failure to comply with rules and regulations. During the year, we have introduced and/or updated the following SOPPs:

1. **Risk Management Policy**
2. **Sustainability Reporting Framework**
3. **Business Continuity Plan**

Pursuant to Section 17A of the Malaysian Anti-Corruption Commission ("MACC") Act 2009, we are committed to the TRUST principle stipulated in the Guidelines on Adequate Procedures. The Company has zero tolerance against any form of bribery or corruption.

Training on Code of Ethics and Conduct ("COEC") and Anti-Bribery and Corruption ("ABC") was provided to all directors and employees. New employees are made aware of these policies through the on-board induction program. All directors and employees signed an acknowledgement that they understand and will comply to these policies. Third parties such as suppliers, service providers and vendors are also required to sign the ABC declaration form.

- **Top level commitment**
- **Risk assessment**
- **Undertake control measures**
- **Systematic review, monitoring & enforcement**
- **Training & communication**



Directors and employees are required to disclose any Conflict of Interest ("COI") as per the COEC. We have completed the risk assessment for the COI declarations and the outcome was presented to RMC and Board.

Annually, we conduct corruption risk assessment to identify various corruption risks across our operations to ensure controls are in place and adequate mitigation measures are implemented. The outcome of corruption risk assessment was presented to RMC and Board.

We provide whistleblowing platform for our stakeholders to report unethical or unlawful matters via our whistleblowing reporting procedures which is available at www.gadang.com.my. In FYE 2022, there were no whistleblowing or corruption incident.

## PROTECTING DATA PRIVACY AND ENHANCING OUR CYBERSECURITY

> Protect company's data from cyberattack
> To uphold Personal Data Protection Act 2010 ("PDPA") rules and regulations
> Zero data breach

Protection of data, information and intellectual property belonging to stakeholders against security breaches are important with the increasing threats to cybersecurity. During the year, we carried out several enhancements to further strengthen data security. Details are as follows:

- Enhanced Network Infrastructure & Cybersecurity for GHB (HQ)
- Deployed new firewalls for HQ and Yi Sheng
- Deployed new server for HQ
- Implemented Network Attached Storage for Yi Sheng

We comply with relevant requirements as prescribed under the PDPA. Our customers and employees are well notified and have signed the PDPA Notice in compliance to statutory requirement. PDPA Notice for customer is also posted on our Property Division website at www.gadangland.com.my.

We review and update our IT Policy and Procedure and Disaster Recovery Plan annually to ensure that the guidelines for managing the security of our IT infrastructure and offsite disaster recovery facility remain relevant.

Autodesk Asia Pte Ltd conducted an Autodesk licence compliance audit on GESB and the audit concluded with no non-compliance.

In FYE 2022, there was no data breach incident.

## SUSTAINABLE PROCUREMENT

> To support local suppliers and subcontractors

As a strong advocate of sustainable economy, the Company has been supporting local suppliers for our procurement of construction materials and local subcontractors for procurement of construction related services. The local supply chain players will in turn provide employment opportunities in the market place. Wealth is distributed to the domestic economy in the form of wages, various supply chain payments, taxes, shareholder dividends, community investment etc. and the whole economic cycle repeats itself.

Except for specific machinery or equipment which are required to be imported, all of our raw materials and services are sourced locally. As part of our daily procurement practice, we carried out evaluation of several criteria which include quality, delivery lead time, competitive pricing, credit terms, technical advice, workmanship, after sales service, past experience and sources of materials.

The local sourcing for supplies and services has given us the following benefits:

- Helped to boost domestic economy
- More flexibility
- Faster lead time
- Reduced supply chain cost
- Reduced carbon footprint as travelling distance reduced

Moving forward, we will enhance our procurement policy to place more emphasis on sustainable procurement i.e. to take into consideration, aspects such as resource efficiency, climate change, social responsibility and economic resilience.

# ENVIRONMENT

## RESPONDING TO CLIMATE CHANGE

### Minimising the environmental impact

Managing and reducing environmental impact is a key focus to environmental sustainability. In FYE 2022, we continued to reduce the environmental impact from our business through the following initiatives.

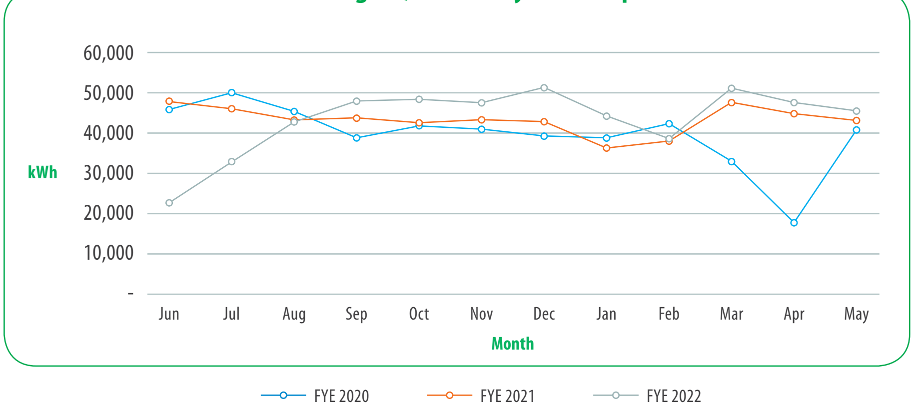
### Electricity

The trend of our electricity consumption in HQ is consistent as proper controls have been put in place.

Controls for electricity are as follows:

- Increase in air conditioner temperature to 24 degrees Celsius
- Replacement of spoilt fluorescent lights with light-emitting diodes (LED) lights
- Lights and air conditioners are switched off when not in use
- Periodic maintenance on air conditioners

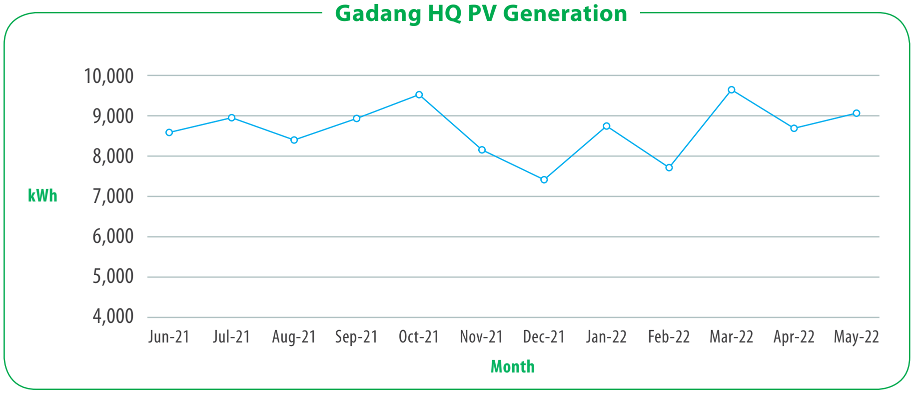
Gadang HQ Electricity Consumption




### Solar Energy

Our solar panel installation at HQ in March 2020 has helped reduce our consumption of grid energy which enabled us to reduce our carbon footprint and mitigate climate change. For FYE 2022, the solar photovoltaic ("PV") system has generated clean energy of 103,000 kWh or 21% energy savings.

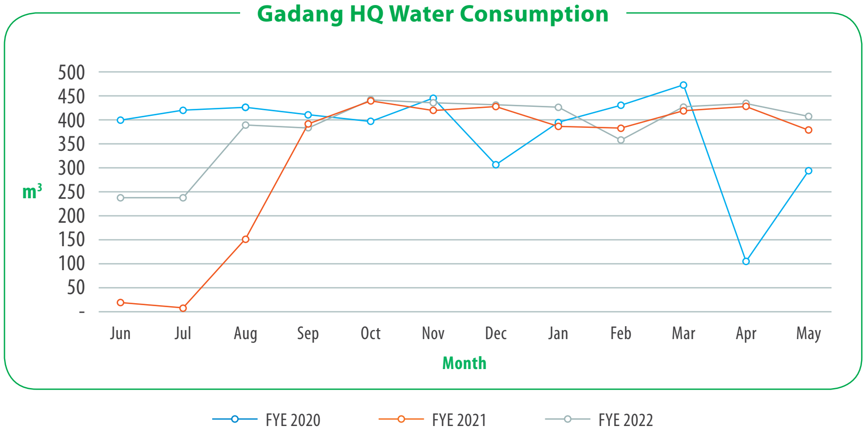

Gadang HQ PV Generation



### Water

We monitor our water consumption on a monthly basis to check the usage and to identify any abnormalities. For FYE 2022, the water consumption pattern have been normal.

Staff are educated to use the water sparingly to avoid water wastage.





Other initiatives that we have taken are as follows:

- Green Building certification (The Vyne and Cyberjaya Hospital)
- Industrialised Building System (The Vyne)
- Building Information Modelling (Cyberjaya Hospital, TRX C3)
- Recycle construction waste (engineering and construction projects)
- Diversified into renewable energy (9MW mini-hydro power plant in Lintau and 5.9 MW large scale solar power in Tawau)

## ENVIRONMENTAL MANAGEMENT SYSTEM

> **To comply to all rules and applicable environmental regulations**
> **Zero summon from Department of Environment (DOE)**

We continue to maintain our ISO 14001:2015 Environmental Management System ("EMS") and ensure compliance with the Environmental Quality Act 1974 and other legislations throughout all stages of our construction and property development projects. We protect the environment by following a set of guidelines specified in the Environmental Management Plan of respective projects and are committed to meet the requirements provided in GESB's Health, Safety and Environment ("HSE") Manual. For projects that fall under the list of prescribed activities of the Environmental Quality (Prescribed Activities) (Environmental Impact Assessment) Order 2015, an Environmental Impact Assessment is carried out to ensure appropriate mitigating measures are implemented accordingly to protect the environment.

We carry out periodic monitoring for air, noise and water quality at project sites.

We are guided by the various standards and guidelines in monitoring of air, noise and water quality as follows:

- Malaysian Ambient Air Quality Standard
- Planning Guidelines for Environmental Noise Limits and Control
- National Water Quality Standards

## CASE STUDY – CENTRAL SPINE ROAD SECTION 2B

### Air Monitoring

Air quality is monitored by maintaining natural buffer zones which act as a filter for dust control, as well as ensuring exhaust emissions are within acceptable limits by maintaining all vehicles, plant and equipment in good working condition. Water bowsers are used for dust control at haul roads. It is also used to clean up soil or dirt on public roads.

The air quality is monitored and the results are in compliance to Malaysia Ambient Air Quality Standard ("MAAQS").

### Noise Monitoring

Noise and vibration are managed by restricting the movement of heavy vehicles to daytime working hours and only using routes that will cause minimum disturbance in the vicinity. The machineries used are scheduled for regular preventive maintenance which is crucial in reducing noise because worn parts and poor lubrication can increase the noise pollution.

The noise level is monitored and the results are slightly above the recommended noise limits. The louder noise is coming mainly from the general vehicles moving along the main road in which we will continue to monitor our vehicles' noise on an ongoing basis.

### Water Monitoring

Water sampling is taken at 11 sampling points on a monthly basis and were tested by accredited laboratory to ensure that the water quality at sampling points is within the acceptable limit under the National Water Quality Standards.

In FYE 2022, there was no summons from DOE from any of our project sites.

## WASTE MANAGEMENT

> To reduce environmental pollution

We strive to reuse or salvage the waste generated from the construction activities to reduce the environmental pollution, to conserve natural resources and protect the ecosystem.

The primary approach is based on the 3R approach of reduce, reuse and recycle. We identified the types of waste at the construction sites, followed by strategies to streamline recycling activities.

The waste are segregated into 3 types:

- Construction waste
- Scheduled waste
- Domestic waste

Construction waste for example timber, concrete and mix waste carries the highest weightage of recycling and a majority of the items are reused and recycled.

Scheduled waste such as used oil from servicing and maintenance activity are sent to dedicated licensed vendor approved by the Department of Environment ("DOE").

Domestic waste such as food waste are items which cannot be recycled. A proper location within the project site will be provided where waste will be collected for disposal to the landfill.

### TRX C6 Waste Management practices

- Construction waste data are collected and monitored, such as waste going to landfill / reuse / recycle.
- Waste bins are properly placed at site.
- Waste Management campaign have been conducted to educate staff on waste management procedures.
- Reuse building materials on site such as reusable prefabricated formwork for column, wall and slab.
- A target of 75% recycling of construction waste have been set. However, Gadang have scored a sterling achievement of 87%.


Gadang Waste Management briefing at TRX C6 site

### E-Waste


E-waste is categorised as scheduled wastes under the Code SW 110, First Schedule of Environmental Quality (Scheduled Wastes) Regulations 2005 in Malaysia. When e-waste is disposed in landfills, the hazardous components will contaminate the surface and ground water. Therefore, it is important to dispose the e-waste in a responsible manner to protect the environment.

In 2019, we started to raise the employees' awareness on the importance of proper handling and recycling of e-waste. Our IT department has continued with the practice of accumulating e-waste such as computers, laptops, printers, batteries, hard disks etc for disposal every alternate year to a licensed E-waste company registered under the DOE.

### Recycling

We have embedded Office Recycling Culture in Gadang HQ to recycle the waste generated by employees. Recycle bins are provided on each floor for recycling of papers, plastics, aluminium etc. The recycled items will be sold to licensed recycle vendor on a periodic basis. As at May 2022, we managed to collect miscellaneous recyclable items amounting to 2,348 kilograms.


## CLIMATE CHANGE

> To combat climate change, global warming

Climate change has seen an increase in floods, hotter temperatures, droughts and other natural disasters, affecting not only the country but also other nations across the world.

The Group's core operation is in construction and it is inevitable that trees are felled to make way for development, whether building or infrastructure. We are mindful of the impact to biodiversity and ecosystems. To mitigate the impact, we plant trees to landscape the walkways, parks and communal spaces in our property developments. In our Laman View joint venture development with Cyberview Sdn Bhd which span 121 acres of land in Cyberjaya, we have planted 2,619 trees since 2015 and transplanted 52 trees. Besides that, the percentage of greenery over the total development area for each of our property development have complied with the ratio stipulated by the local authorities.

To cultivate awareness on climate change and climate action, we carried out a tree planting event at the Forest Research Institute Malaysia ("FRIM") in July 2022. Trees help clean the air, retain soil, attract birds and wildlife, keep pollution from making its way into rivers and even keep weather patterns regular. As trees grow, they help stop climate change by removing carbon dioxide from the air, storing carbon in the trees and soil, and releasing oxygen into the atmosphere. Trees also offer cooling shade, attract birds and wildlife, purify our air, prevent soil erosion and add beauty to our surroundings and communities. We hope to make tree planting a regular practice moving forward.

**Tree Planting Activity**


## SUPPLYING POTABLE WATER TO INDONESIA COMMUNITIES

We contribute to the Indonesia government initiatives by providing potable water to its citizens.

| Entities | Supply Areas | Percentage of Coverage |
|---|---|---|
| TTS and HTB | Sidoarjo | More than 50% |
| DBT | Gresik | 12% |

The raw water from the rivers or any other surface water sources will be treated in water plants to remove the pollutants, particles and bacteria to become potable water before distribution to the local water agencies. We analysed the water quality at every two hours interval in the laboratory for raw and treated samplings to ensure all the raw water pollutant measurement and treated effluent are in compliance to the World Health Organization and the 'Peraturan Menteri Kesehatan' (Permenkes No. 492/2010) standards requirement.

Sludge and sediments from backwash and sedimentation tanks are treated to an acceptable limit before discharge to the drain or river. The solid waste and trash from the water treatment plants and intake are collected and disposed at the approved dump site.

# WORKPLACE

## OCCUPATIONAL HEALTH & SAFETY

- To prevent and reduce workplace accidents and illness
- Zero fatality

We are committed to the continuous improvement of our HSE policies and practices. HSE Management Review meeting is held annually to review our HSE performance, evaluate our compliance with rules and regulations and to discuss on actions for continuous improvement.

Regular meetings, daily toolbox briefings, safety induction courses and refresher trainings are held to foster the safety awareness culture across the Group.

In FYE 2022, we have maintained our ISO 45001:2018 and achieved numerous awards in recognition of health and safety excellence at our project sites. More importantly, we are proud to maintain a zero fatality record.

Various initiatives were implemented for Health and Safety throughout FYE 2022.

**"My Family : My Reason For Safety" Campaign**


"My Family : My Reason For Safety" campaign was initiated to bring the message across all Gadang employees on the importance of work safety as the top priority, with the goal of employees going to work and coming home safely without compromising safety in the work place.

This meaningful tagline which touched our hearts was the brainchild of a survey that the HSE department conducted to solicit input from our site employees on their reason for wanting to stay safe at the workplace. We received an overwhelming response for this survey and true enough, FAMILY is the top reason for wanting to stay safe.

This campaign was launched successfully by the Managing Director of GESB in June 2022 at one of our project site and joined virtually by participants from HQ and other project sites.

The campaign was eventful and employees were awarded with prizes for good safety practices to heighten the awareness and consciousness on good safety practice in the workplace.

**ECRL – "Working at Height" Campaign**


A "Working at Height" campaign was conducted at ECRL S6 site as construction of culverts had been identified as one of the working at height risk. Staff were briefed on the risk and safety procedures. The campaign was a joyful event as staff enhanced their knowledge through quizzes stimulation and take away prizes.

### First AID, CPR, AED Training

A Basic Occupational, First Aid, CPR & AED Training was conducted to train our employees to become competent first aiders. They were taught on basic life support skills such as CPR and other first aid related topics such as bleeding, wound, burn and fracture. This has helped to equip our employees not only with the knowledge but also the hands-on skills to handle various health and safety emergencies.

### HSE Internal Audit

Annual compliance audits are conducted by our in-house internal auditors for our construction projects. For FYE 2022, our HSE internal auditors conducted seven audits for ISO 14001 : 2015 and ISO 45001 : 2018. 13 Non-Conformance Reports ("NCRs") and 54 observations were issued by our HSE internal auditors out of which 13 NCRs and 48 observations have been closed. The remaining 6 observations will be closely monitored for closure. Proactive measures in response to the HSE internal audits have been taken by the relevant sites to further improve the HSE Management System.

Based on the Health and Safety targets and results, we have achieved the intended outcome and we will continue to uphold and improve the health and safety of our staff.

| Target | FYE 2022 | FYE 2021 | FYE 2020 |
|---|---|---|---|
| Zero life loss | No fatalities | No fatalities | No fatalities |
| Incident rate of less than 4 per 1000 workers | 3.64 | 3.07 | 4.33 |
| LTI frequency rate of less than 8 | 1.56 | 1.40 | 1.47 |

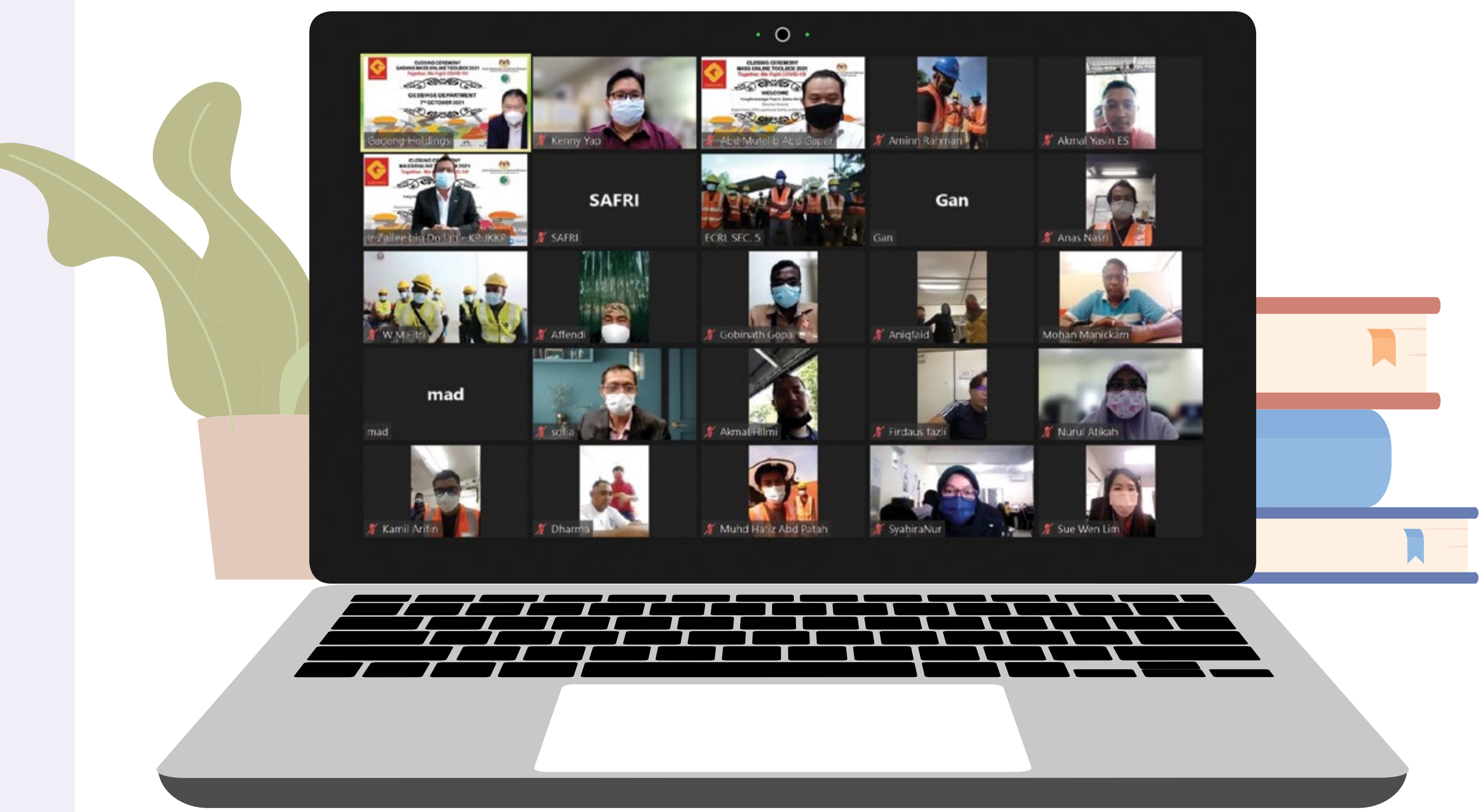
***Table 3** – HSE Performance*

The numbers for FYE 2020 and FYE 2021 have been restated due to a change in definition for incidents i.e. Class 1 to Class 4 of OSHA categorisation as compared to previous years which included Class 1,2,3,6 and 8.

## Gadang Mass Online Toolbox 2021 – Closing Ceremony

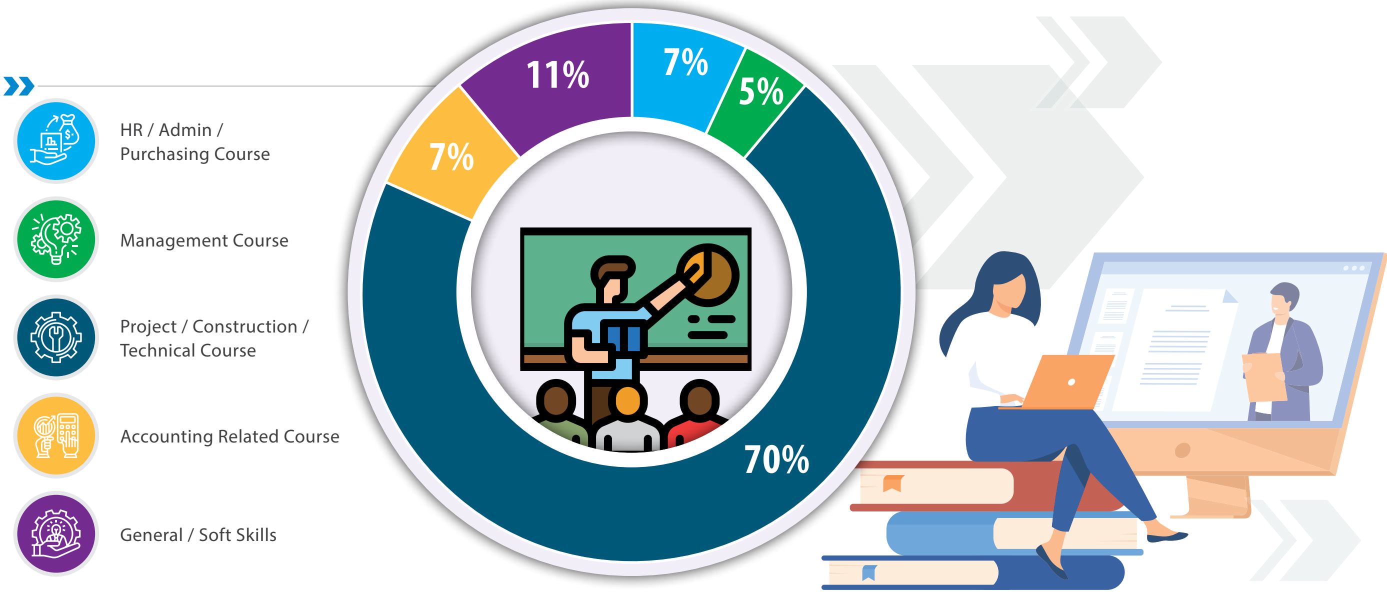
In our battle with Covid-19, we have been conducting regular Gadang Mass Online Toolbox meetings to constantly remind our employees on the importance of safety guided by the Health Ministry's SOPs. This campaign came to an end with a closing ceremony on 7 October 2021 by the DOSH Director General, Ir. Zailee Bin Dollah.



## HUMAN CAPITAL DEVELOPMENT

- To enhance employee performance, boost employee productivity and reduce employee turnover
- To support education through scholarship
- To achieve 30% women directors' representation in the Board




We value our staff as they are our key assets. On a yearly basis, the Group Human Capital department as well as respective superiors will identify trainings to upskill our employees for personal development and career progression.

Based on the training analysis, 70% are related to project / construction / technical skills to enhance the competency of employees in order to upkeep the quality of output and services rendered.

Effective January 2022, we started contributing to the Human Resource Development Fund ("HRDF") to comply with the Pembangunan Sumber Manusia Berhad Act 2001 which was expanded to cover all industries.

| Target | FYE 2022 | FYE 2021 | FYE 2020 |
|---|---|---|---|
| Time Invested | 213 Days | 208 Days | 566 Days |
| Amount Invested | RM 71,000 | RM 134,000 | RM 149,000 |
| Number of Participants | 153 Participants | 161 Participants | 403 Participants |

***Table 4** – Total Training Days, Amount Invested & Number of Participants*

The amount spent on trainings in FYE 2022 was lower as trainings in the market were largely still conducted online and some trainings attended were complimentary.

We provided two scholarships to help deserving students in their tertiary education as we believe the future generation holds the key to a progressive and successful nation.

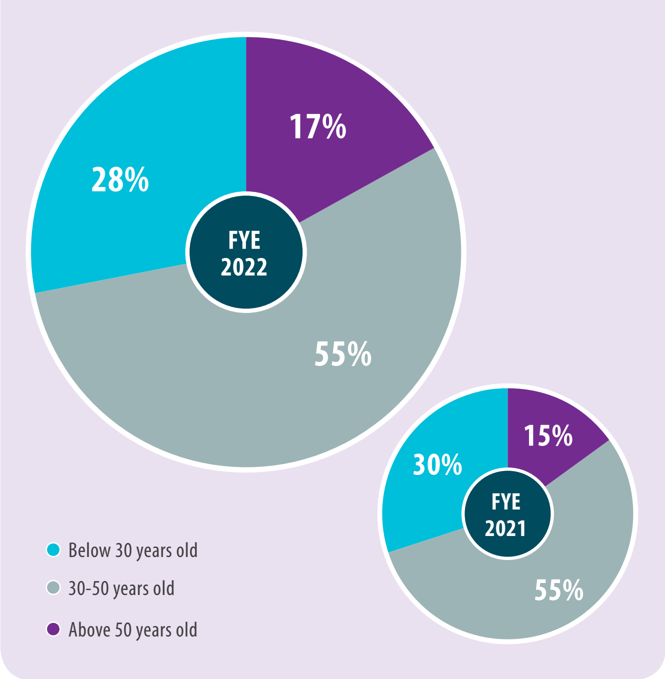
We are guided by the following policies to ensure fair and equitable treatment for all employees:

- Gadang Human Resource Manual
- Gadang Employee Handbook
- Flexi Working Hours Policy
- Leave Policy
- Medical Benefits Policy
- Group Insurance Scheme Policy
- Learning and Development Policy
- Domestic Inquiry Guideline (DI Panel)
- Grievance and Disciplinary Policy
- Managing Employee Non-Performance
- Subsistence Allowance (Local & International)
- Anti-Bribery and Corruption Policy
- Code of Ethics and Conduct
- Whistleblowing Policy and Procedures

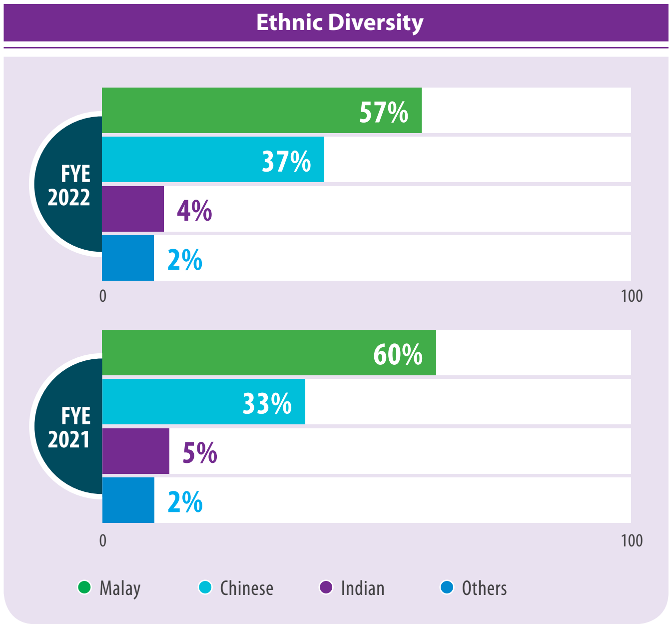
We endeavor to provide equal opportunity to ensure that employment decisions are based on merit and performance without regard to religion, political opinion, gender, age, ethnicity, sexual orientation, nationality or disability. Although the construction industry is a male-dominated sector, we continue to welcome capable women workforce to join our operations.

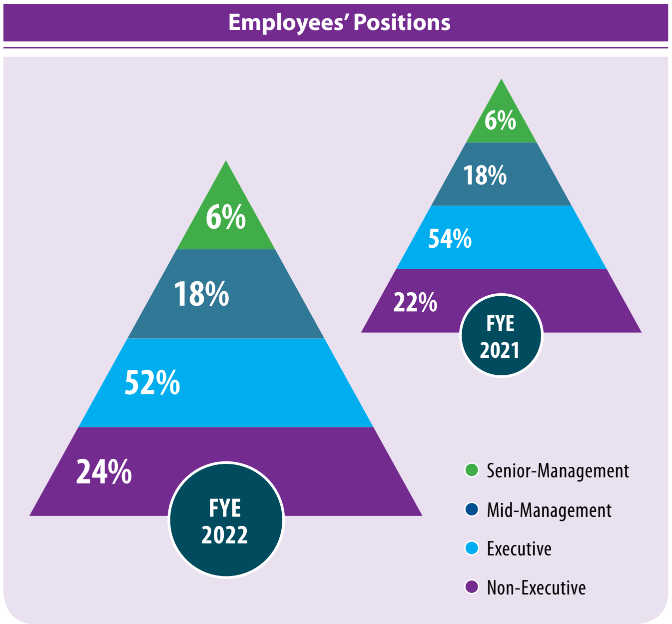
In FYE 2022, we have achieved 33% women directors in our Board, which is in line with the 30% recommended under Practice 5.9 of the MCCG.

**Age Diversity**




**Gender Diversity**




## HEALTHY LIFESTYLE FOR EMPLOYEES

> To encourage healthy lifestyle & promote togetherness

We have an established Sports Club that organises activities for its members to foster healthy lifestyle and strong bonding between employees.

Upon the relaxation of MCO SOP as our country moves on to the endemic phase, the sports activities have resumed, such as Badminton, Yoga, Tai Chi and Jazzercise which comply to SOPs set by the Government.

# COMMUNITY

## TAKING CARE OF OUR COMMUNITIES

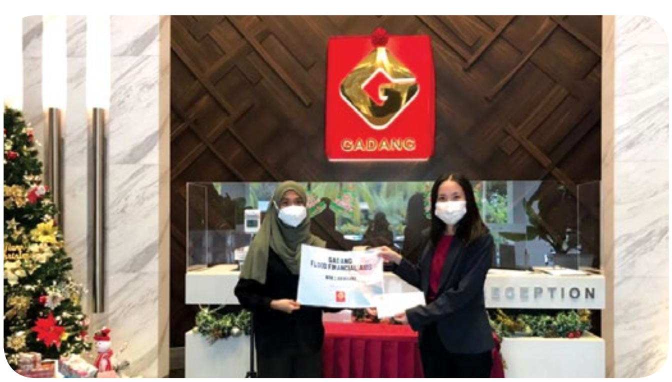
- To help the needy
- To foster a caring community

### Flood Relief December 2021

When the flood disaster hit the nation in December 2021, several areas were badly hit and did not have access to basic necessities such as food and water due to the challenging logistic interruption. As part of Gadang's social responsibility, we collaborated with several agencies such as PDRM, BOMBA and JKM to reach out and help by using our site trucks to transport food to the interrupted places in Temerloh district, Pahang.

### Flood Aid to Employees

Not forgetting our staff whose houses were also badly hit by the flood in December 2021, Gadang gave out monetary aids to 15 employees to ease their burden during the difficult times.




### Project Banjir – Gadang Jaga Gadang

Our employees have also showed solidarity to help out staff that were affected by the flood. Project Banjir through Gadang Jaga Gadang was established to collect funds to help the victims to buy essential goods and for house repair works.



### Donation and Sponsorship

In FYE 2022, we have contributed a total of RM138,000 in our Corporate Social Responsibility ("CSR") program to help the community. Our contribution in CSR have provided support to the following groups:

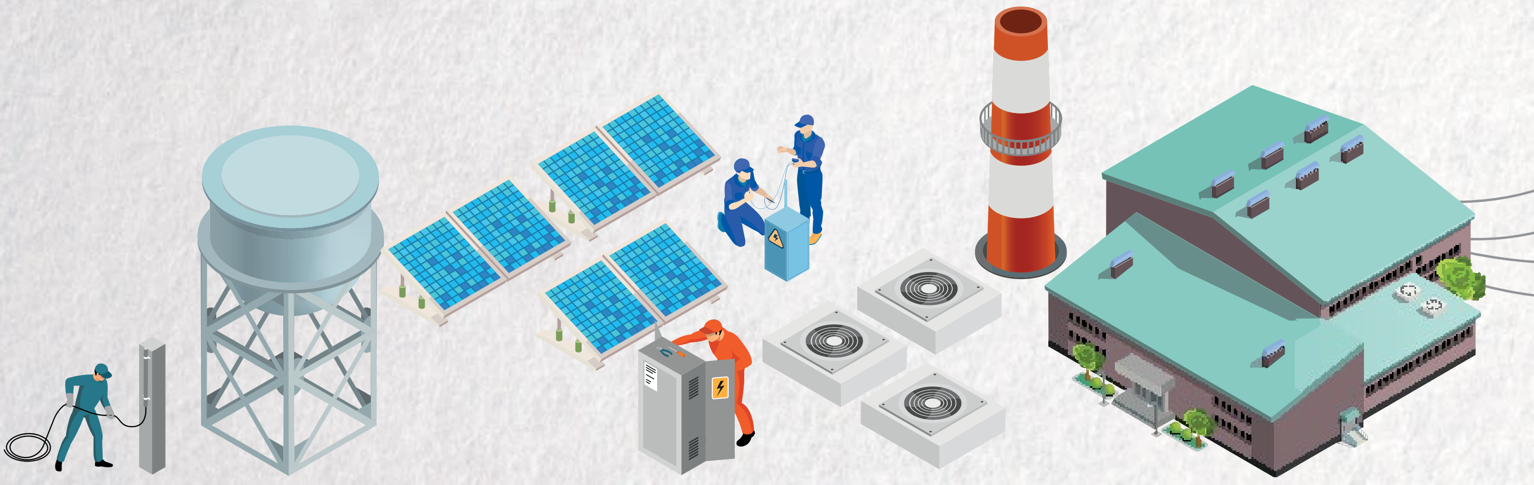
- Purchase of masks to the homeless
- Purchase of tablets for schools
- Pertubuhan Uncle Kentang Malaysia
- Purchase of groceries for several schools and homeless people
- Purchase of furniture and appliances to the old folks women home
- Purchase of food to OKU and hardcore poor students
- Donation to AIESEC Kedah-Perlis
- TRX Ramadan Community Building Programme


# MECHANICAL & ELECTRICAL

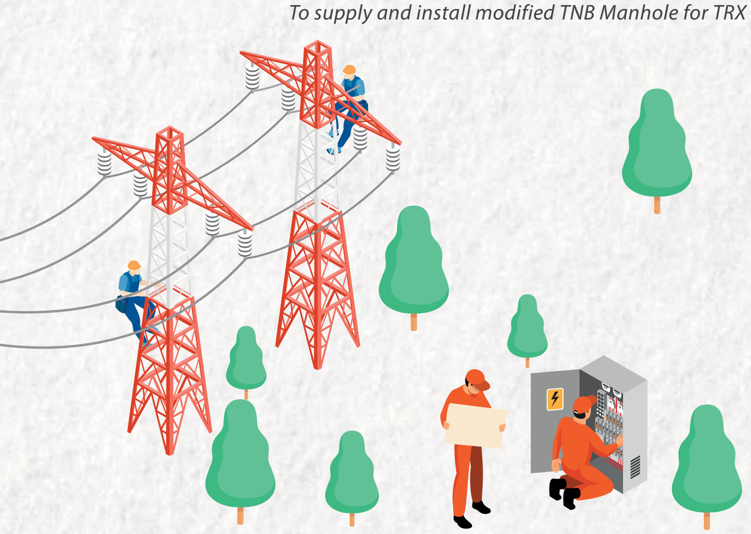
Datapuri Sdn Bhd (Datapuri) was formed in 1997 to undertake and enhance the engineering services of Gadang Group, especially for mechanical and electrical.

At present, Datapuri is an accredited class "A" electrical contractor registered with Suruhanjaya Tenaga Malaysia and has a Grade "7" registration with CIDB.

Datapuri's scope includes high voltage and low voltage electrical works, air conditioning and ventilation, fire protection and plumbing and sanitary services.



*To supply and install modified TNB Manhole for TRX C3 project*



# FINANCIAL & OTHERS



**Sec 4**

# Directors' **Responsibility Statement**

In respect of Audited Financial Statement for the financial year ended 31 May 2022

The Directors are required by the Companies Act, 2016 ("the Act") and the Main Market Listing Requirements of Bursa Malaysia Securities Berhad to prepare financial statements for each financial year in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards, and the requirements of the Act in Malaysia.

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

In preparing the financial statements, the Directors have:

- used appropriate accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent; and
- prepared the financial statements on a "going concern" basis as the Directors have a reasonable expectation, having made enquiries that the Group and Company have adequate resources to continue operations for the foreseeable future.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act.

The Directors are also responsible for safeguarding the assets of the Group and of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2022.

## Principal Activities

The Company is principally engaged in the businesses of investment holding and the provision of management services to the subsidiaries. The principal activities of the subsidiaries are disclosed in Note 5 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

## Results

| | The Group RM | The Company RM |
|---|---|---|
| Profit after taxation for the financial year | 43,168,215 | 7,859,614 |
| **Attributable to:-** | | |
| Owners of the Company | 41,655,191 | 7,859,614 |
| Non-controlling interests | 1,513,024 | - |
| | 43,168,215 | 7,859,614 |

## Dividends

The Company paid a first and final dividend of 0.3 sen per ordinary share amounting to RM2,184,182 for the financial year ended 31 May 2021 on 3 December 2021.

At the forthcoming Annual General Meeting, a first and final dividend of 0.7 sen per ordinary share in respect of the current financial year will be proposed for shareholders' approval. The financial statements for the current financial year do not reflect this proposed dividend. If approved by the shareholders, such dividend will be accounted for as a liability in the financial year ending 31 May 2023.

## Reserves And Provisions

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

## Issues Of Shares And Debentures

During the financial year:-

(a) the Company increased its issued and paid-up share capital from RM389,520,609 to RM389,520,715 by way of issuance of 100 new ordinary shares from the exercise of Warrants 2016/2021 at the exercise price of RM1.06 per warrant in accordance with the Deed Poll dated 11 November 2016; and

(b) there were no issues of debentures by the Company.

## Options Granted Over Unissued Shares

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company except for the share options granted pursuant to the Company's Employees' Share Option Scheme below.

### EMPLOYEES' SHARE OPTION SCHEME

The Employees' Share Option Scheme ("ESOS") of the Company is governed by the ESOS By-Laws and was approved by shareholders at the Extraordinary General Meeting held on 3 November 2016. The ESOS is to be in force for a period of 5 years effective from 6 December 2016 to 5 December 2021.

The Company's ESOS expired on 5 December 2021 and the remaining unexercised share options of 63,624,800 have lapsed.

The details of the ESOS are disclosed in Note 26(c) to the financial statements.

### WARRANTS 2016/2021

On 30 November 2016, the Company issued 129,311,689 free detachable warrants ("Warrants") pursuant to the bonus issue of warrant on the basis of one (1) warrant for every four (4) shares held by entitled shareholders after the completion of share split.

The Warrants are constituted by the Deed Poll dated 11 November 2016.

The salient features of the Warrants are as follows:-

(i) the exercise price is RM1.06 per ordinary share and each Warrant entitles the registered holder ("Warrantholders") to subscribe for one (1) new ordinary share of the Company during the 5 year period expiring on 29 November 2021 ("Exercise Period");

(ii) at the expiry of the Exercise Period, any Warrants, which have not been exercised shall automatically lapse and cease to be valid for any purposes;

(iii) Warrantholders must exercise the Warrants in accordance with the procedures set out in the Deed Poll and shares allotted and issued upon such exercise shall rank pari passu in all respects with the then existing ordinary shares of the Company, and shall be entitled to any dividends, rights, allotments and/or other distributions after the issue and allotment thereof; and

(iv) the Warrantholders are not entitled to any voting rights or to participate in any distribution and/or offer of further securities in the Company until and unless such Warrantholders exercise their Warrants for new ordinary shares of the Company.

There was the issuance of 100 new ordinary shares pursuant to the exercise of Warrants 2016/2021 at the exercise price of RM1.06 per share during the financial year. The Warrants 2016/2021 expired on 29 November 2021 and the remaining unexercised Warrants 2016/2021 of 129,253,939 have lapsed.

### BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for impairment losses on receivables.

At the date of this report, the directors are not aware of any circumstances that would require the further writing off of bad debts, or the additional allowance for impairment losses on receivables in the financial statements of the Group and of the Company.

## CURRENT ASSETS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ensure that any current assets, which were unlikely to be realised in the ordinary course of business, including their value as shown in the accounting records of the Group and of the Company, have been written down to an amount which they might be expected so to realise.

At the date of this report, the directors are not aware of any circumstances which would render the values attributed to the current assets in the financial statements misleading.

## VALUATION METHODS

At the date of this report, the directors are not aware of any circumstances which have arisen which render adherence to the existing methods of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

## CONTINGENT AND OTHER LIABILITIES

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

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

(b) any contingent liability of the Group and of the Company which has arisen since the end of the financial year.

No contingent or other liability of the Group and of the Company has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the directors, will or may substantially affect the ability of the Group and of the Company to meet their obligations when they fall due.

## CHANGE OF CIRCUMSTANCES

At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

## ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature.

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

### DIRECTORS

The names of directors of the Company who served during the financial year and up to the date of this report are as follows:-

Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican
Tan Sri Dato' Kok Onn
Boey Tak Kong *(Demised on 14.10.2021)*
Kok Pei Ling
Huang Shi Chin
Sherman Lam Yuen Suen *(Appointed on 16.8.2021)*
Wong Ping Eng *(Appointed on 25.5.2022)*

The names of directors of the Company's subsidiaries who served during the financial year and up to the date of this report, not including those directors mentioned above, are as follows:-

*Construction Division*
Abdul Rizal Bin Abdul Rahim
Chan Chee Wai
Cheong Teng Yew *(Appointed on 26.1.2022)*
Dato' Chan Ah Kam @ Chan Ah Thoong
Choo Keng Loong
Khew Check Kiet
Lee Yoke Koon
Liew Swee Kong
Ng Kok Leong
Saw Chee Hoay
Tan Cheng Chin

*Property Division*
Kok Pei Shing
Raja Zainal Abidin Bin Raja Hussin
Yu Kang Huai

*Utility Division*
Angga Panji Kesuma
Chan Huan Beng
Chua Soon Ann
Drs. Barat Iriansyah
Foo Mieng Yong
Hero Dwi Prasetyo
Masni Kamal
Neo Lay Hiang Pamela
Reggy Hadiwijaya
Hendro Adinata
Pui Yen Yew

### DIRECTORS' INTERESTS

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares, warrants and options over shares of the Company and its related corporations during the financial year are as follows:-

| | Number of Ordinary Shares | | | |
|---|---|---|---|---|
| **Shareholdings registered in the name of Directors:** | **At 1.6.2021/ Date of Appointment** | **Acquired** | **Disposed** | **At 31.5.2022** |
| **Direct interests** | | | | |
| Tan Sri Dato' Kok Onn | 13,177,300 | 1,200,000 | - | 14,377,300 |
| Kok Pei Ling | 1,304,400 | - | - | 1,304,400 |
| Huang Shi Chin | 196,800 | - | - | 196,800 |
| Sherman Lam Yuen Suen | 190,000 | - | - | 190,000 |
| **Deemed interest*** | | | | |
| Tan Sri Dato' Kok Onn | 177,989,953 | 450,000 | - | 178,439,953 |

*Deemed interested by virtue of his interests in Sumber Raswira Sdn Bhd and Meloria Sdn Bhd pursuant to Section 8 of the Companies Act 2016.

### DIRECTORS' INTERESTS (CONT'D)

According to the register of directors' shareholdings, the interests of directors holding office at the end of the financial year in shares, warrants and options over shares of the Company and its related corporations during the financial year are as follows:- (Cont'd)

| | | Number of Options under ESOS | | | |
|---|---|---|---|---|---|
| | Exercise Price | At 1.6.2021 | Exercised | Lapsed | At 31.5.2022 |
| **Direct interests** | | | | | |
| Tan Sri Dato' Kok Onn | RM0.86 | 2,174,100 | - | (2,174,100) | - |
| Kok Pei Ling | RM0.86 | 1,956,600 | - | (1,956,600) | - |

Other than as disclosed above, according to the register of directors' shareholdings, the other directors holding office at the end of the financial year did not hold any interest in shares, warrants and options over shares of the Company and its related corporations during the financial year.

### DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 47 to the financial statements.

Neither during nor at the end of the financial year was the Group or the Company a party to any arrangements whose object is to enable the directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate other than the share options granted to certain directors pursuant to the ESOS of the Company.

### DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are as follows:-

| | The Group/The Company<br>RM |
|---|---|
| **Directors of the Company** | |
| *Executive:-* | |
| Salaries and other emoluments | 1,886,123 |
| Defined contribution plan | 66,339 |
| | 1,952,462 |
| *Non-executive:-* | |
| Director fees | 275,834 |
| Other emoluments | 56,000 |
| | 331,834 |
| | 2,284,296 |

The estimated monetary value of benefits-in-kind provided by the Group and of the Company to the directors were RM80,750.

### INDEMNITY AND INSURANCE COST

The Company maintains a Directors' and Officers' Liability Insurance Policy on a group basis. During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Group were RM15,000,000 and RM45,360 respectively. No indemnity was given to or insurance effected for auditors of the Company.

### SUBSIDIARIES

The details of the Group's subsidiaries are disclosed in Note 5 to the financial statements.

### SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 51 to the financial statements.

### SIGNIFICANT EVENTS OCCURRING AFTER THE REPORTING PERIOD

The significant events occurring after the reporting period are disclosed in Note 52 to the financial statements.

## AUDITORS

The auditors, Crowe Malaysia PLT, have expressed their willingness to continue in office.

The details of the auditors' remuneration for the financial year are as follows:-

| | The Group 2022 | The Company 2022 |
|---|---|---|
| Audit fees | 386,000 | 65,000 |
| Non-audit fees | 12,000 | 7,000 |
| | 398,000 | 72,000 |

Signed in accordance with a resolution of the directors dated 15 September 2022.

**TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN**

**TAN SRI DATO' KOK ONN**

# Statement by Directors

Pursuant To Section 251(2) of The Companies Act 2016



We, Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican and Tan Sri Dato' Kok Onn, being two of the directors of Gadang Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 110 to 237 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 May 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 15 September 2022.

**TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN**

**TAN SRI DATO' KOK ONN**

# Statutory Declaration

Pursuant To Section 251(1)(b) of The Companies Act 2016

I, Kok Pei Ling, being the director primarily responsible for the financial management of Gadang Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 110 to 237 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Kok Pei Ling,
at Kuala Lumpur in the Federal Territory
on this 15 September 2022.

**KOK PEI LING**

Before me

Datin Hajah Raihela Wanchik (W-275)
Commissioner for Oaths

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Gadang Holdings Berhad, which comprise the statements of financial position as at 31 May 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 110 to 237.

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 May 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

### Basis for Opinion

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

*Independence and Other Ethical Responsibilities*

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

### Key Audit Matters

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

We have determined the matters described below to be the key audit matters to be communicated in our report.

**Goodwill Impairment**
Refer to Note 4.5 and Note 15 to the financial statements

| Key Audit Matter | How our audit addressed the Key Audit Matter |
| --- | --- |
| Goodwill on consolidation as at 31 May 2022 amounted to RM17,374,761.<br><br>Management is required to conduct annual impairment assessment on the goodwill. For this purpose, Management has estimated the recoverable amounts of the cash-generating unit in which the goodwill is attached to, using the value in use approach. This is derived from the present value of the future cash flows from the cash-generating unit.<br><br>This assessment is significant to our audit as it is highly subjective, involves significant judgement and is based on assumptions that may be affected by future market and economic conditions.<br><br>Further details are shown in Note 15 to the financial statements. | Our procedures included, amongst others:-<br><br>• Reviewed management's estimates of the recoverable amount and tested the cash flows forecast for their accuracy.<br><br>• Reviewed the key business drivers underpinning the cash flows forecast prepared to support the recoverable amount.<br><br>• Evaluated the appropriateness and reasonableness of the key assumptions by considering prior budget accuracy, comparison to recent performance and our understanding of the business, trend analysis, and historical results.<br><br>• Reviewed sensitivity analysis performed by management over the key assumptions to understand the impact of changes over the valuation model.<br><br>• Reviewed the adequacy of the Group's disclosures. |

| **Revenue Recognition for Construction Contracts**<br>Refer to Note 4.22(a) and Note 35 to the financial statements | |
|---|---|
| **Key Audit Matter** | **How our audit addressed the Key Audit Matter** |
| Revenue recognition for construction contracts, due to the contracting nature of the business, involves significant judgments. This includes the determination of the total budgeted contract costs and the calculation of percentage of completion which affects the quantum of revenue to be recognised. In estimating the revenue to be recognised, the management considers past experience and certification by customers and independent third parties, where applicable.<br><br>We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs and the determination of revenue recognised. | Our procedures included, amongst others:-<br><br>• Read key contracts and discussed with management to obtain full understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised.<br><br>• Assessed the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables and contract assets.<br><br>• Assessed the reasonableness of percentage of completion by comparing to certification by external parties.<br><br>• Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses.<br><br>• Tested costs incurred to date to supporting documentation such as contractors' claim certificates. |

<table>
<tr><td colspan="2">Revenue Recognition for Property Development Activities<br>Refer to Note 4.22(b) and Note 35 to the financial statements</td></tr>
<tr><td>Key Audit Matter</td><td>How our audit addressed the Key Audit Matter</td></tr>
<tr><td>The Group recognises property development revenue over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract.<br><br>Accounting for property development activities is inherently complex and there is judgement involved in the following areas:-<br><br>• determination of stage of completion<br>• estimated total property development costs and costs to be incurred to complete a project<br><br>We determined this to be a key audit matter given the complexity and judgmental nature of these activities.</td><td>Our procedures included, amongst others:-<br><br>• Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses.<br><br>• For newly launched projects, assessed the reasonableness of the estimated total property development costs to supporting documentation such as contracts, quotations and variation orders with contractors.<br><br>• For ongoing projects, checked for any variation orders and checked that changes to contracts and quotations with the contractors, if any, are properly supported.<br><br>• Tested costs incurred to date to supporting documentation such as contractors' claim certificates.<br><br>• Tested sales of properties to signed sales and purchase agreements and billings raised to property buyers.<br><br>• Assessed the reasonableness of the percentage of completion by comparing to certification by external parties.<br><br>• Recomputed the stage of completion and checked the journal entries impacting revenue and cost of sales are recognised appropriately with reference to the computation of the stage of completion of the projects.</td></tr>
</table>

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

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

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

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

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

**Responsibilities of the Directors for the Financial Statements**

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

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

**Auditors' Responsibility for the Audit of the Financial Statements**

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

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

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

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

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

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

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

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

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

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

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

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

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

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 5 to the financial statements.

## 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.

**Crowe Malaysia PLT**
201906000005 (LLP0018817-LCA) & AF 1018
Chartered Accountants

**Chin Kit Seong**
03030/01/2023 J
Chartered Accountant

Kuala Lumpur

15 September 2022

# Statements of Financial Position

As At 31 May 2022

| | Note | The Group 31.05.2022 RM | The Group 31.05.2021 RM (Restated) | The Group 01.06.2020 RM (Restated) | The Company 31.05.2022 RM | The Company 31.05.2021 RM |
|---|---|---|---|---|---|---|
| **ASSETS** | | | | | | |
| **Non-current assets** | | | | | | |
| Investments in subsidiaries | 5 | - | - | - | 148,305,229 | 148,305,229 |
| Investment in an associate | 6 | - | - | - | - | - |
| Investment in joint ventures | 7 | 227,286 | 1,574,255 | 1,273,190 | - | - |
| Intangible assets | 8 | 31,826,705 | 35,638,665 | 37,612,170 | - | - |
| Concession assets | 9 | 122,005,134 | 109,847,972 | 103,207,073 | - | - |
| Property, plant and equipment | 10 | 34,348,043 | 38,501,133 | 46,387,479 | 669,522 | 787,020 |
| Right-of-use assets | 11 | 4,459,359 | 4,519,705 | 4,574,256 | - | - |
| Investment properties | 12 | 72,374,691 | 72,619,718 | 76,109,386 | - | - |
| Inventories | 13 | - | 3,912,991 | 3,912,991 | - | - |
| Trade and non-trade receivables | 18 | 24,979,893 | 3,035,058 | 2,890,822 | 102,904,499 | 99,150,019 |
| Other investments | 14 | 1,798,000 | 3,416,200 | 6,800,000 | 1,798,000 | 3,416,200 |
| Goodwill on consolidation | 15 | 17,374,761 | 22,754,268 | 23,002,326 | - | - |
| Deferred tax assets | 16 | 22,069,181 | 31,442,825 | 26,770,260 | - | - |
| | | 331,463,053 | 327,262,790 | 332,539,953 | 253,677,250 | 251,658,468 |
| **Current assets** | | | | | | |
| Inventories | 13 | 631,665,190 | 760,902,232 | 796,558,446 | - | - |
| Contract costs | 17 | 6,585,858 | 3,756,968 | 1,437,986 | - | - |
| Trade and non-trade receivables | 18 | 126,865,633 | 151,293,604 | 143,364,421 | 149,772,778 | 140,493,157 |
| Contract assets | 21 | 174,283,582 | 184,554,472 | 157,334,650 | - | - |
| Current tax assets | | 2,835,609 | 7,644,367 | 8,474,286 | 150,340 | - |
| Short-term funds | 22 | 111,996,689 | 103,248,369 | 94,876,316 | 19,967,368 | 18,832,658 |
| Deposits with licensed banks | 23 | 27,208,865 | 74,805,639 | 101,609,741 | 6,053,055 | 12,169,150 |
| Cash and bank balances | 24 | 149,802,813 | 108,055,283 | 106,340,321 | 4,092,720 | 6,026,382 |
| | | 1,231,244,239 | 1,394,260,934 | 1,409,996,167 | 180,036,261 | 177,521,347 |
| **TOTAL ASSETS** | | 1,562,707,292 | 1,721,523,724 | 1,742,536,120 | 433,713,511 | 429,179,815 |

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

# Statements of **Financial Position**

As At 31 May 2022

| | | The Group | | | The Company | |
|---|---|---|---|---|---|---|
| | Note | 31.05.2022 RM | 31.05.2021 RM (Restated) | 01.06.2020 RM (Restated) | 31.05.2022 RM | 31.05.2021 RM |
| **EQUITY AND LIABILITIES** | | | | | | |
| **Equity** | | | | | | |
| Share capital | 25 | 389,520,715 | 389,520,609 | 389,520,609 | 389,520,715 | 389,520,609 |
| Reserves | 26 | 435,878,666 | 392,598,352 | 387,930,309 | 29,905,654 | 24,230,222 |
| **Equity attributable to owners of the Company** | | 825,399,381 | 782,118,961 | 777,450,918 | 419,426,369 | 413,750,831 |
| Non-controlling interests | 27 | 6,693,831 | 4,996,903 | 4,742,080 | - | - |
| **Total equity** | | 832,093,212 | 787,115,864 | 782,192,998 | 419,426,369 | 413,750,831 |
| **Non-current liabilities** | | | | | | |
| Bank borrowings | 28 | 209,226,678 | 255,476,056 | 169,479,470 | 10,312,500 | 14,062,500 |
| Deferred tax liabilities | 16 | 2,204,238 | 2,636,765 | 3,078,238 | 36,215 | 54,741 |
| Defined benefit obligations | 32 | 2,178,081 | 2,028,315 | 2,832,914 | - | - |
| Non-trade payables | 33 | 139,109,950 | 186,643,277 | 175,223,045 | - | - |
| | | 352,718,947 | 446,784,413 | 350,613,667 | 10,348,715 | 14,117,241 |
| **Current liabilities** | | | | | | |
| Trade and non-trade payables | 33 | 270,368,944 | 271,820,641 | 399,049,106 | 188,427 | 164,576 |
| Contract liabilities | 21 | 18,874,001 | 60,869,730 | 87,922,285 | - | - |
| Bank borrowings | 28 | 85,234,145 | 153,270,503 | 119,572,651 | 3,750,000 | 937,500 |
| Current tax liabilities | | 3,418,043 | 1,662,573 | 3,185,413 | - | 209,667 |
| | | 377,895,133 | 487,623,447 | 609,729,455 | 3,938,427 | 1,311,743 |
| **Total liabilities** | | 730,614,080 | 934,407,860 | 960,343,122 | 14,287,142 | 15,428,984 |
| **TOTAL EQUITY AND LIABILITIES** | | 1,562,707,292 | 1,721,523,724 | 1,742,536,120 | 433,713,511 | 429,179,815 |
| **NET ASSETS PER ORDINARY SHARE (RM)** | 34 | 1.13 | 1.07 | 1.07 | | |

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

# Statements of **Profit or Loss**

For The Financial Year Ended 31 May 2022

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | | 2022 | 2021 | 2022 | 2021 |
| | Note | RM | RM | RM | RM |
| | | | (Restated) | | |
| Revenue | 35 | 651,993,194 | 574,767,491 | 13,894,000 | 10,538,000 |
| Cost of sales | 36 | (518,840,052) | (494,231,444) | - | - |
| **Gross profit** | | 133,153,142 | 80,536,047 | 13,894,000 | 10,538,000 |
| Other income | 37 | 13,474,479 | 9,992,415 | 7,105,205 | 6,911,323 |
| Administrative expenses | | (27,481,843) | (27,815,091) | (7,524,953) | (7,603,100) |
| Depreciation and amortisation | | (8,391,434) | (7,356,825) | (181,836) | (108,631) |
| Operating expenses | | (18,853,226) | (15,496,736) | (2,422,591) | (1,836,893) |
| Other expenses | | (7,774,743) | (4,636,714) | (1,618,200) | (4,313,180) |
| Net impairment losses on financial assets | | (198,869) | - | - | - |
| Profit from operations | | 83,927,506 | 35,223,096 | 9,251,625 | 3,587,519 |
| Finance costs | 41 | (12,432,502) | (13,568,583) | (549,493) | (229,114) |
| Share of results in joint ventures | | (1,346,969) | 301,065 | - | - |
| Profit before taxation | 38 | 70,148,035 | 21,955,578 | 8,702,132 | 3,358,405 |
| Income tax expense | 42 | (26,979,820) | (8,691,255) | (842,518) | (1,179,017) |
| **Profit after taxation** | | 43,168,215 | 13,264,323 | 7,859,614 | 2,179,388 |
| **Profit after taxation attributable to:-** | | | | | |
| Owners of the Company | | 41,655,191 | 12,901,688 | 7,859,614 | 2,179,388 |
| Non-controlling interests | | 1,513,024 | 362,635 | - | - |
| | | 43,168,215 | 13,264,323 | 7,859,614 | 2,179,388 |
| Earnings per share (sen) | 43 | | | | |
| - Basic | | 5.72 | 1.77 | | |
| - Diluted | | 5.72 | 1.77 | | |

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

| | | The Group | | The Company | |
|---|---|---|---|---|---|
| | Note | 2022 RM | 2021 RM (Restated) | 2022 RM | 2021 RM |
| **Profit after taxation** | | 43,168,215 | 13,264,323 | 7,859,614 | 2,179,388 |
| Other comprehensive income:- | | | | | |
| Items that will not be reclassified subsequently to profit or loss | | | | | |
| Actuarial gain on defined benefit obligations | 32 | 183,106 | 659,035 | - | - |
| Less: Deferred tax effect | | (36,999) | (144,987) | - | - |
| | | 146,107 | 514,048 | - | - |
| Item that will be reclassified subsequently to profit or loss | | | | | |
| Foreign currency translation | | 3,842,507 | (1,970,311) | - | - |
| **Total comprehensive income for the financial year** | | 47,156,829 | 11,808,060 | 7,859,614 | 2,179,388 |
| **Total comprehensive income attributable to:-** | | | | | |
| Owners of the Company | | 45,464,496 | 11,553,237 | 7,859,614 | 2,179,388 |
| Non-controlling interests | | 1,692,333 | 254,823 | - | - |
| | | 47,156,829 | 11,808,060 | 7,859,614 | 2,179,388 |

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

# Statements of **Changes in Equity**

For The Financial Year Ended 31 May 2022

| The Group | Note | Share Capital RM | Share Option Reserves RM | Capital Reserves RM | Foreign Exchange Translation Reserves RM | Retained Profits RM | Equity Attributable To Owners of The Company RM | Non-controlling Interests RM | Total Equity RM |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 June 2020:** | | | | | | | | | |
| - as previously reported | | 389,520,609 | 5,680,518 | 1,346,681 | (1,735,335) | 419,248,707 | **814,061,180** | 4,742,080 | **818,803,260** |
| - effect of adoption of the Agenda Decision | | - | - | - | - | (36,610,262) | **(36,610,262)** | - | **(36,610,262)** |
| - as restated | | 389,520,609 | 5,680,518 | 1,346,681 | (1,735,335) | 382,638,445 | **777,450,918** | 4,742,080 | **782,192,998** |
| Profit after taxation for the financial year: | | | | | | | | | |
| - as previously reported | | - | - | - | - | 10,792,232 | **10,792,232** | 362,635 | **11,154,867** |
| - effect of adoption of the Agenda Decision | | - | - | - | - | 2,109,456 | **2,109,456** | - | **2,109,456** |
| - as restated | | - | - | - | - | 12,901,688 | **12,901,688** | 362,635 | **13,264,323** |
| Other comprehensive expenses for the financial year: | | | | | | | | | |
| - Actuarial gain on defined benefit obligations | | - | - | - | - | 514,048 | **514,048** | - | **514,048** |
| - Foreign currency translation differences | | - | - | - | (1,862,499) | - | **(1,862,499)** | (107,812) | **(1,970,311)** |
| Total comprehensive income for the financial year | | - | - | - | (1,862,499) | 13,415,736 | **11,553,237** | 254,823 | **11,808,060** |
| Balance carried forward | | 389,520,609 | 5,680,518 | 1,346,681 | (3,597,834) | 396,054,181 | **789,004,155** | 4,996,903 | **794,001,058** |

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

# Statements of **Changes in Equity**
As At 31 May 2022

| The Group | Note | Share Capital RM | Share Option Reserves RM | Capital Reserves RM | Foreign Exchange Translation Reserves RM | Retained Profits RM | Equity Attributable To Owners of The Company RM | Non-controlling Interests RM | Total Equity RM |
|---|---|---|---|---|---|---|---|---|---|
| Balance brought forward | | 389,520,609 | 5,680,518 | 1,346,681 | (3,597,834) | 396,054,181 | **789,004,155** | 4,996,903 | **794,001,058** |
| Contributions by and distribution to owners of the Company: | | | | | | | | | |
| - Dividend | 45 | - | - | - | - | (7,280,610) | **(7,280,610)** | - | **(7,280,610)** |
| - Recognition of share option expenses | | - | 395,416 | - | - | - | **395,416** | - | **395,416** |
| - ESOS lapsed | | - | (546,526) | - | - | 546,526 | **-** | - | **-** |
| Total transactions with owners | | - | (151,110) | - | - | (6,734,084) | **(6,885,194)** | - | **(6,885,194)** |
| **31 May 2021** | | **389,520,609** | **5,529,408** | **1,346,681** | **(3,597,834)** | **389,320,097** | **782,118,961** | **4,996,903** | **787,115,864** |

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

# Statements of **Changes in Equity**
As At 31 May 2022

| The Group | Note | Share Capital RM | Share Option Reserves RM | Capital Reserves RM | Foreign Exchange Translation Reserves RM | Retained Profits RM | Equity Attributable To Owners of The Company RM | Non-controlling Interests RM | Total Equity RM |
|---|---|---|---|---|---|---|---|---|---|
| **At 1 June 2021:** | | | | | | | | | |
| - as previously reported | | 389,520,609 | 5,529,408 | 1,346,681 | (3,597,834) | 423,820,903 | **816,619,767** | 4,996,903 | **821,616,670** |
| - effect of adoption of the Agenda Decision | | - | - | - | - | (34,500,806) | **(34,500,806)** | - | **(34,500,806)** |
| - as restated | | 389,520,609 | 5,529,408 | 1,346,681 | (3,597,834) | 389,320,097 | **782,118,961** | 4,996,903 | **787,115,864** |
| Profit after taxation for the financial year | | - | - | - | - | 41,655,191 | **41,655,191** | 1,513,024 | **43,168,215** |
| Other comprehensive expenses for the financial year: | | | | | | | | | |
| - Actuarial gain on defined benefit obligations | | - | - | - | - | 146,107 | **146,107** | - | **146,107** |
| - Foreign currency translation differences | | - | - | - | 3,663,198 | - | **3,663,198** | 179,309 | **3,842,507** |
| Total comprehensive income for the financial year | | - | - | - | 3,663,198 | 41,801,298 | **45,464,496** | 1,692,333 | **47,156,829** |
| Balance carried forward | | 389,520,609 | 5,529,408 | 1,346,681 | 65,364 | 431,121,395 | **827,583,457** | 6,689,236 | **834,272,693** |

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

# Statements of **Changes in Equity**
As At 31 May 2022

| The Group | Note | Share Capital RM | Share Option Reserves RM | Capital Reserves RM | Foreign Exchange Translation Reserves RM | Retained Profits RM | Equity Attributable To Owners of The Company RM | Non-controlling Interests RM | Total Equity RM |
|---|---|---|---|---|---|---|---|---|---|
| Balance brought forward | | 389,520,609 | 5,529,408 | 1,346,681 | 65,364 | 431,121,395 | **827,583,457** | 6,689,236 | **834,272,693** |
| Contributions by and distribution to owners of the Company: | | | | | | | | | |
| - Dividend | 45 | - | - | - | - | (2,184,182) | **(2,184,182)** | - | **(2,184,182)** |
| - Issuance of shares upon exercise of warrants | | 106 | - | - | - | - | **106** | - | **106** |
| - Acquisition of a subsidiary | 44 | - | - | - | - | - | **-** | 4,595 | **4,595** |
| - ESOS lapsed | | - | (5,529,408) | - | - | 5,529,408 | **-** | - | **-** |
| Total transactions with owners | | 106 | (5,529,408) | - | - | 3,345,226 | **(2,184,076)** | 4,595 | **(2,179,481)** |
| **31 May 2022** | | **389,520,715** | **-** | **1,346,681** | **65,364** | **434,466,621** | **825,399,381** | **6,693,831** | **832,093,212** |

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

| The Company | Note | Share Capital RM | Share Option Reserves RM | Retained Profits RM | Total RM |
|---|---|---|---|---|---|
| **At 1 June 2020** | | **389,520,609** | **5,680,518** | **23,255,510** | **418,456,637** |
| Profit after taxation for the financial year | | - | - | 2,179,388 | 2,179,388 |
| Contributions by and distribution to owners of the Company: | | | | | |
| - Recognition of share option expenses | | - | 395,416 | - | 395,416 |
| - ESOS lapsed | | - | (546,526) | 546,526 | - |
| - Dividend | 45 | - | - | (7,280,610) | (7,280,610) |
| Total transactions with owners | | - | (151,110) | (6,734,084) | (6,885,194) |
| **At 31 May 2021/1 June 2021** | | **389,520,609** | **5,529,408** | **18,700,814** | **413,750,831** |
| Profit after taxation for the financial year | | - | - | 7,859,614 | 7,859,614 |
| Contributions by and distribution to owners of the Company: | | | | | |
| - Issuance of shares upon exercise of warrant | | 106 | - | - | 106 |
| - Dividend | 45 | - | - | (2,184,182) | (2,184,182) |
| - ESOS lapsed | | - | (5,529,408) | 5,529,408 | - |
| Total transactions with owners | | 106 | (5,529,408) | 3,345,226 | (2,184,076) |
| **31 May 2022** | | **389,520,715** | **-** | **29,905,654** | **419,426,369** |

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| **Cash flows from/(for) operating activities** | | (Restated) | | |
| Profit before tax | 70,148,035 | 21,955,578 | 8,702,132 | 3,358,405 |
| Adjustments for:- | | | | |
| Accretion of interest on: | | | | |
| - amount owing to a director | 58,614 | 52,757 | - | - |
| - trade and non-trade receivables | (197,621) | (84,262) | - | - |
| Bad debts recovered | (29,278) | (373) | - | - |
| Bad debts written off | 20,200 | 6,525 | - | - |
| Deposit written off | - | 8,600 | - | - |
| Depreciation of: | | | | |
| - intangible assets | 4,824,106 | 2,783,062 | - | - |
| - investment properties | 837,338 | 966,202 | - | - |
| - property, plant and equipment | 9,768,909 | 10,246,642 | 181,836 | 108,631 |
| - right-of-use assets | 54,599 | 54,593 | - | - |
| Dividend received from | | | | |
| - short-term funds | (1,320,971) | (1,411,345) | (175,813) | (404,765) |
| - subsidiaries | - | - | (6,000,000) | (2,500,000) |
| Fair value loss on quoted investments | 1,618,200 | 2,838,200 | 1,618,200 | 2,838,200 |
| Impairment loss on: | | | | |
| - goodwill | 5,939,203 | - | - | - |
| - intangible assets | - | 573,339 | - | - |
| - trade and non-trade receivables | 198,869 | - | - | - |
| Intangible assets written off | 6,721 | 4,573 | - | - |
| Interest expense on: | | | | |
| - bank borrowings | 13,238,456 | 15,280,060 | 549,493 | 229,114 |
| - hire purchase interest | 130,607 | 113,682 | - | - |
| Interest income | (1,750,916) | (2,274,910) | (4,253,500) | (6,198,841) |

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM (Restated) | RM | RM |
| **Cash flows from/(for) operating activities (Cont'd)** | | | | |
| Adjustments for:- (Cont'd) | | | | |
| Net gain on disposal of: | | | | |
| - investment properties | - | (156,534) | - | - |
| - other investments | - | (57,670) | - | (57,670) |
| - property, plant and equipment | (4,261,809) | (2,853,625) | - | - |
| Net increase/(decrease) in liability for defined benefit obligations | 411,767 | (64,216) | - | - |
| Net unrealised (gain)/loss on foreign exchange | (1,903,547) | 817,046 | (2,463,159) | 1,472,137 |
| Property, plant and equipment written off | 1,386 | 21,667 | - | 154 |
| Share of results in joint ventures | 1,346,969 | (301,065) | - | - |
| Share option expenses | - | 395,416 | - | 395,416 |
| Share option expenses charged to subsidiaries | - | - | - | (307,792) |
| Operating profit/(loss) before working capital changes | 99,139,837 | 48,913,942 | (1,840,811) | (1,067,011) |
| Changes in working capital:- | | | | |
| Net increase in contract assets/(liabilities) | (31,724,839) | (54,272,377) | - | - |
| Increase in contract costs | (2,828,890) | (2,318,982) | - | - |
| Increase in inter-company balances | - | - | (8,359,313) | (20,887,243) |
| Decrease in inventories | 133,150,033 | 35,610,609 | - | - |
| (Decrease)/Increase in payables | (49,123,578) | (114,999,424) | 23,851 | (91,811) |
| Decrease/(Increase) in receivables | 2,576,766 | (8,003,909) | (62,631) | 274,363 |
| Cash generated from/(used in) operations | 151,189,329 | (95,070,141) | (10,238,904) | (21,771,702) |
| Net income tax paid | (11,510,186) | (14,648,441) | (1,221,051) | (1,454,710) |
| **Net Operating Cash Flows** | 139,679,143 | (109,718,582) | (11,459,955) | (23,226,412) |

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| **Cash flows (for)/from investing activities** | | (Restated) | | |
| Acquisition of: | | | | |
| - concession assets | (7,382,326) | (9,414,488) | - | - |
| - investment properties | (592,311) | - | - | - |
| - intangible assets | (472,312) | (1,830,770) | - | - |
| - property, plant and equipment (Note 46(a)) | (5,538,621) | (2,959,354) | (64,338) | (480,262) |
| Dividends received from | | | | |
| - subsidiaries | - | - | 6,000,000 | 2,500,000 |
| - short-term funds | 1,320,971 | 1,411,345 | 175,813 | 404,765 |
| Interest received | 1,750,916 | 2,274,910 | 151,368 | 341,077 |
| Investment in a new subsidiary (Note 44) | 4,595 | - | - | - |
| Proceeds from disposal of: | | | | |
| - investment properties | - | 2,680,000 | - | - |
| - other investment | - | 603,270 | - | 603,270 |
| - property, plant and equipment | 4,357,512 | 2,618,831 | - | 749 |
| - right-of-use assets | - | 897,500 | - | - |
| Net advances to subsidiaries | - | - | 1,942,279 | (6,846,740) |
| **Net Investing Cash Flows** | (6,551,576) | (3,718,756) | 8,205,122 | (3,477,141) |

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

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| | | (Restated) | | |
| **Cash flows (for)/from financing activities** | | | | |
| Dividends paid | (2,184,182) | (7,280,610) | (2,184,182) | (7,280,610) |
| Drawdown of bank borrowings | 50,314,788 | 186,233,819 | - | 15,000,000 |
| Drawdown of hire purchase | 4,170,537 | 4,180,177 | - | - |
| Fixed deposits pledged as security | 44,358,834 | 21,446,815 | 11,560,315 | (190,755) |
| Interest expense on: | | | | |
| - bank borrowings | (13,238,456) | (15,280,060) | (549,493) | (229,114) |
| - hire purchases | (130,607) | (113,682) | - | - |
| Proceeds from issuance of warrants exercised | 106 | - | 106 | - |
| Repayment of: | | | | |
| - bank borrowings | (164,777,755) | (60,736,461) | (937,500) | - |
| - hire purchases payables | (5,231,549) | (5,410,900) | - | - |
| **Net Financing Cash Flows** | (86,718,284) | 123,039,098 | 7,889,246 | 7,299,521 |
| **Net changes in cash and cash equivalents** | 46,409,283 | 9,601,760 | 4,634,413 | (19,404,032) |
| Effect of exchange rate changes on cash and cash equivalents | 876,733 | (656,414) | 10,855 | (36,566) |
| **Cash and cash equivalents at the beginning of the financial year** | 222,072,561 | 213,127,215 | 24,859,040 | 44,299,638 |
| **Cash and cash equivalents at the end of the financial year (Note 46(c))** | 269,358,577 | 222,072,561 | 29,504,308 | 24,859,040 |

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

## 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office, which is also the principal place of business, is at Wisma Gadang, No. 52, Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 15 September 2022.

## 2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and the provision of management services to the subsidiaries. The principal activities of the subsidiaries are disclosed in Note 5 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 are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

**MFRSs and/or IC Interpretations (Including The Consequential Amendments)**
Amendment to MFRS 16: Covid-19-Related Rent Concessions
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements except for the adoption of the IFRIC Agenda Decision on MFRS 123 Borrowing Costs. The effect of the adoption of the Agenda Decision is disclosed in Note 53 to the financial statements.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

| **MFRSs and/or IC Interpretations (Including The Consequential Amendments)** | **Effective Date** |
|---|---|
| MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendments to MFRS 3: Reference to the Conceptual Framework | 1 January 2022 |
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred |
| Amendments to MFRS 17 Insurance Contracts | 1 January 2023 |
| Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information | 1 January 2023 |
| Amendment to MFRS 101: Classification of Liabilities as Current or Non-current | 1 January 2023 |

## 3. Basis Of Preparation (Cont'd)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:- (Cont'd)

| MFRSs and/or IC Interpretations (Including the Consequential Amendments) | Effective Date |
|---|---|
| Amendments to MFRS 101: Disclosure of Accounting Policies | 1 January 2023 |
| Amendments to MFRS 108: Definition of Accounting Estimates | 1 January 2023 |
| Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction | 1 January 2023 |
| Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use | 1 January 2022 |
| Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract | 1 January 2022 |
| Annual Improvements to MFRS Standards 2018 - 2020 | 1 January 2022 |

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

## 4. SIGNIFICANT ACCOUNTING POLICIES

### 4.1 Critical Accounting Estimates and Judgements

The outbreak of the Covid-19 has brought unprecedented challenges and added economic uncertainties in Malaysia and markets in which the Group operates. While the Group has considered the potential financial impact of the Covid-19 pandemic in the preparation of these financial statements, the full financial impact to the Group remains uncertain. Accordingly, there is a possibility that factors not currently anticipated by management could occur in the future and therefore affect the recognition and measurement of the Group's assets and liabilities at the reporting date.

*Key Sources of Estimation Uncertainty*

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

**(a) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and current tax liabilities as at the reporting date are RM2,835,609 (2021 - RM7,644,367) and RM3,418,043 (2021 - RM1,662,573) respectively.

**(b) Impairment of Investment Properties**

The Group determines whether an item of its investment properties is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates which are subject to higher degree of estimation uncertainties due to the impact of Covid-19 pandemic in markets in which the Group operates. The carrying amount of investment properties as at the reporting date is disclosed in Note 12 to the financial statements.

**(c) Revenue and Cost Recognition of Property Development Activities**

The Group recognises property development revenue as and when the control of the asset is transferred to a customer and it is probable that the Group will collect the consideration to which it will be entitled. The control of the asset may transfer over time or at a point in time depending on the terms of the contract with the customer and the application laws governing the contract.

## 4. Significant Accounting Policies (Cont'd)

### 4.1 Critical Accounting Estimates and Judgements (Cont'd)

*Key Sources of Estimation Uncertainty (Cont'd)*

**(c) Revenue and Cost Recognition of Property Development Activities (Cont'd)**

When the control of the asset is transferred over time, the Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted 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. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists. The carrying amount of property development costs as at the reporting date is disclosed in Note 13(b) to the financial statements.

**(d) Revenue Recognition for Construction Contracts**

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 21 to the financial statements.

**(e) Impairment of Goodwill**

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows which are subject to higher degree of estimation uncertainties due to the impact of Covid-19 pandemic in markets in which the Group operates. The carrying amount of goodwill as at the reporting date and the key assumptions and sensitivity analysis are disclosed in Note 15 to the financial statements.

**(f) Impairment of Trade Receivables and Contract Assets**

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales (including changes in the customer payment profile in response to the Covid-19 pandemic) and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 18 and 21 to the financial statements respectively.

# 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.1 Critical Accounting Estimates and Judgements (Cont'd)

*Key Sources of Estimation Uncertainty (Cont'd)*

### (g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions as well as forward-looking information incorporating the impact of Covid-19 pandemic. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Notes 18 and 19 to the financial statements respectively.

### (h) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 13 to the financial statements.

### (i) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amounts of deferred tax assets and deferred tax liabilities as at the reporting date is disclosed in Note 16 to the financial statements.

### (j) Projected Revenue of the Intangible Assets

Significant estimation is involved in determining the projected revenue of intangible assets where the concession periods range between 15 to 25 years. The projected revenue is estimated based on the contracted tariff as set out in the concession agreement and projected consumption as assessed by the management.

A projection, in this context, means prospective financial information prepared on the basis of assumptions that includes hypothetical assumptions as to future events and management's actions. The projection covers an extended future period for which there are inherent risks; actual results could differ from the projection, which will result in operating results being adjusted in the period in which the revision to assumptions is made. The carrying amount of intangible assets as at the reporting date is disclosed in Note 8 to the financial statements.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.1 Critical Accounting Estimates and Judgements (Cont'd)

*Key Sources of Estimation Uncertainty (Cont'd)*

**(k) Carrying Value of Investments in Subsidiaries**

Investments in subsidiaries are reviewed for impairment annually in accordance with its accounting policy or whenever events or changes in circumstances indicate that the carrying values may not be recoverable.

Significant judgement is required in the estimation of the present value of future cash flows generated by the subsidiaries, which involves uncertainties and are significantly affected by assumptions and judgements made regarding estimates of future cash flows and discount rates. Changes in assumptions could significantly affect the carrying value of investments in subsidiaries. The carrying amount of investments in subsidiaries as at the reporting date is disclosed in Note 5 to the financial statements.

*Critical Judgements Made in Applying Accounting Policies*

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

**(a) Classification between Investment Properties and Owner-occupied Properties**

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

**(b) Lease Terms**

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

## 4. Significant Accounting Policies (Cont'd)

### 4.1 Critical Accounting Estimates and Judgements (Cont'd)

*Critical Judgements Made in Applying Accounting Policies (Cont'd)*

**(c) Contingent Liabilities**

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, the directors are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

### 4.2 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument or a component that is a financial liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

## 4. Significant Accounting Policies (Cont'd)

### 4.2 Financial Instruments (Cont'd)

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

#### (a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

*Debt Instruments*

*(i) Amortised Cost*

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

*(ii) Fair Value Through Other Comprehensive Income*

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

*(iii) Fair Value through Profit or Loss*

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

# 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

## 4.2 Financial Instruments (Cont'd)

### (a) Financial Assets (Cont'd)

*Equity Instruments*

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

### (b) Financial Liabilities

*(i) Financial Liabilities at Fair Value through Profit or Loss*

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

*(ii) Other Financial Liabilities*

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.2 Financial Instruments (Cont'd)

#### (c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

#### (d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

#### (e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 Functional and Foreign Currencies

#### (a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

#### (b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

#### (c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.3 Functional and Foreign Currencies (Cont'd)

#### (c) Foreign Operations (Cont'd)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to foreign operation is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

### 4.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

## 4. Significant Accounting Policies (Cont'd)

### 4.4 Basis of Consolidation (Cont'd)

#### (a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

#### (b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

#### (c) Changes in Ownership Interests in Subsidiaries without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

#### (d) Loss of Control

Upon loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

## 4. Significant Accounting Policies (Cont'd)

### 4.4 Basis of Consolidation (Cont'd)

#### (d) Loss of Control (Cont'd)

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

### 4.5 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

### 4.6 Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes the transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.7 Investments in Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 May 2022. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statements of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

### 4.8 Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint operations and joint ventures.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.8 Joint Arrangements (Cont'd)

#### (a) Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, the obligations for the liabilities, relating to the arrangement. The Group accounts for each of its interest in the joint operations the assets, liabilities, revenue and expenses (including its share of those held or incurred jointly with the other investors) in accordance with the applicable accounting standards.

#### (b) Joint Ventures

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 May 2022. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statements of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's investment in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.9 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The principal annual rates used for this purpose are:-

| | |
|---|---|
| Buildings | 2% - 12.5% |
| Plant and machinery | 10% - 20% |
| Tools and equipment | 10% - 20% |
| Office equipment | 10% - 33.3% |
| Furniture and fittings | 10% |
| Motor vehicles | 10% - 25% |
| Renovation | 10% |

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.10 Impairment

#### (a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

#### (b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value-in-use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.10 Impairment (Cont'd)

#### (b) Impairment of Non-financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case, the reversal of the impairment loss is treated as a revaluation increase.

### 4.11 Investment Properties

Investment properties are properties which are owned or right-to-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties range from 50 to 999 years.

Freehold land and investment property under construction is not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.12 Inventories

#### (a) Land Held for Property Development and Property Development Costs

##### (i) Land Held for Property Development

Land held for property development represents land on which no significant development work has been undertaken.

Land held for property development is stated at the lower of cost and net realisable value.

The cost comprises cost associated with the purchase of land, conversion fees and other relevant levies, and an appropriate proportion of common infrastructure costs.

Net realisable value represents the estimated selling price of intended properties that to be developed less the estimated costs of completion and the estimated costs necessary in selling the properties. If future development layout plan is not available, the replacement cost of the land held for property development will be the best available measure of the net realisable value.

Land held for property development is transferred to property development cost category when development activities have commenced and are expected to be completed within the normal operating cycle.

##### (ii) Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenue and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs at the end of the reporting period.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.12 Inventories (Cont'd)

#### (a) Land Held for Property Development and Property Development Costs (Cont'd)

##### (ii) Property Development Costs (Cont'd)

The excess of revenue recognised in the profit or loss over billings to purchasers is shown as contract assets and the excess of billings to purchasers over revenue recognised in profit or loss is shown as contract liabilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling property.

#### (b) Completed Development Properties Held for Sales

Inventories, which consist of completed development properties held for sale, the cost of completed development properties is stated at the lower of historical cost and net realisable value. Historical cost includes, where relevant, cost associated with the acquisition of land, including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended case, related development costs to projects, direct building cost and other costs of bringing the inventories to their present location and condition.

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

#### (c) Other Inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

### 4.13 Contract Costs

#### (a) Incremental Costs of Obtaining a Contract

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

#### (b) Costs to Fulfil a Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.13 Contract Costs (Cont'd)

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

### 4.14 Contract Assets and Contract Liabilities

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

### 4.15 Borrowing Costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

Borrowing costs incurred on borrowings to finance the construction of concession assets during the period that is required to complete and prepare the assets for its intended use are capitalised as part of the cost of the asset.

In line with the IFRIC Agenda Decision, the Group has excluded properties under development where control is transferred to customer over time, as qualifying assets for the purposes of borrowing cost capitalization. Consequently, all borrowing costs incurred ceased to be capitalised when the properties under development are ready for their intended sale and are expensed to profit and loss when incurred.

All other borrowing costs are charged to profit or loss in the period in which they are incurred.

### 4.16 Income Taxes

#### (a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the tax authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.16 Income Taxes (Cont'd)

#### (b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

### 4.17 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged to financial institutions.

### 4.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.19 Employee Benefits

#### (a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the cost of sales and administrative expenses, where appropriate, in the period in which the associated services are rendered by employees of the Group.

#### (b) Defined Contribution Plans

The Group's contributions to a defined contribution plans are recognised in profit or loss and included in the cost of sales and administrative expenses, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans. Foreign subsidiaries of the Group makes contributions to its respective country's pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred.

#### (c) Unfunded Defined Benefit Plan

Foreign subsidiaries in Indonesia operate an unfunded defined benefit plan ("the plan") for its eligible employees in accordance with the local labour law. The defined benefit obligations under the plan, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries. That benefit is discounted to determine its present value.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

#### (d) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than twelve months after the end of the reporting date are discounted to present value.

#### (e) Share-based Payment Transactions

The Group operates an equity-settled share-based compensation plan, under which the Group receives services from employees as consideration for equity instruments of the Company (known as "share options").

At grant date, the fair value of the share options is recognised as an expense on a straight-line method over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding credit to share option reserve in equity. The amount recognised as an expense is adjusted to reflect the actual number of the share options that are expected to vest. Service and non-market performance conditions attached to the transaction are not taken into account in determining the fair value.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.19 Employee Benefits (Cont'd)

#### (e) Share-based Payment Transactions (Cont'd)

In the Company's separate financial statements, the grant of the share options to the subsidiaries' employees is not recognised as an expense. Instead, the fair value of the share options measured at the grant date is accounted for as an increase to the investment in subsidiary undertaking with a corresponding credit to the share option reserve.

Upon expiry of the share option, the employee share option reserve is transferred to retained profits.

When the share options are exercised, the employee share option reserve is transferred to share capital if new ordinary shares are issued.

### 4.20 Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and the warrants.

### 4.21 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. However, this basis does not apply to share-based payment transactions.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

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

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.22 Revenue from Contracts with Customers

Revenue from contracts with customers is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

**(a) Construction Services**

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

**(b) Revenue from Property Development**

Revenue from property development is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.22 Revenue from Contracts with Customers (Cont'd)

#### (b) Revenue from Property Development (Cont'd)

A receivable is recognised when the development activities are carried out as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

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.

#### (c) Water Concession

Revenue from water concession is recognised upon transfer of treated water as measured by the meter reading in the water treatment plant.

### 4.23 Revenue from Other Sources and Other Operating Income

#### (a) Management Fee and Administrative Charges

Management fee and administrative charges are recognised upon performance of services.

#### (b) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

#### (c) Dividend Income

Dividend income from investments is recognised when the right to receive dividend payment is established.

#### (d) Interest Income

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

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains/losses.

### 4.24 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### 4.25 Warrants

Warrants are recognised on the date of issue. The issue of ordinary shares upon exercise of warrants are treated as new subscription of ordinary shares for the consideration equivalent to the warrants exercise price.

### 4.26 Service Concession Assets

**(a) Concession Assets Under Build, Operate And Own**

Concession assets comprise cost associated with land and building, aggregate cost of development, mini hydro power treatment plants and electromechanical equipment, generator sets, turbine, transmission line and distribution mains constructed and maintained by the Group under the Concession Agreements entered into by the Group. The Group Build, Operate and Own the concession assets.

Concession assets are amortised upon the commencement of the concession period on a straight-line method over the concession period of 15 - 21 years. The costs of maintenance of concession assets are recognised in profit or loss when incurred.

Where an indication of impairment exists, the carrying amount of the concession asset is assessed and written down immediately to its recoverable amount. Management fee and administrative charges are recognised upon performance of services.

**(b) Intangible Assets Under Build, Operate And Transfer, or Rehabilitate, Upgrade, Operate And Transfer**

Intangible assets are measured on initial recognition at cost. The cost of intangible asset of the Group comprises cost incurred in relation to service concession arrangements which comprise structures, land and buildings, water treatment plants and equipment, reservoirs, dams and distribution pipes operated and maintained by the Group under the Concession Agreements. Under the agreements of Build, Operate and Transfer, or Rehabilitate, Upgrade, Operate and Transfer, the Group is required to hand over the facilities at end of the concession period to the concession providers.

Intangible assets are depreciated over the concession period with a finite useful life using the unit of water revenue method as follows:-

$$\frac{\text{Cumulative actual water revenue}}{\text{Total projected water revenue of the concession}} \times \begin{array}{c}\text{Concession assets}\\ \text{capitalised to date}\end{array}$$

The rationale for using the unit of water revenue method is in line with the pattern in which the assets' economic benefits are consumed by the Group.

The projected total water revenue is estimated based on the contracted tariff and projected water consumption. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the depreciation period or method, as appropriate, and are treated as changes in accounting estimates.

## 4. Significant Accounting Policies (Cont'd)

### 4.26 Service Concession Assets (Cont'd)

#### (b) Intangible Assets Under Build, Operate And Transfer, or Rehabilitate, Upgrade, Operate And Transfer (Cont'd)

At the end of each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

The depreciation on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statements of profit or loss when the asset is derecognised.

### 4.27 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

## 5. INVESTMENTS IN SUBSIDIARIES

| | The Company 2022 RM | The Company 2021 RM |
|---|---|---|
| Unquoted shares, at cost | 135,699,389 | 135,699,389 |
| Amount owing by subsidiaries | 14,372,774 | 14,372,774 |
| Share options granted to employees of subsidiaries | 6,943,066 | 6,943,066 |
| | 157,015,229 | 157,015,229 |
| Allowance for impairment loss | (8,710,000) | (8,710,000) |
| | 148,305,229 | 148,305,229 |

The details of the subsidiaries are as follows:-

| Name of Subsidiary | Principal Place of Business/ Country of Incorporation | Percentage of Issued Share Capital Held by Parent 2022 % | Percentage of Issued Share Capital Held by Parent 2021 % | Principal Activities |
|---|---|---|---|---|
| Gadang Engineering (M) Sdn Bhd and its subsidiaries | Malaysia | 100 | 100 | Earthworks, building and civil engineering construction works and investment holding |
| Bincon Sdn Bhd | Malaysia | 100 | 100 | Hire of plant and machinery |
| Era Berkat Sdn Bhd * | Malaysia | 100 | 100 | Earthwork contractors |
| Katah Realty Sdn Bhd | Malaysia | 100 | 100 | Building and civil engineering construction works |
| Kartamo Corporation Sdn Bhd | Malaysia | 100 | 100 | Building and civil engineering construction works |

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of Subsidiary | Principal Place of Business/ Country of Incorporation | Percentage of Issued Share Capital Held by Parent 2022 % | 2021 % | Principal Activities |
|---|---|---|---|---|
| Gadang Engineering (M) Sdn Bhd and its subsidiaries (Cont'd) | | | | |
| Gadang Construction Sdn Bhd | Malaysia | 100 | 100 | Earthwork, building and civil engineering construction works |
| Yi Sheng Foundation Pte Ltd * and its subsidiaries | Singapore | 100 | 100 | Contractor of bored pile works |
| Usaha Pesona Sdn Bhd * | Malaysia | 100 | - | Contractor of bored pile works |
| UA Foundation Pte Ltd * | Singapore | 51 | - | Contractor of bored pile works |
| Regional Utilities Sdn Bhd * and its subsidiaries | Malaysia | 100 | 100 | Investment holding |
| PT Asian Utilities Indonesia * | Indonesia | 100 | 100 | Management consulting services |
| Nusantara Suriamas Sdn Bhd * | Malaysia | 70 | 70 | Solar power plant producer |
| Asian Utilities Pte Ltd * and its subsidiaries | Singapore | 100 | 100 | Investment holding |
| PT Taman Tirta Sidoarjo * | Indonesia | 95 | 95 | Water concession |
| PT Bintang Hytien Jaya * | Indonesia | 95 | 95 | Water concession |
| PT Hanarida Tirta Birawa * | Indonesia | 95 | 95 | Water concession |
| PT Ikhwan Mega Power * | Indonesia | 60 | 60 | Power concession |
| PT Dewata Bangun Tirta * | Indonesia | 95 | 95 | Water concession |
| PT Hidronusa Rawan Energi * | Indonesia | 80 | 80 | Power concession |
| Datapuri Sdn Bhd | Malaysia | 100 | 100 | Provision of mechanical and electrical engineering services |

## 5. Investments In Subsidiaries (Cont'd)

| Name of Subsidiary | Principal Place of Business/ Country of Incorporation | Percentage of Issued Share Capital Held by Parent 2022 % | 2021 % | Principal Activities |
|---|---|---|---|---|
| Mandy Corporation Sdn Bhd | Malaysia | 100 | 100 | Property development, building and civil engineering contractor |
| Achwell Property Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Gadang Land Sdn Bhd and its subsidiaries | Malaysia | 100 | 100 | Property development, provision of management services and investment holding |
| Magnaway Sdn Bhd * | Malaysia | 100 | 100 | Property management and maintenance |
| Noble Paradise Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Sama Pesona Sdn Bhd * | Malaysia | 100 | 100 | Property development |
| Damai Klasik Sdn Bhd * | Malaysia | 100 | 100 | Property development |
| City Version Sdn Bhd * | Malaysia | 100 | 100 | Property development |
| Splendid Pavilion Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Natural Domain Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Crimson Villa Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Elegance Sonata Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Hillstrand Development Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Detik Tiara Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Skyline Symphony Sdn Bhd * | Malaysia | 100 | 100 | Property development |
| Tema Warisan Sdn Bhd | Malaysia | 100 | 100 | Property development |
| Prelude Avenue Sdn Bhd * | Malaysia | 100 | 100 | Property development |
| Special Courtyard Sdn Bhd * | Malaysia | 100 | 100 | Property management and maintenance |

## 5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

| Name of Subsidiary | Principal Place of Business/ Country of Incorporation | Percentage of Issued Share Capital Held by Parent 2022 % | 2021 % | Principal Activities |
|---|---|---|---|---|
| Gadang Properties Sdn Bhd and its subsidiary | Malaysia | 100 | 100 | Property development and investment holding |
| Buildmark Sdn Bhd * | Malaysia | 100 | 100 | Property development |
| Flora Masyhur Sdn Bhd * and its subsidiary | Malaysia | 100 | 100 | Property development |
| Camar Ajaib Sdn Bhd | Malaysia | 100 | 100 | Property development |
| GLP Resources (M) Sdn Bhd * | Malaysia | 100 | 100 | Dormant |
| Gadang Plantations Holdings Sdn Bhd * | Malaysia | 100 | 100 | Investment holding |

* *These subsidiaries were audited by other firms of chartered accountants.*

(a) During the financial year, the following changes in investment in subsidiaries were effected:-

On 8 February 2022, the Company's indirect wholly-owned subsidiary, Yi Sheng Foundation Pte Ltd ("Yi Sheng") acquired 1 ordinary share representing 100% of the equity interest in Usaha Pesona Sdn Bhd ("Usaha Pesona") for a total purchase consideration of RM1. With this acquisition, Usaha Pesona became an indirect wholly-owned subsidiary of the Company. The intended principal activity of Usaha Pesona shall be contractor of bored pile works.

On 14 March 2022, Yi Sheng subscribed for 51% equity interest representing 1,530 ordinary shares in UA Foundation Pte Ltd ("UAF") for a total purchase consideration of SGD1,530. With this subscription, UAF became an indirect 51% subsidiary of the Company. The intended principal activity of UAF shall also be contractor of bored pile works.

The details of the acquisition are disclosed in Note 44 to the financial statements.

(b) Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

## 6. INVESTMENT IN AN ASSOCIATE

| | The Group 2022 RM | The Group 2021 RM |
|---|---|---|
| Unquoted shares, at cost | 25 | 25 |
| Share of post-acquisition reserves | (25) | (25) |
| | - | - |

The details of the associate are as follows:-

| Name of Associate | Principal Place of Business/ Country of Incorporation | Percentage of Ownership 2022 % | Percentage of Ownership 2021 % | Principal Activity |
|---|---|---|---|---|
| Maha Abadi Sdn Bhd | Malaysia | 25 | 25 | Dormant |

Summarised financial information of the associate has not been presented as the associate is not individually material to the Group.

## 7. Investment In Joint Ventures

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| Unquoted shares, at cost | 510,001 | 510,001 |
| Share of post-acquisition reserves | (282,715) | 1,064,254 |
| | 227,286 | 1,574,255 |

The details of the joint ventures are as follows:-

| Name of Joint Venture | Principal Place of Business/ Country of Incorporation | Percentage of Ownership 2022 % | 2021 % | Principal Activities |
|---|---|---|---|---|
| Zeta Datapuri JV Sdn Bhd | Malaysia | 45 | 45 | Provision of mechanical and electrical engineering services |
| Gadang CRFG Consortium Sdn Bhd | Malaysia | 51 | 51 | Civil engineering construction works |

(a) The Group's involvement in joint arrangements are structured through separate vehicles which provide the Group rights to the net assets of the entities. Accordingly, the Group has classified these investments as joint ventures.

(b) Although the Group holds more than 50% of the voting power in Gadang CRFG Consortium Sdn Bhd, the Group has determined that it does not have sole control over the investee considering that strategic and financial decisions of the relevant activities of the investee require unanimous consent of all the shareholders.

## 7. INVESTMENT IN JOINT VENTURES (CONT'D)

(c) The summarised audited financial information (after the alignment for the Group's accounting policies) for each joint venture that is material to the Group is as follows:-

| | Gadang CRFG Consortium Sdn Bhd | |
|---|---|---|
| | **2022** | **2021** |
| At 31 May | **RM** | **RM** |
| Non-current assets | 2,149,546 | 3,147,707 |
| Current assets | 29,499,117 | 33,725,603 |
| Current liabilities | (31,973,846) | (34,448,655) |
| Net assets | (325,183) | 2,424,655 |
| Financial year ended 31 May | | |
| Revenue | 35,022,786 | 54,250,112 |
| Depreciation of plant and equipment | (623,556) | (610,446) |
| Income tax expense | (376,544) | (178,759) |
| (Loss)/Profit after taxation for the financial year | (2,749,838) | 475,856 |
| Other comprehensive income | - | - |
| Total comprehensive (expenses)/income | (2,749,838) | 475,856 |
| Group's share of (loss)/profit for the financial year | (1,402,417) | 242,687 |
| Group's share of other comprehensive income | - | - |
| Reconciliation of Net Assets to Carrying Amount | | |
| Group's share of net assets above | (165,843) | 1,236,574 |
| Carrying amount of Group's interest in this joint venture | (165,843) | 1,236,574 |

(d) The summarised unaudited financial information (after the alignment for the Group's accounting policies) for the other joint venture that is immaterial to the Group is as follows:-

| | Other Immaterial Joint Venture | |
|---|---|---|
| | **2022** | **2021** |
| Financial year ended 31 May | **RM** | **RM** |
| Group's share of profit for the financial year | 55,448 | 58,378 |
| Group's share of other comprehensive income | - | - |
| Group's share of total comprehensive income | 55,448 | 58,378 |
| Aggregate carrying amount of the Group's interests in joint venture | 393,128 | 337,681 |

## 8. Intangible Assets

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| **Cost** | | (Restated) |
| At 1 June 2021 (as restated)/ At 1 June 2020 (as previously reported) | 66,494,117 | - |
| Restatement for financial year ended 31 May 2021 | - | 65,950,315 |
| At 1 June 2021 (as restated)/At 1 June 2020 (as restated) | 66,494,117 | 65,950,315 |
| Additions | 339,115 | 1,830,770 |
| Disposals/Write-offs | (69,872) | (27,398) |
| Reclassification | 133,197 | - |
| Foreign exchange difference | 1,824,739 | (1,259,570) |
| At 31 May | 68,721,296 | 66,494,117 |
| **Accumulated depreciation** | | |
| At 1 June 2021 (as restated)/ At 1 June 2020 (as previously reported) | (29,984,513) | - |
| Restatement for financial year ended 31 May 2021 | - | (28,032,307) |
| At 1 June 2021 (as restated)/At 1 June 2020 (as restated) | (29,984,513) | (28,032,307) |
| Charge for the financial year (Note 38) | (4,824,106) | (2,783,062) |
| Disposals/Write-offs | 63,151 | 22,824 |
| Foreign exchange difference | (1,266,855) | 808,032 |
| At 31 May | (36,012,323) | (29,984,513) |
| **Accumulated impairment loss** | | |
| At 1 June 2021 (as restated)/ At 1 June 2020 (as previously reported) | (870,939) | - |
| Restatement for financial year ended 31 May 2021 | - | (305,838) |
| At 1 June 2021 (as restated)/At 1 June 2020 (as restated) | (870,939) | (305,838) |
| Additions during the financial year (Note 38) | - | (573,339) |
| Foreign exchange difference | (11,329) | 8,238 |
| At 31 May | (882,268) | (870,939) |
| Carrying value | 31,826,705 | 35,638,665 |

In the previous financial year, intangible assets with an aggregate carrying value of RM13,709,139 were pledged to licensed banks as security for credit facilities granted to subsidiaries as disclosed in Note 29 to the financial statements.

In the previous financial year, a 95% owned subsidiary of the Group has carried out a review of the recoverable amount of its concession assets because the subsidiary had been persistently making losses. An impairment loss of RM573,339, representing the write-down of the concession assets to the recoverable amount was recognised in "Other Expenses" line item of the statements of profit or loss and other comprehensive income as disclosed in Note 38 to the financial statements. The recoverable amount was based on its fair value less cost to sell.

## 9. Concession Assets

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| **Cost** | | (Restated) |
| At 1 June 2021 (as restated)/ | | |
| At 1 June 2020 (as previously reported) | 109,847,972 | 170,850,377 |
| Restatement for financial year ended 31 May 2021 | - | (67,643,304) |
| At 1 June 2021/2020 (as restated) | 109,847,972 | 103,207,073 |
| Additions | 7,382,326 | 9,414,488 |
| Foreign exchange difference | 4,774,836 | (2,773,589) |
| At 31 May | 122,005,134 | 109,847,972 |
| **Accumulated depreciation** | | |
| At 1 June 2021 (as restated)/ | | |
| At 1 June 2020 (as previously reported) | - | (28,033,917) |
| Restatement for financial year ended 31 May 2021 | - | 28,033,917 |
| At 1 June 2021/2020 (as restated) | - | - |
| **Accumulated impairment loss** | | |
| At 1 June 2021 (as restated)/ | | |
| At 1 June 2020 (as previously reported) | - | (305,838) |
| Restatement for financial year ended 31 May 2021 | - | 305,838 |
| At 1 June 2021/2020 (as restated) | - | - |
| Carrying value | 122,005,134 | 109,847,972 |

Concession assets with an aggregate carrying value of RM121,584,748 (2021 - RM109,605,853) are pledged to licensed banks as security for credit facilities granted to subsidiaries, as disclosed in Note 29 to the financial statements.

## 10. PROPERTY, PLANT AND EQUIPMENT

| The Group | Freehold land RM | Buildings RM | Plant and machinery RM | Tools and equipment RM | Office equipment RM | Furniture and fittings RM | Motor vehicles RM | Renovation RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| **31 May 2022** | | | | | | | | | |
| **Cost** | | | | | | | | | |
| At 1 June 2021 (as previously reported) | 2,860,000 | 9,106,566 | 100,174,369 | 18,243,229 | 4,729,434 | 1,552,988 | 7,924,027 | 2,800,673 | 147,391,286 |
| Reclassification | 632,680 | - | 25,823,134 | - | - | - | 9,311,483 | - | 35,767,297 |
| At 1 June 2021 (as restated) | 3,492,680 | 9,106,566 | 125,997,503 | 18,243,229 | 4,729,434 | 1,552,988 | 17,235,510 | 2,800,673 | 183,158,583 |
| Additions (Note 46(a)) | - | - | 2,944,000 | 689,237 | 195,128 | 34,392 | 1,675,864 | - | 5,538,621 |
| Disposals/Write-offs | - | - | (34,815,656) | (26,970) | (7,121) | - | (617,868) | - | (35,467,615) |
| Foreign exchange difference | 24,081 | 792 | 177,968 | 33,375 | 23,414 | 938 | 25,954 | 1,907 | 288,429 |
| At 31 May | 3,516,761 | 9,107,358 | 94,303,815 | 18,938,871 | 4,940,855 | 1,588,318 | 18,319,460 | 2,802,580 | 153,518,018 |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 June 2021 (as previously reported) | - | 3,754,528 | 91,387,363 | 13,011,664 | 3,099,441 | 1,148,554 | 7,421,510 | 1,529,623 | 121,352,683 |
| Reclassification | - | - | 12,805,181 | - | - | - | 6,944,302 | - | 19,749,483 |
| At 1 June 2021 (as restated) | - | 3,754,528 | 104,192,544 | 13,011,664 | 3,099,441 | 1,148,554 | 14,365,812 | 1,529,623 | 141,102,166 |
| Charge for the financial year: | | | | | | | | | |
| - recognised in cost of sales (Note 36) | - | - | 3,981,725 | 2,156,569 | 106,288 | - | 848,934 | - | 7,093,516 |
| - recognised in profit or loss (Note 38) | - | 181,715 | 776,932 | 298,625 | 398,878 | 93,927 | 725,764 | 199,552 | 2,675,393 |
| | - | 181,715 | 4,758,657 | 2,455,194 | 505,166 | 93,927 | 1,574,698 | 199,552 | 9,768,909 |
| Disposals/Write-offs | - | - | (31,210,550) | (26,965) | (4,594) | - | (601,407) | - | (31,843,516) |
| Foreign exchange difference | - | 792 | 65,455 | 6,764 | 20,680 | 63 | 18,450 | 1,907 | 114,111 |
| At 31 May | - | 3,937,035 | 77,806,106 | 15,446,657 | 3,620,693 | 1,242,544 | 15,357,553 | 1,731,082 | 119,141,670 |

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| The Group | Freehold land RM | Buildings RM | Plant and machinery RM | Tools and equipment RM | Office equipment RM | Furniture and fittings RM | Motor vehicles RM | Renovation RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| **31 May 2022** | | | | | | | | | |
| **Accumulated impairment loss** | | | | | | | | | |
| At 1 June 2021 (as previously reported) | - | - | 3,554,357 | - | 927 | - | - | - | 3,555,284 |
| Reclassification | - | - | - | - | - | - | - | - | - |
| At 1 June 2021 (as restated) | - | - | 3,554,357 | - | 927 | - | - | - | 3,555,284 |
| Disposals/Write-offs | - | - | (3,527,016) | - | - | - | - | - | (3,527,016) |
| Foreign exchange difference | - | - | - | - | 36 | - | - | - | 36 |
| At 31 May | - | - | 27,341 | - | 963 | - | - | - | 28,304 |
| **Carrying value** | 3,516,761 | 5,170,323 | 16,470,368 | 3,492,214 | 1,319,199 | 345,774 | 2,961,907 | 1,071,498 | 34,348,043 |

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| The Group | Freehold land RM | Buildings RM | Plant and machinery RM | Tools and equipment RM | Office equipment RM | Furniture and fittings RM | Motor vehicles RM | Renovation RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| **31 May 2021** | | | | | | | | | |
| **Cost** | | | | | | | | | |
| At 1 June 2020 (as previously reported) | 2,860,000 | 9,107,142 | 113,334,320 | 17,686,416 | 4,401,520 | 2,521,447 | 9,585,854 | 3,443,755 | 162,940,454 |
| Reclassification | 632,680 | - | 22,572,915 | - | - | - | 9,420,366 | - | 32,625,961 |
| At 1 June 2020 (as restated) | 3,492,680 | 9,107,142 | 135,907,235 | 17,686,416 | 4,401,520 | 2,521,447 | 19,006,220 | 3,443,755 | 195,566,415 |
| Additions (Note 46(a)) | - | - | 1,103,118 | 637,357 | 594,410 | 2,920 | 621,549 | - | 2,959,354 |
| Disposals/Write-offs | - | - | (11,129,860) | (93,000) | (251,097) | (971,379) | (2,373,383) | (641,695) | (15,460,414) |
| Foreign exchange difference | - | (576) | 117,010 | 12,456 | (15,399) | - | (18,876) | (1,387) | 93,228 |
| At 31 May | 3,492,680 | 9,106,566 | 125,997,503 | 18,243,229 | 4,729,434 | 1,552,988 | 17,235,510 | 2,800,673 | 183,158,583 |

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| The Group | Freehold land RM | Buildings RM | Plant and machinery RM | Tools and equipment RM | Office equipment RM | Furniture and fittings RM | Motor vehicles RM | Renovation RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| **31 May 2021** | | | | | | | | | |
| **Accumulated depreciation** | | | | | | | | | |
| At 1 June 2020 (as previously reported) | - | 3,573,167 | 100,025,034 | 10,656,578 | 2,849,998 | 1,988,419 | 8,906,214 | 1,965,966 | 129,965,376 |
| Reclassification | - | - | 9,394,282 | - | - | - | 6,127,262 | - | 15,521,544 |
| At 1 June 2020 (as restated) | - | 3,573,167 | 109,419,316 | 10,656,578 | 2,849,998 | 1,988,419 | 15,033,476 | 1,965,966 | 145,486,920 |
| Charge for the financial year: | | | | | | | | | |
| - recognised in cost of sales (Note 36) | - | - | 3,551,200 | 2,180,866 | 108,825 | - | 852,783 | - | 6,693,674 |
| - recognised in profit or loss (Note 38) | - | 181,930 | 1,695,139 | 259,055 | 383,569 | 130,763 | 695,773 | 206,739 | 3,552,968 |
| | - | 181,930 | 5,246,339 | 2,439,921 | 492,394 | 130,763 | 1,548,556 | 206,739 | 10,246,642 |
| Disposals/Write-offs | - | - | (10,507,797) | (85,250) | (229,431) | (970,628) | (2,204,542) | (641,695) | (14,639,343) |
| Foreign exchange difference | - | (569) | 34,686 | 415 | (13,520) | - | (11,678) | (1,387) | 7,947 |
| At 31 May | - | 3,754,528 | 104,192,544 | 13,011,664 | 3,099,441 | 1,148,554 | 14,365,812 | 1,529,623 | 141,102,166 |

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| The Group | Freehold land RM | Buildings RM | Plant and machinery RM | Tools and equipment RM | Office equipment RM | Furniture and fittings RM | Motor vehicles RM | Renovation RM | Total RM |
|---|---|---|---|---|---|---|---|---|---|
| **31 May 2021** | | | | | | | | | |
| **Accumulated impairment loss** | | | | | | | | | |
| At 1 June 2020 (as previously reported) | - | - | 3,691,063 | - | 953 | - | - | - | 3,692,016 |
| Reclassification | - | - | - | - | - | - | - | - | - |
| At 1 June 2020 (as restated) | - | - | 3,691,063 | - | 953 | - | - | - | 3,692,016 |
| Disposals/Write-offs | - | - | (136,706) | - | - | - | - | - | (136,706) |
| Foreign exchange difference | - | - | - | - | (26) | - | - | - | (26) |
| At 31 May | - | - | 3,554,357 | - | 927 | - | - | - | 3,555,284 |
| **Carrying value** | 3,492,680 | 5,352,038 | 18,250,602 | 5,231,565 | 1,629,066 | 404,434 | 2,869,698 | 1,271,050 | 38,501,133 |

## 10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

| The Company | Motor vehicles RM | Furniture and fittings RM | Office equipment RM | Total RM |
|---|---|---|---|---|
| **31 May 2022** | | | | |
| **Cost** | | | | |
| At 1 June | 13,768 | 200,634 | 940,094 | 1,154,496 |
| Additions (Note 46(a)) | - | 2,108 | 62,230 | 64,338 |
| At 31 May | 13,768 | 202,742 | 1,002,324 | 1,218,834 |
| **Accumulated depreciation** | | | | |
| At 1 June | 9,867 | 86,414 | 271,195 | 367,476 |
| Charge for the financial year (Note 38) | 2,754 | 18,235 | 160,847 | 181,836 |
| At 31 May | 12,621 | 104,649 | 432,042 | 549,312 |
| **Carrying value** | 1,147 | 98,093 | 570,282 | 669,522 |
| **31 May 2021** | | | | |
| **Cost** | | | | |
| At 1 June | 13,768 | 200,502 | 463,585 | 677,855 |
| Additions (Note 46(a)) | - | 1,120 | 479,142 | 480,262 |
| Write-offs | - | (988) | (2,633) | (3,621) |
| At 31 May | 13,768 | 200,634 | 940,094 | 1,154,496 |
| **Accumulated depreciation** | | | | |
| At 1 June | 7,114 | 67,468 | 186,981 | 261,563 |
| Charge for the financial year (Note 38) | 2,753 | 19,185 | 86,693 | 108,631 |
| Write-offs | - | (239) | (2,479) | (2,718) |
| At 31 May | 9,867 | 86,414 | 271,195 | 367,476 |
| **Carrying value** | 3,901 | 114,220 | 668,899 | 787,020 |

The Group's land and buildings with an aggregate carrying value of RM8,030,324 (2021 - RM8,212,038) are pledged to licensed banks as security for credit facilities granted to the Group, as disclosed in Note 29 to the financial statements.

Included in the property, plant and equipment of the Group were plant and machinery and motor vehicles with a total carrying amount of RM14,754,831 (2021 - RM15,385,132) held under hire purchases arrangements. These assets have been pledged as security for the hire purchase agreements. Details of the hire purchase payables by the Group, as disclosed in Note 30 to the financial statements.

## 11. RIGHT-OF-USE ASSETS

| The Group | Leasehold land RM | Plant and machinery RM | Motor vehicles RM | Total RM |
|---|---|---|---|---|
| **31 May 2022** | | | | |
| **Cost** | | | | |
| At 1 June 2021 (as previously reported) | 4,960,541 | 25,823,135 | 9,311,482 | 40,095,158 |
| Restatement for financial year ended 31 May 2021 | 8,670 | (25,823,135) | (9,311,482) | (35,125,947) |
| At 1 June 2021 (as restated) | 4,969,211 | - | - | 4,969,211 |
| Reclassification | (5,860) | - | - | (5,860) |
| Foreign exchange difference | 191 | - | - | 191 |
| At 31 May | 4,963,542 | - | - | 4,963,542 |
| **Accumulated depreciation** | | | | |
| At 1 June 2021 (as previously reported) | 447,652 | 12,805,181 | 6,944,304 | 20,197,137 |
| Restatement for financial year ended 31 May 2021 | 1,854 | (12,805,181) | (6,944,304) | (19,747,631) |
| At 1 June 2021 (as restated) | 449,506 | - | - | 449,506 |
| Charge for the financial year: | | | | |
| - recognised in profit or loss (Note 38) | 54,599 | - | - | 54,599 |
| | 54,599 | - | - | 54,599 |
| Foreign exchange difference | 78 | - | - | 78 |
| At 31 May | 504,183 | - | - | 504,183 |
| **Carrying value** | 4,459,359 | - | - | 4,459,359 |

## 11. RIGHT-OF-USE ASSETS (CONT'D)

| The Group | Leasehold land RM | Plant and machinery RM | Motor vehicles RM | Total RM |
|---|---|---|---|---|
| **31 May 2021** | | | | |
| **Cost** | | | | |
| At 1 June 2020 (as previously reported) | 4,960,541 | 22,572,915 | 9,420,366 | 36,953,822 |
| Restatement for financial year ended 31 May 2020 | 8,670 | (22,572,915) | (9,420,366) | (31,984,611) |
| At 1 June 2020 (as restated)/At 31 May | 4,969,211 | - | - | 4,969,211 |
| **Accumulated depreciation** | | | | |
| At 1 June 2020 (as previously reported) | 393,346 | 9,394,282 | 6,127,262 | 15,914,890 |
| Restatement for financial year ended 31 May 2020 | 1,609 | (9,394,282) | (6,127,262) | (15,519,935) |
| At 1 June 2020 (as restated) | 394,955 | - | - | 394,955 |
| Charge for the financial year: | | | | |
| - recognised in | | | | |
| profit or loss (Note 38) | 54,593 | - | - | 54,593 |
| | 54,593 | - | - | 54,593 |
| Foreign exchange difference | (42) | - | - | (42) |
| At 31 May | 449,506 | - | - | 449,506 |
| **Carrying value** | 4,519,705 | - | - | 4,519,705 |

(a) The Group leases certain pieces of leasehold land, plant and machinery and motor vehicles of which the leasing activities are summarised below:-

(i) Leasehold land

The lease arrangement on the use of land is for a period of 85 to 92 years with no renewal or purchase option included in the agreements. The leasehold land with an aggregate carrying value of RM4,345,303 (2021 - RM4,397,689) has been pledged to licensed banks as security for banking facilities granted to the Group, as disclosed in Note 29 to the financial statements.

(ii) Plant and machinery and motor vehicles

The Group reassess with reasonable certainty whether the hire purchase arrangements are leases. The Group ascertains the hire purchase arrangements are not leases under MFRS 16, as the lessor do not have the right to control the use of the assets for a period of time in exchange for considerations. In this case, MFRS 9 applies and the assets are reclassified. The reclassification has been applied retrospectively, as disclosed in Note 53 to the financial statements.

(b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

## 12. INVESTMENT PROPERTIES

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| **Cost** | RM | RM |
| At 1 June | 77,305,636 | 82,535,636 |
| Additions during the financial year | 592,311 | - |
| Disposal | - | (5,230,000) |
| At 31 May | 77,897,947 | 77,305,636 |
| **Accumulated depreciation** | | |
| At 1 June | 3,438,426 | 3,378,758 |
| Charge for the financial year (Note 38) | 837,338 | 966,202 |
| Disposal | - | (906,534) |
| At 31 May | 4,275,764 | 3,438,426 |
| **Accumulated impairment loss** | | |
| At 1 June | 1,247,492 | 3,047,492 |
| Disposal | - | (1,800,000) |
| At 31 May | 1,247,492 | 1,247,492 |
| **Carrying value** | 72,374,691 | 72,619,718 |
| Represented by:- | | |
| Freehold lands | 222,800 | 222,800 |
| Leasehold lands | 71,719,892 | 71,955,917 |
| Buildings | 431,999 | 441,001 |
| | 72,374,691 | 72,619,718 |

Investment properties with an aggregate carrying value of RM65,911,360 (2021 - RM66,091,691) are pledged to licensed banks as security for credit facilities granted to the Group, as disclosed in Note 29 to the financial statements.

The fair values of the investment properties of the Group as at the reporting date are estimated at RM84,668,138 (2021 - RM82,710,939) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity.

## 13. INVENTORIES

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| **Non-current:-** | | **(Restated)** |
| Land held for property development (Note 13(a)) | - | 3,912,991 |
| **Current:-** | | |
| Property development costs (Note 13(b)) | 618,967,085 | 725,620,801 |
| Developed properties held for sale (Note 13(c)) | 12,606,369 | 35,200,105 |
| Raw materials | 91,736 | 81,326 |
| | 631,665,190 | 760,902,232 |

## 13. INVENTORIES (CONT'D)

### (a) Land Held for Property Development

| | The Group 2022 RM | The Group 2021 RM |
|---|---|---|
| At 1 June | 3,912,991 | 3,912,991 |
| Disposal during the financial year | (3,912,991) | - |
| At 31 May | - | 3,912,991 |
| Represented by:- | | |
| Freehold land | - | 3,693,200 |
| Development costs | - | 219,791 |
| | - | 3,912,991 |

### (b) Property Development Costs

| The Group | Freehold land RM | Right-of-use assets (Leasehold land) RM | Development costs RM | Total RM |
|---|---|---|---|---|
| **At 31 May 2022** | | | | |
| **Cumulative property development cost** | | | | |
| At 1 June 2021 (as previously reported) | 531,281,664 | 85,011,017 | 377,684,234 | 993,976,915 |
| Effect of adoption of the Agenda Decision | - | - | (63,874,611) | (63,874,611) |
| At 1 June 2021 (as restated) | 531,281,664 | 85,011,017 | 313,809,623 | 930,102,304 |
| Addition in land proprietary entitlement | 271,159 | 253,798 | - | 524,957 |
| Cost incurred during the financial year | - | - | 66,683,827 | 66,683,827 |
| Disposal of land | | (33,110,000) | (7,923,756) | (41,033,756) |
| Reversal of completed projects | - | (27,988,376) | (52,244,604) | (80,232,980) |
| Transfer to inventory | - | (565,467) | (1,088,957) | (1,654,424) |
| At 31 May | 531,552,823 | 23,600,972 | 319,236,133 | 874,389,928 |
| **Cumulative costs recognised in profit or loss** | | | | |
| At 1 June 2021 (as previously reported) | (17,860,359) | (28,974,201) | (178,160,560) | (224,995,120) |
| Effect of adoption of the Agenda Decision | - | - | 20,513,617 | 20,513,617 |
| At 1 June 2021 (as restated) | (17,860,359) | (28,974,201) | (157,646,943) | (204,481,503) |
| Cost recognised during the financial year | (26,650,297) | (45,056,183) | (100,501,596) | (172,208,076) |
| Disposal of land | - | 33,110,000 | 7,923,756 | 41,033,756 |
| Reversal of completed projects | - | 27,988,376 | 52,244,604 | 80,232,980 |
| At 31 May | (44,510,656) | (12,932,008) | (197,980,179) | (255,422,843) |
| **Accumulated impairment loss** | | | | |
| Additions during the financial year (as previously reported) | - | - | (7,946,275) | (7,946,275) |
| Effect of adoption of the Agenda Decision | - | - | 7,946,275 | 7,946,275 |
| At 1 June 2020 (as restated)/At 31 May | - | - | - | - |
| **Property development cost at 31 May 2022** | 487,042,167 | 10,668,964 | 121,255,954 | 618,967,085 |

## 13. INVENTORIES (CONT'D)

### (b) Property Development Costs (Cont'd)

| The Group | Freehold land RM | Right-of-use assets (Leasehold land) RM | Development costs RM | Total RM |
|---|---|---|---|---|
| **At 31 May 2021** | | | | |
| **Cumulative property development cost** | | | | |
| At 1 June 2020 (as previously reported) | 520,780,058 | 84,979,047 | 279,053,041 | 884,812,146 |
| Effect of adoption of the Agenda Decision | - | - | (54,070,801) | (54,070,801) |
| At 1 June 2020 (as restated) | 520,780,058 | 84,979,047 | 224,982,240 | 830,741,345 |
| Cost incurred during the financial year | 21,153,129 | - | 98,631,193 | 119,784,322 |
| Effect of adoption of the Agenda Decision | - | - | (9,803,810) | (9,803,810) |
| Cost incurred during the financial year, as restated | 21,153,129 | - | 88,827,383 | 109,980,512 |
| (Reduction)/Addition in land proprietary entitlement | (10,651,523) | 31,970 | - | (10,619,553) |
| At 31 May | 531,281,664 | 85,011,017 | 313,809,623 | 930,102,304 |
| **Cumulative costs recognised in profit or loss** | | | | |
| At 1 June 2020 (as previously reported) | (7,505,527) | (12,509,775) | (92,371,827) | (112,387,129) |
| Effect of adoption of the Agenda Decision | - | - | 16,769,532 | 16,769,532 |
| At 1 June 2020 (as restated) | (7,505,527) | (12,509,775) | (75,602,295) | (95,617,597) |
| Cost recognised during the financial year | (10,354,832) | (16,464,426) | (85,788,733) | (112,607,991) |
| Effect of adoption of the Agenda Decision | - | - | 3,744,085 | 3,744,085 |
| Cost incurred during the financial year, as restated | (10,354,832) | (16,464,426) | (82,044,648) | (108,863,906) |
| At 31 May | (17,860,359) | (28,974,201) | (157,646,943) | (204,481,503) |
| **Accumulated impairment loss** | | | | |
| Additions during the financial year (as previously reported) | - | - | (7,946,275) | (7,946,275) |
| Effect of adoption of the Agenda Decision | - | - | 7,946,275 | 7,946,275 |
| At 1 June 2020 (as restated)/At 31 May | - | - | - | - |
| **Property development cost at 31 May 2021** | 513,421,305 | 56,036,816 | 156,162,680 | 725,620,801 |

## 13. INVENTORIES (CONT'D)

### (b) Property Development Costs (Cont'd)

(i) The lands under development of the Group with an aggregate carrying value of RM249,462,884 (2021 - RM285,343,612) are pledged to financial institutions for banking facilities granted to the Group as disclosed in Note 29 to the financial statements.

(ii) Included in property development costs is land proprietor's entitlement of the Group committed through:-

(aa) the Joint Development Agreement with Cyberview Sdn Bhd to undertake the proposed development measuring 121.49 acres of land held under H.S.(D) 33156 PT No. 47223, Mukim Dengkil, District of Sepang, State of Selangor with a carrying value of RM107,148,661 (2021 - RM108,148,025);

(bb) the Development Right Agreement with Kwasa Development (3) Sdn Bhd to undertake the proposed development measuring 21.08 acres of freehold land held under GRN 319910, Lot No. 85111, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan with a carrying value of RM113,157,068 (2021 - RM126,142,808); and

(cc) the Joint Venture Agreement with Perikatan Progresif Sdn Bhd to undertake the proposed development measuring 17.5 acres of land held under PN 39250 Lot 1400, Mukim Dengkil, Daerah Sepang, Negeri Selangor Darul Ehsan with a carrying value of RM5,549,948 (2021 - RM14,804,616).

The title deeds in respect of the land proprietor's entitlement are not registered under the subsidiary's name as these title deeds will be transferred directly to the purchasers upon completion of the properties development.

### (c) Developed Properties Held for Sales

The developed properties held for sales amounting to RM5,000,000 (2021 - RM26,108,015) have been pledged to licensed banks as security for banking facilities granted to the Group, as disclosed in Note 29 to the financial statements.

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| **Recognised in profit or loss:-** | RM | RM |
| Developed properties held for sales recognised as cost of sales | 24,377,969 | 26,178,632 |

## 14. OTHER INVESTMENTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Quoted shares, at fair value | 1,798,000 | 3,416,200 | 1,798,000 | 3,416,200 |

## 15. GOODWILL ON CONSOLIDATION

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| **Cost** | RM | RM |
| At 1 June 2021/2020 | 41,903,552 | 42,151,610 |
| Foreign exchange difference | 559,696 | (248,058) |
| At 31 May | 42,463,248 | 41,903,552 |
| **Accumulated impairment loss** | | |
| At 1 June 2021/2020 | (19,149,284) | (19,149,284) |
| Addition during the financial year (Note 38) | (5,939,203) | - |
| At 31 May | (25,088,487) | (19,149,284) |
| Carrying value | 17,374,761 | 22,754,268 |

(a) The carrying amounts of goodwill allocated to each cash-generating unit ("CGU") are as follows:-

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| Construction | 5,668,361 | 5,536,683 |
| Property development | - | 5,939,203 |
| Power concession | 5,353,796 | 5,158,707 |
| Water concession | 6,352,604 | 6,119,675 |
| | 17,374,761 | 22,754,268 |

(b) During the current financial year, an impairment loss of RM5,939,203 (2021 - Nil) was recognised on property development CGU in "Other Expenses" line item of the statements of profit and loss and other comprehensive income upon fulfilment of the Conditional Settlement Agreement as disclosed in Note 51(b) and management do not foresee any cash flows from this CGU in the near future.

The Group has assessed the recoverable amounts of goodwill allocated to other CGUs and determined that no additional impairment is required.

(c) For property development CGU, the value in use approach is derived from the future cash flows from the Conditional Settlement Agreement as disclosed in Note 51(b) to the financial statements.

For construction, power concession and water concession CGU, the value in use approach is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budget approved by the management covering a period of 3 - 5 years and throughout the concession period.

## 15. GOODWILL ON CONSOLIDATION (CONT'D)

(d) The key assumptions used for the value in use approach of the CGU are as follows:-

| | Gross Margin | | Growth Rate | | Discount Rate | |
|---|---|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** | **2022** | **2021** |
| | **%** | **%** | **%** | **%** | **%** | **%** |
| Construction | 0.35 - 8 | 2 - 7 | 5 | 5 | 7 | 8 |
| Power concession | 77 - 89 | 80 - 87 | Nil | Nil | 12 | 11 |
| Water concession | 57 - 75 | 56 - 75 | 3 - 7 | 3 - 7 | 12 | 11 |

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements and cost saving measures.

(ii) Growth rate

The forecast and projection reflect management expectation of revenue growth, operating costs and margins for the CGU based on past experience. The increment in tariff rate is in accordance with the Concession Agreement.

(iii) Discount rate

The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

The values assigned to the key assumptions represent management's assessment of future trends in the CGU and are based on both external sources and internal historical data. Terminal value is not considered as the projections are prepared based on remaining concession period granted and construction period.

(e) The directors believe that there is no reasonably possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

## 16. DEFERRED TAX LIABILITIES/(ASSETS)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| **At 1 June** | | (Restated) | | |
| At 1 June 2021/2020 (as previously reported) | (27,892,146) | (23,001,014) | 54,741 | 49,442 |
| Effect of adoption of the Agenda Decision | (913,914) | (691,008) | - | - |
| At 1 June 2021/2020 (as restated) | (28,806,060) | (23,692,022) | 54,741 | 49,442 |
| Recognised in profit or loss (Note 42) | 8,934,979 | (5,260,314) | (18,526) | 5,299 |
| Recognised in other comprehensive income | 36,999 | 144,987 | - | - |
| Foreign exchange difference | (30,861) | 1,289 | - | - |
| At 31 May | (19,864,943) | (28,806,060) | 36,215 | 54,741 |
| Presented after appropriate offsetting as follows: | | | | |
| - Deferred tax liabilities | 2,204,238 | 2,636,765 | 36,215 | 54,741 |
| - Deferred tax assets | (22,069,181) | (31,442,825) | - | - |
| | (19,864,943) | (28,806,060) | 36,215 | 54,741 |

Deferred tax assets and liabilities are attributable to the following items:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| **Deferred tax assets:-** | | (Restated) | | |
| Employee benefits | (402,126) | (390,001) | - | - |
| Impairment loss on receivables | (70,588) | (22,143) | - | - |
| Unrealised profits | (4,024,039) | (10,802,611) | - | - |
| Unused tax losses | (1,861,703) | (3,240,363) | - | - |
| Unabsorbed capital allowances | (524,584) | (4,082,563) | - | - |
| Provisions | (7,791,203) | (3,373,769) | - | - |
| Timing differences on allowable expenses | (6,431,793) | (9,945,886) | - | - |
| Deferred tax assets (before offsetting) | (21,106,036) | (31,857,336) | - | - |
| Offsetting | (963,145) | 414,511 | - | - |
| Deferred tax assets (after offsetting) | (22,069,181) | (31,442,825) | - | - |

## 16. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

Deferred tax assets and liabilities are attributable to the following items (Cont'd):-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Deferred tax liabilities:-** | | | | |
| Accelerated capital allowances over depreciation | 1,230,991 | 1,478,864 | 54,741 | 54,741 |
| Realisation of revaluation reserve on inventory - PDC | 10,102 | 1,572,412 | - | - |
| Deferred tax liabilities (before offsetting) | 1,241,093 | 3,051,276 | 54,741 | 54,741 |
| Offsetting | 963,145 | (414,511) | (18,526) | - |
| Deferred tax liabilities (after offsetting) | 2,204,238 | 2,636,765 | 36,215 | 54,741 |

The recognition of the deferred tax assets is dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The evidence used to support this recognition is the management's budget approved by the directors, which shows that it is probable that the deferred tax assets would be realised in future years.

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM (Restated) | 2022 RM | 2021 RM |
| Unused tax losses: | | | | |
| - expires in year of assessment 2028 | 7,384,212 | 7,499,621 | - | - |
| - expires in year of assessment 2029 | 3,437,521 | 3,437,521 | - | - |
| - expires in year of assessment 2030 | 2,428,847 | 2,277,222 | - | - |
| - expires in year of assessment 2031 | 2,330,066 | 2,197,719 | - | - |
| - expires in year of assessment 2032 | 4,766,850 | - | - | - |
| Unabsorbed capital allowances | 731,585 | 681,105 | | |
| Deferred tax assets (after offsetting) | 21,079,081 | 16,093,188 | - | - |

For the Malaysia entities, the unused tax losses are allowed to be utilised for 10 (2021 - 7) consecutive years of assessment while unabsorbed capital allowance are allowed to carried forward indefinitely.

## 17. CONTRACT COSTS

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| Incremental costs of obtaining contracts | 6,585,858 | 3,756,968 |

The incremental costs of obtaining contracts primarily comprise commissions paid to real estate agents as a result of obtaining property sales and purchase contracts with customers. The costs are to be amortised over the period when the related revenue is recognised.

## 18. TRADE AND NON-TRADE RECEIVABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM (Restated) | RM | RM |
| Trade receivables | 89,828,246 | 88,025,267 | - | - |
| Amount owing by subsidiaries (Note 19) | - | - | 252,333,133 | 239,361,663 |
| Amount owing by joint ventures (Note 20) | 12,040,459 | 11,666,482 | - | - |
| Non-trade receivables:- | | | | |
| (i) Other receivables | 48,085,438 | 41,750,308 | 6,759,076 | 6,784,051 |
| Less: Impairment loss | | | | |
| At 1 June 2021/2020 | (6,843,210) | (7,195,412) | (6,750,000) | (6,750,000) |
| Written off | - | 352,202 | - | - |
| At 31 May | (6,843,210) | (6,843,210) | (6,750,000) | (6,750,000) |
| Less: Accretion of interest | | | | |
| At 1 June 2021/2020 | (197,621) | (281,883) | - | - |
| Reversal during the financial year | 197,621 | 84,262 | - | - |
| At 31 May | - | (197,621) | - | - |
| (ii) Prepayments:- | | | | |
| At 1 June 2021/2020 (as previously reported) | - | 7,064,361 | - | 231,262 |
| Restatement | - | 1,006,035 | - | - |
| At 31 May 2022/ At 31 May 2021 (as restated) | 2,446,357 | 8,070,396 | 316,368 | 231,262 |
| (iii) Deposits | 6,083,248 | 6,406,540 | 18,700 | 16,200 |
| (iv) Goods and services tax recoverable | 204,988 | 90,830 | - | - |
| (v) Advances to subcontractors | - | 5,359,670 | - | - |
| | 49,976,821 | 54,636,913 | 344,144 | 281,513 |
| Trade and non-trade receivables | 151,845,526 | 154,328,662 | 252,677,277 | 239,643,176 |

## 18. TRADE AND NON-TRADE RECEIVABLES (CONT'D)

The maturities of trade and non-trade receivables are as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM (Restated) | 2022 RM | 2021 RM |
| **Current:-** | | | | |
| Within one year | 126,865,633 | 151,293,604 | 149,772,778 | 140,493,157 |
| **Non-current:-** | | | | |
| More than one year but less than five years | 24,979,893 | 3,035,058 | 102,904,499 | 99,150,019 |
| | 151,845,526 | 154,328,662 | 252,677,277 | 239,643,176 |

(a) The Group's normal trade credit terms range from 30 to 90 (2021 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) Included in non-trade receivables of the Group are amount owing by parties related to a director of the Company. Balances as at end of the reporting period are as follows:-

| | The Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| **Party related to Tan Sri Dato' Kok Onn:** | | |
| - Boon Builder (brother) | 2,653,918 | 164,515 |
| - Kok Khim Boon (brother) | 59,404 | 58,511 |

(c) The advances to subcontractors are unsecured and interest-free. The amount owing will be offset against future workdone from the subcontractors.

(d) Included in the trade receivables are stakeholder sums totalling RM11,688,784 (2021 - RM8,136,697). These stakeholder sums are expected to be collected within the periods ranging from 1 to 24 (2021 - 1 to 10) months.

## 19. Amounts Owing By Subsidiaries

| | The Company | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| **Current:-** | | |
| Trade balances | 4,992,234 | 10,893,671 |
| Non-trade balances | 144,436,400 | 129,317,973 |
| | 149,428,634 | 140,211,644 |
| **Non-current:-** | | |
| Non-trade balances | 102,904,499 | 99,150,019 |
| Amount owing by subsidiaries (Note 18) | 252,333,133 | 239,361,663 |

| | The Company | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| **Current:-** | | |
| Within one year | 149,428,634 | 140,211,644 |
| **Non-current:-** | | |
| More than one year but less than five years | 102,904,499 | 99,150,019 |
| | 252,333,133 | 239,361,663 |

The trade balances are subject to the normal trade credit terms ranging from 30 to 90 (2021 - 30 to 90) days. The amounts owing are to be settled in cash.

The non-trade balances represent unsecured advances and payments made on behalf which are non-interest bearing except for interest bearing balances of RM145,814,546 (2021 - RM143,654,693) at interest rate of 3.50% (2021 - 5.00%) per annum. The amounts are repayable on demand or not more than 7 years and to be settled in cash.

## 20. Amount Owing By Joint Ventures

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| **Current** | | |
| Non-trade balances | 12,042,495 | 11,668,518 |
| *Less: Impairment loss* | | |
| At 1 June/31 May | (2,036) | (2,036) |
| Amount owing by joint ventures, net (Note 18) | 12,040,459 | 11,666,482 |

The amount owing by joint ventures represents unsecured interest-free advances and payments made on behalf which are repayable on demand. The amount owing is to be settled in cash.

## 21. CONTRACT ASSETS/(CONTRACT LIABILITIES)

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| **Contract Assets** | RM | RM |
| Contract assets relating to: | | |
| - construction | 124,832,270 | 121,514,080 |
| - property development | 49,451,312 | 63,040,392 |
| | 174,283,582 | 184,554,472 |
| **Contract Liabilities** | | |
| Contract liabilities relating to: | | |
| - construction | (8,800,000) | (17,454,803) |
| - property development | (10,074,001) | (43,414,927) |
| | (18,874,001) | (60,869,730) |

(a) Contract assets from construction

The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed to customers as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers. Included in the contract assets are retention sum receivables totalling RM56,364,930 (2021 - RM58,253,858).

(b) Contract assets from property development

The contract assets represent timing differences in revenue recognition and milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

(c) Contract liabilities

The contract liabilities primarily relate to advance considerations received from few customers for construction and property development. The amount will be recognised as revenue when the performance obligations are satisfied, of which the revenue will be recognised.

## 21. CONTRACT ASSETS/(CONTRACT LIABILITIES) (CONT'D)

(d) The changes to contract assets and contract liabilities balances during the financial year are summarised below:-

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| At 1 June 2021/2020 | 123,684,742 | 69,412,365 |
| Revenue recognised in profit or loss during the financial year (Note 35) | 624,473,576 | 548,554,951 |
| Billings to customers during the financial year | (592,748,737) | (494,282,574) |
| At 31 May | 155,409,581 | 123,684,742 |
| Represented by:- | | |
| Contract assets | 174,283,582 | 184,554,472 |
| Contract liabilities | (18,874,001) | (60,869,730) |
| | 155,409,581 | 123,684,742 |

(e) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long-term contracts is RM665,342,874 (2021 - RM472,719,939). These remaining performance obligations are expected to be recognised as below:-

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| Within 1 year | 390,306,528 | 391,227,159 |
| Between 1 to 4 years | 275,036,346 | 81,492,780 |
| | 665,342,874 | 472,719,939 |

## 22. SHORT-TERM FUNDS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Money market fund, at fair value | 111,996,689 | 103,248,369 | 19,967,368 | 18,832,658 |

Short-term funds represent investment in trust funds managed by licensed investment management companies, which are tax-exempt, fixed deposits linked and allow prompt redemption at any time.

## 23. Deposits With Licensed Banks

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Deposits with licensed banks | 27,208,865 | 74,805,639 | 6,053,055 | 12,169,150 |

(a) The deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 1.30% to 2.50% (2021 - 1.17% to 3.25%) per annum and 1.30% (2021 – 1.30%) per annum respectively. The deposits have maturity periods ranging from 1 to 12 (2021 - 1 to 12) months.

(b) Included in the deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM15,742,617 and RM608,835 (2021 - RM60,101,451 and RM12,169,150) which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 28 to the financial statements.

## 24. Cash And Bank Balances

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Cash and bank balances | 149,802,813 | 108,055,283 | 4,092,720 | 6,026,382 |

Included in the cash and bank balances of the Group is an amount of RM108,218,845 (2021 - RM59,273,579) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and which is restricted from use in other operations.

## 25. Share Capital

| | The Group/The Company | | | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | Number of shares | | RM | RM |
| **Issued and fully paid-up:-** | | | | |
| At 1 June 2021/2020 | 728,060,995 | 728,060,995 | 389,520,609 | 389,520,609 |
| Issuance of shares pursuant to: | | | | |
| - conversion of warrant exercised | 100 | - | 106 | - |
| At 31 May | 728,061,095 | 728,060,995 | 389,520,715 | 389,520,609 |

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

## 26. RESERVES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM (Restated) | RM | RM |
| **Non-distributable** | | | | |
| Capital reserves (a) | 1,346,681 | 1,346,681 | - | - |
| Foreign exchange translation reserves (b) | 65,364 | (3,597,834) | - | - |
| Share option reserves (c) | - | 5,529,408 | - | 5,529,408 |
| | 1,412,045 | 3,278,255 | - | 5,529,408 |
| **Distributable** | | | | |
| Retained profits | 434,466,621 | 389,320,097 | 29,905,654 | 18,700,814 |
| | 435,878,666 | 392,598,352 | 29,905,654 | 24,230,222 |

### (a) Capital reserves

The capital reserves are in respect of share premium of Gadang Engineering (M) Sdn Bhd, a subsidiary of the Company, which was capitalised for a bonus issue.

### (b) Foreign exchange translation reserves

The foreign exchange translation reserves arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

### (c) Share option reserves

The share option reserves represent the equity-settled share options granted to employees. The reserve is made up of the cumulative value of services received from employees recorded over the vesting period commencing from the grant date of equity-settled share options, and is reduced by the expiry or exercise of the share options.

The ESOS is governed by the ESOS By-Laws and was approved by shareholders on 3 November 2016. The ESOS is to be in force for a period of 5 years effective from 6 December 2016. The ESOS have expired on 5 December 2021 and balance unexercised have lapsed.

The main features of the ESOS are as follows:-

(i) Eligible persons are employees and/or directors of the Group, save for companies which are dormant, who have been confirmed in the employment of the Group and have served for at least 1 year before the date of the offer.

(ii) The maximum number of new ordinary shares of the Company, which may be available under the scheme, shall not exceed in aggregate 15% of the prevailing issued and paid-up share capital of the Company at any point in time when an offer is made throughout the duration of the scheme.

## 26. RESERVES (CONT'D)

### (c) Share option reserves (Cont'd)

The main features of the ESOS are as follows:- (Cont'd)

(iii) The option price shall be determined by the ESOS Committee based on the 5-day volume weighted average market price of each ordinary share as quoted on Bursa Securities, immediately preceding the date of offer of the ESOS option, with a discount of not more than 10%, or at the par value of ordinary shares of the Company, whichever is higher.

(iv) The option may be exercised by the option holders by notice in writing to the Company in the prescribed form during the option period in respect of all or any part of the new ordinary shares of the Company comprised in the ESOS.

(v) All new ordinary shares issued upon exercise of the options granted under the ESOS will rank pari passu in all respects with the existing ordinary shares of the Company, provided always that new ordinary shares so allotted and issued, will not be entitled to any dividends, rights, allotments and/or other distributions declared, where the entitlement date of which is prior to date of allotment and issuance of the new ordinary shares.

(vi) These options may be exercised at any date during the option period not later than 5 December 2021 subject to the following maximum limits:-

| | % to be exercised in | | | | |
|---|---|---|---|---|---|
| **No. of options granted** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** |
| 85,280,500 | 20% | 20% | 20% | 20% | 20% |
| 15,201,200 | - | 25% | 25% | 25% | 25% |

Options which are exercisable in a particular year but are not exercised may be carried forward to subsequent years but not later than 5 December 2021. All unexercised options shall be exercisable in the last year of the option period. Any options which remain unexercised at the expiry of the option period shall be automatically terminated.

The option price and the details in the movement of the share options are as follows:-

| | | No. of options over ordinary shares | | | | | |
|---|---|---|---|---|---|---|---|
| **Exercise price (RM)** | **Date of offer** | **At 1 June 2021** | **Granted** | **Exercised** | **Lapsed** | **At 31 May 2022** | **Exercisable as at 31 May** |
| **2022** | | | | | | | |
| 0.86 | 16.12.2016 | 52,235,200 | - | - | (52,235,200) | - | - |
| 1.03 | 5.1.2018 | 11,389,600 | - | - | (11,389,600) | - | - |
| | | 63,624,800 | - | - | (63,624,800) | - | - |
| **2021** | | | | | | | |
| 0.86 | 16.12.2016 | 57,502,700 | - | - | (5,267,500) | 52,235,200 | 52,235,200 |
| 1.03 | 5.1.2018 | 12,612,400 | - | - | (1,222,800) | 11,389,600 | 11,389,600 |
| | | 70,115,100 | - | - | (6,490,300) | 63,624,800 | 63,624,800 |

## 26. RESERVES (CONT'D)

### (c) Share option reserves (Cont'd)

No person to whom the share option has been granted above has any right to participate by virtue of the option in any share issue of the any other company.

The options which lapsed during the financial year were due to expiry of ESOS. The options which lapsed in the previous financial year were due to resignation of employees.

The fair values of the share options granted were estimated using a black-scholes model, taking into account the terms and conditions upon which the options were granted. The fair value of the share options measured at grant date and the assumptions used are as follows:-

| | The Group/The Company | | | |
|---|---|---|---|---|
| | First Grant | | Second Grant | |
| | Tranche 5 2022 | Tranche 5 2021 | Tranche 4 2022 | Tranche 4 2021 |
| Fair value of share options at the grant date (RM) | - | 0.03 | - | 0.01 |
| Weighted average ordinary share price (RM) | - | 0.45 | - | 0.39 |
| Exercise price of share option (RM) | - | 0.86 | - | 1.03 |
| Expected volatility (%) | - | 68.09 | - | 68.09 |
| Expected life (years) | - | 1 | - | 1 |
| Risk-free rate (%) | - | 1.99 | - | 1.99 |
| Expected dividend yield (%) | - | 2.55 | - | 2.96 |

## 27. NON-CONTROLLING INTERESTS

Non-controlling interests, presented as part of equity, represent the portion of subsidiary's profit or loss and net assets not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parents and the non-controlling interests based on their respective ownership interests.

The movements in non-controlling interests in subsidiaries are as follows:-

| | The Group | |
|---|---|---|
| | 2022 RM | 2021 RM |
| At 1 June 2021/2020 | 4,996,903 | 4,742,080 |
| Acquisition of a subsidiary | 4,595 | - |
| Share of results attributable to non-controlling interests | 1,692,333 | 254,823 |
| At 31 May | 6,693,831 | 4,996,903 |

## 28. BANK BORROWINGS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| **Current** | | (Restated) | | |
| Secured | | | | |
| Bank overdrafts (Note 46(c)) | 3,907,173 | 3,935,279 | - | - |
| Bankers' acceptances | 995,952 | 751,000 | - | - |
| Revolving credits | 41,399,200 | 100,500,000 | - | - |
| Invoice financing | 1,036,670 | - | - | - |
| Term loans (Note 29) | 35,170,291 | 43,220,923 | 3,750,000 | 937,500 |
| Hire purchase payables (Note 30) | 2,724,859 | 4,863,301 | - | - |
| | 85,234,145 | 153,270,503 | 3,750,000 | 937,500 |
| **Non-current** | | | | |
| Secured | | | | |
| Term loans (Note 29) | 203,585,653 | 250,912,461 | 10,312,500 | 14,062,500 |
| Hire purchase payables (Note 30) | 5,641,025 | 4,563,595 | - | - |
| | 209,226,678 | 255,476,056 | 10,312,500 | 14,062,500 |
| Total bank borrowings | 294,460,823 | 408,746,559 | 14,062,500 | 15,000,000 |

The effective interest rates at the end of the reporting period for borrowings which bore interest at floating rates, were as follows:-

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | % | % |
| Bank overdrafts | 5.89 | 5.64 |
| Bankers' acceptances | 3.27 - 3.64 | 3.21 - 3.46 |
| Revolving credits | 2.91 - 5.15 | 3.19 - 5.16 |
| Invoice financing | 3.45 | - |

The bank borrowings except for term loans are secured by:-

(i) assignment of the contract proceeds;

(ii) corporate guarantees of the Company; and

(iii) deposits with licensed banks of the Group and the Company, as disclosed in Note 23 to the financial statements.

## 29. TERM LOANS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Current liabilities (Note 28) | 35,170,291 | 43,220,923 | 3,750,000 | 937,500 |
| Non-current liabilities (Note 28) | 203,585,653 | 250,912,461 | 10,312,500 | 14,062,500 |
| Total term loans | 238,755,944 | 294,133,384 | 14,062,500 | 15,000,000 |

Details of the term loans outstanding at the end of the reporting period are as follows:-

| | Effective Interest Rate The Group | | The Group | | The Company | |
|---|---|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| Term Loan | % | % | RM | RM | RM | RM |
| I | - | 4.47% | - | 12,375,000 | - | - |
| II | 6.25% | 6.00% | 2,359,701 | 2,546,730 | - | - |
| III | 4.24% | 4.24% | 56,469,176 | 65,625,000 | - | - |
| IV | 4.24% | 4.24% | 6,628,596 | 9,390,000 | - | - |
| V | - | 6.75% | - | 3,506,607 | - | - |
| VI | 3.99% | 3.95% | 104,300,000 | 104,300,000 | - | - |
| VII | - | 4.15% | - | 15,095,493 | - | - |
| VIII | 3.87% | 3.37% | 492,645 | 568,650 | - | - |
| IX | 4.22% | 4.22% | 27,024,023 | 32,724,034 | - | - |
| X | - | 2.96% | - | 529,040 | - | - |
| XI | 12.25% | 12.25% | 27,419,303 | 32,472,830 | - | - |
| XII | 3.73% | 3.69% | 14,062,500 | 15,000,000 | 14,062,500 | 15,000,000 |
| | | | 238,755,944 | 294,133,384 | 14,062,500 | 15,000,000 |

(a) Term loan I had a tenure of 147 months and was repayable by redemption of units sold or 20 quarterly instalments of RM618,750 each commencing on January 2022, whichever is earlier. The term loan was secured by:-

(i) a charge over a piece of leasehold land which is included in the property development costs of a subsidiary, as disclosed in Note 13(b) to the financial statements; and

(ii) a corporate guarantee of the Company.

The term loan was fully repaid during the financial year.

(b) Term loan II has a tenure of 15 years and is repayable by redemption of units sold or 179 monthly instalments of RM27,917 each commencing on November 2017, whichever is earlier. The term loan is secured by:-

(i) a legal charge over the retail shop offices at Jentayu Residensi, as disclosed in Note 13(c) to the financial statements;

(ii) a debenture over the fixed and floating assets of a subsidiary;

(iii) an assignment over the rental proceeds and/or sale proceeds from the Shop Offices; and

(iv) a corporate guarantee of the Company.

**29. TERM LOANS (CONT'D)**

(c) Term loan III has a tenure of 10 years and is repayable by one principal payment of RM4,375,000 on January 2020 and by redemption of units sold or 48 monthly principal payments of RM1,368,000 each commencing on January 2022, whichever is earlier.

Term loan IV has a tenure of 7 years and is repayable by 47 monthly principal payments of RM230,000 each with one final monthly principal repayment of RM190,000 commencing on November 2020.

The term loans are secured by:-

(i) a charge over a piece of freehold land which is included in the property development costs of a subsidiary, as disclosed in Note 13(b) to the financial statements;

(ii) a specific debenture over the freehold land under property development costs; and

(iii) a corporate guarantee of the Company.

(d) Term loan V had a tenure of 8 years and was repayable by redemption of units sold or by 84 monthly instalments of RM201,939 each commencing on June 2020, whichever is earlier. The term loan was secured by:-

(i) a charge over 45 units of completed condominium which is included in the inventories of a subsidiary, as disclosed in Note 13(c) to the financial statements;

(ii) a corporate guarantee of the Company; and

(iii) a debenture over all present and future assets of a subsidiary.

The term loan was fully repaid during the financial year.

(e) Term loan VI has a tenure of 10 years and is repayable by redemption of units sold or 77 monthly instalments of RM1,330,000 each and a final instalment of RM1,890,000 commencing on December 2023, whichever is earlier. The term loan is secured by:-

(i) a charge over a piece of freehold land which is included in the property development costs of a subsidiary, as disclosed in Note 13(b) to the financial statements;

(ii) a corporate guarantee of the Company; and

(iii) a debenture over all present and future assets of a subsidiary.

(f) Term loan VII had a tenure of 5 years and was repayable by redemption of units sold or by 35 monthly instalments of RM830,000 each and a final instalment of RM950,000 commencing on January 2023, whichever is earlier. The term loan was secured by:-

(i) a debenture over all present and future assets of a subsidiary;

(ii) an assignment of sale proceeds from the projects developed by a subsidiary; and

(iii) a corporate guarantee of the Company.

The term loan was fully repaid during the financial year.

**29. TERM LOANS (CONT'D)**

(g) Term loan VIII has a tenure of 20 years and is repayable by 240 monthly instalments of RM6,722 each commencing on January 2014. The term loan is secured by:-

(i) a charge over a piece of leasehold land and building which is included in the property, plant and equipment and right-of-use assets of a subsidiary, as disclosed in Notes 10 and 11 to the financial statements;

(ii) a joint and several guarantee of all directors of a subsidiary; and

(iii) a corporate guarantee of the Company.

(h) Term loan IX has a tenure of 9 years and is repayable by 13 monthly instalments of RM937,500 commencing on September 2019 and 71 monthly instalments of RM475,000 commencing on April 2021. The term loan is secured by:-

(i) a charge over leasehold lands which is included in the investment properties of a subsidiary, as disclosed in Note 12 to the financial statements;

(ii) a corporate guarantee of the Company; and

(iii) a specific debenture over the property together with the buildings and structures erected or to be erected on the present and future fixtures and fittings on the property.

(i) Term loan X had a tenure of 33 months and was extendable for another 36 months at the end of the repayment period. The term loan was repayable in 24 quarterly instalments of USD145,834 each commencing on October 2015. The term loan was secured by:-

(i) a corporate guarantee of the Company and subsidiary; and

(ii) a debenture over all the present and future assets of a subsidiary.

The term loan was fully repaid during the financial year.

(j) Term loan XI has a tenure of 10 years and is repayable in 32 quarterly step up principal instalments commencing on April 2018. The term loan is secured by:-

(i) a charge over the land, building and generator which is included in the concession assets of a subsidiary, as disclosed in Note 9 to the financial statements;

(ii) an assignment of Power Purchase Agreement and receivable from Perusahaan Listrik Negara, Indonesia;

(iii) a specific debenture over the assets financed under the term loan; and

(iv) a corporate guarantee of the Company.

(k) Term loan XII has a tenure of 3 years and is repayable by 7 quarterly instalments of RM937,500 each commencing on April 2022 and a final instalment of RM8,437,500 which is extendable for another 2 years.

The term loan is secured by a charge over few pieces of land and a building which is included in the property, plant and equipment and investment properties of subsidiaries, as disclosed in Notes 10 and 12 to the financial statements.

## 30. Hire Purchases Payables

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| | RM | RM |
| | | (Restated) |
| **Minimum hire purchase payments:** | | |
| - not later than one year | 2,969,707 | 5,119,263 |
| - later than one year and not later than five years | 5,454,726 | 4,589,962 |
| - later than five years | 615,141 | 31,307 |
| | 9,039,574 | 9,740,532 |
| Less: Future finance charges | (673,690) | (313,636) |
| Present value of hire purchase payables | 8,365,884 | 9,426,896 |
| Analysed by:- | | |
| Current liabilities (Note 28) | 2,724,859 | 4,863,301 |
| Non-current liabilities (Note 28) | 5,641,025 | 4,563,595 |
| | 8,365,884 | 9,426,896 |

The hire purchase payables at the end of the reporting period bore effective interest rate ranging from 3.59% to 6.71% (2021 - 3.59% to 6.71%) per annum.

## 31. Lease Liabilities

| | The Group |
|---|---|
| | 2021 |
| | RM |
| | (Restated) |
| At 1 June 2020 (as previously reported) | 10,657,620 |
| Reclassification for financial year ended 31 May 2020 | (10,657,620) |
| At 1 June 2020 (as restated) | - |
| Additions during the financial year | - |
| Interest expense recognised in profit or loss | - |
| Repayment of principal | - |
| Repayment of interest expense | - |
| At 31 May | - |

## 32. DEFINED BENEFIT OBLIGATIONS

Foreign subsidiaries in Indonesia operate an unfunded defined benefit obligations for its eligible employees in accordance with the Republic of Indonesia Labour Law.

Movement in the net liability recognised in the statements of financial position is as follows:-

| | The Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| At 1 June 2021/2020 | 2,028,315 | 2,832,914 |
| Benefits paid for unfunded plans | (52,488) | (475,796) |
| Expenses recognised in profit or loss (Note 39) | 306,465 | 411,580 |
| Actuarials gain recognised in other comprehensive income | (183,106) | (659,035) |
| Foreign exchange difference | 78,895 | (81,348) |
| At 31 May | 2,178,081 | 2,028,315 |

The expenses recognised in profit or loss were analysed as follows:-

| | The Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| Service cost | 183,082 | 166,499 |
| Interest cost | 123,383 | 219,002 |
| Termination of employment contract cost | - | 443,639 |
| Past service cost - vested | - | (134,158) |
| Effects of curtailments or settlements | - | (283,402) |
| Total costs incurred during the financial year | 306,465 | 411,580 |

The principal actuarial assumptions used in respect of the Group's unfunded defined benefit plan were as follows:-

| | The Group | |
|---|---|---|
| | **2022** | **2021** |
| Normal retirement age | 55 years | 55 years |
| Resignation rate | 0.6% - 6% p.a. | 0.6% - 6% p.a. |
| Future salary increment rate | 7% p.a. | 7% p.a. |
| Discount rate | 7% p.a. | 6% p.a. |

## 33. TRADE AND NON-TRADE PAYABLES

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Trade payables | 30,122,164 | 43,438,767 | - | - |
| Retention payable | 56,949,961 | 75,556,172 | - | - |
| Accrued subcontractor work and materials | 67,663,055 | 70,060,274 | - | - |
| Trade payables, net | 154,735,180 | 189,055,213 | - | - |
| Non-trade payables | 25,282,983 | 38,279,527 | 36,422 | 10,206 |
| Land proprietor's entitlement | 187,625,409 | 193,468,484 | - | - |
| Other accruals | 39,181,369 | 36,175,406 | 152,005 | 154,370 |
| Deposits | 1,922,928 | 948,568 | - | - |
| Amount owing to a director (Note 33(b)) | 651,783 | 651,784 | - | - |
| Amount owing to joint venture | 85,800 | - | - | - |
| Goods and service tax payables | 29,507 | - | - | - |
| Sales and service tax payables | 29,055 | 8,670 | - | - |
| | 254,808,834 | 269,532,439 | 188,427 | 164,576 |
| *Less: Accretion of interest* | | | | |
| At 1 June 2021/2020 | (123,734) | (176,491) | - | - |
| Addition: | | | | |
| - amount owing to a director (Note 38) | 58,614 | 52,757 | - | - |
| At 31 May | (65,120) | (123,734) | - | - |
| Non-trade payables, net | 254,743,714 | 269,408,705 | 188,427 | 164,576 |
| Trade and non-trade payables | 409,478,894 | 458,463,918 | 188,427 | 164,576 |

The maturities of trade and non-trade payables are as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| **Current** | RM | RM | RM | RM |
| Payables within one year | 270,368,944 | 271,820,641 | 188,427 | 164,576 |
| **Non-current** | | | | |
| Payables more than one year and less than five years | 139,109,950 | 186,643,277 | - | - |
| | 409,478,894 | 458,463,918 | 188,427 | 164,576 |

## 33. TRADE AND NON-TRADE PAYABLES (CONT'D)

(a) Included in trade and non-trade payables of the Group are amounts owing to parties related to a director of the Company. Balances as at end of the reporting period are as follows:-

| | The Group | |
|---|---|---|
| | 2022 | 2021 |
| **Parties related to Tan Sri Dato' Kok Onn:** | RM | RM |
| - Kok Khim Boon (brother) | 565,039 | 558,828 |
| - Boon Builder (brother) | 81,227 | 137,509 |

(b) Amount owing to Raja Zainal Abidin Bin Raja Hussin, a director of a subsidiary, is unsecured, interest-free and repayable within the next two years.

(c) The normal trade credit terms granted to the Group range from 30 to 90 (2021 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

## 34. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of RM825,399,381 (2021 - RM782,118,961) attributable to ordinary shares divided by the number of ordinary shares in issue at the end of the reporting period of 728,061,095 (2021 - 728,060,995) shares.

## 35. REVENUE

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Revenue from contracts with customers | | | | |
| Construction contracts (Note 21(d)) | 319,570,620 | 365,416,700 | - | - |
| Property development (Note 21(d)) | 304,902,956 | 183,138,251 | - | - |
| | 624,473,576 | 548,554,951 | - | - |
| Water concession | 27,231,618 | 25,646,505 | - | - |
| | 651,705,194 | 574,201,456 | - | - |
| Revenue from other sources | | | | |
| Dividend income | - | - | 6,000,000 | 2,500,000 |
| Management fees - Subsidiaries | - | - | 7,606,000 | 7,750,000 |
| - Joint venture | 288,000 | 288,000 | 288,000 | 288,000 |
| Rental income | - | 278,035 | - | - |
| | 288,000 | 566,035 | 13,894,000 | 10,538,000 |
| | 651,993,194 | 574,767,491 | 13,894,000 | 10,538,000 |

The information on the disaggregation of revenue is disclosed in Note 48 to financial statements.

## 36. Cost Of Sales

Cost of sales represents cost of inventories sold, cost of services provided, contract costs, cost of development properties sold and cost of processing treated water.

The cost of sales included the following charges made during the financial year:-

| | The Group | |
|---|---|---|
| | 2022 RM | 2021 RM (Restated) |
| Depreciation of property, plant and equipment (Note 10) | 7,093,516 | 6,693,674 |
| Employee benefits (Note 39) | 29,177,571 | 30,212,353 |
| Lease expenses: | | |
| - rental of land and premises | 789,800 | 878,515 |
| - rental of plant and machinery | 6,222 | 52,505 |
| Gain on disposal of: | | |
| - property, plant and equipment | (55,153) | (121,200) |
| Interest expense on: | | |
| - bank borrowings | 936,561 | 1,825,159 |

## 37. Other Income

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Accretion of interest on: | | | | |
| - trade and non-trade receivables | 197,621 | 84,262 | - | - |
| Bad debts recovered | 29,278 | 373 | - | - |
| Dividend received from short-term funds | 1,320,971 | 1,411,345 | 175,813 | 404,765 |
| Fair value gain on short-term funds | 617,363 | 152,047 | 152,516 | 75,245 |
| Gain on disposal of: | | | | |
| - investment properties | - | 156,534 | - | - |
| - other investments | - | 57,670 | - | 57,670 |
| - property, plant and equipment | 4,206,656 | 2,732,425 | - | - |
| Interest income | 1,750,916 | 2,274,910 | 4,253,500 | 6,198,841 |
| Miscellaneous income | 2,083,071 | 1,951,251 | 60,173 | 174,802 |
| Realised gain on foreign exchange | - | - | 44 | - |
| Rental income | 1,270,910 | 1,050,152 | - | - |
| Sales of scrap iron | 94,146 | 121,446 | - | - |
| Unrealised gain on foreign exchange | 1,903,547 | - | 2,463,159 | - |
| | 13,474,479 | 9,992,415 | 7,105,205 | 6,911,323 |

## 38. PROFIT BEFORE TAXATION

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Profit before taxation is arrived:- | | (Restated) | | |
| **After charging/(crediting):-** | | | | |
| Accretion of interest on amount owing to a director | 58,614 | 52,757 | - | - |
| Auditors' remuneration: | | | | |
| - auditors of the Company: | | | | |
| - current financial year | 398,000 | 372,000 | 72,000 | 70,000 |
| - underprovision in the previous financial year | 1,500 | - | - | - |
| - other auditors | 153,753 | 130,400 | - | - |
| Bad debts written off | 20,200 | 6,525 | - | - |
| Intangible assets written off | 6,721 | 4,573 | - | - |
| Deposit written off | - | 8,600 | - | - |
| Depreciation of: | | | | |
| - intangible assets (Note 8) | 4,824,106 | 2,783,062 | - | - |
| - investment properties (Note 12) | 837,338 | 966,202 | - | - |
| - property, plant and equipment (Note 10) | 2,675,393 | 3,552,968 | 181,836 | 108,631 |
| - right-of-use assets (Note 11) | 54,599 | 54,593 | - | - |
| Employee benefits (Note 39) | 27,481,843 | 27,815,091 | 7,524,953 | 7,603,100 |
| Fair value loss on quoted investment | 1,618,200 | 2,838,200 | 1,618,200 | 2,838,200 |
| Impairment loss on: | | | | |
| - intangible assets (Note 8) | - | 573,339 | - | - |
| - goodwill (Note 15) | 5,939,203 | - | - | - |
| - trade and non-trade receivables | 198,869 | - | - | - |
| Property, plant and equipment written off | 1,386 | 21,667 | - | 154 |
| Realised loss on foreign exchange | 130,491 | 314,006 | - | 2,689 |
| Rental of office | 945,164 | 860,942 | 236,149 | 236,149 |
| Unrealised loss on foreign exchange | - | 817,046 | - | 1,472,137 |

## 39. Employee Benefits

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Salaries and other benefits | 52,206,067 | 52,785,879 | 6,936,007 | 6,924,358 |
| Contributions to: | | | | |
| - defined contribution plan | 4,146,882 | 4,434,569 | 588,946 | 591,118 |
| - defined benefit obligations (Note 32) | 306,465 | 411,580 | - | - |
| - share option expenses | - | 395,416 | - | 395,416 |
| - share option expenses charged to subsidiaries | - | - | - | (307,792) |
| | 56,659,414 | 58,027,444 | 7,524,953 | 7,603,100 |

Employee benefits are allocated as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| Cost of sales (Note 36) | 29,177,571 | 30,212,353 | - | - |
| Administrative expenses (Note 38) | 27,481,843 | 27,815,091 | 7,524,953 | 7,603,100 |
| | 56,659,414 | 58,027,444 | 7,524,953 | 7,603,100 |

Included in employee benefits of the Group and of the Company are executive directors' remuneration amounting to RM7,227,326 (2021 - RM7,666,765) and RM1,952,462 (2021 - RM1,996,962) respectively, as disclosed in Note 40 to the financial statements.

## 40. Directors' Remuneration And Key Management Personnel Compensation

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| **Directors of the Company** | | | | |
| *Executive:-* | | | | |
| Salaries and other emoluments | 1,886,123 | 1,891,773 | 1,886,123 | 1,891,773 |
| Defined contribution plan | 66,339 | 63,882 | 66,339 | 63,882 |
| Share option expenses | - | 41,307 | - | 41,307 |
| | 1,952,462 | 1,996,962 | 1,952,462 | 1,996,962 |
| *Non-executive:-* | | | | |
| Director fees | 275,834 | 240,000 | 275,834 | 240,000 |
| Other emoluments | 56,000 | 54,000 | 56,000 | 54,000 |
| Share option expenses | - | 5,589 | - | 5,589 |
| | 331,834 | 299,589 | 331,834 | 299,589 |
| | 2,284,296 | 2,296,551 | 2,284,296 | 2,296,551 |

## 40. DIRECTORS' REMUNERATION AND KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| **Directors of the subsidiaries** | | | | |
| *Executive:-* | | | | |
| Salaries and other emoluments | 4,863,016 | 4,965,952 | - | - |
| Director fees | 86,323 | 192,096 | - | - |
| Defined contribution plan | 325,525 | 345,250 | - | - |
| Share option expenses | - | 166,505 | - | - |
| | 5,274,864 | 5,669,803 | - | - |
| Total directors' remuneration | 7,559,160 | 7,966,354 | 2,284,296 | 2,296,551 |
| Benefits-in-kind | 176,719 | 184,531 | 80,750 | 73,850 |
| Total directors' remuneration including benefits-in-kind | 7,735,879 | 8,150,885 | 2,365,046 | 2,370,401 |
| **Key Management Personnel** | | | | |
| Salaries and other emoluments | 6,149,344 | 5,932,352 | 1,834,302 | 1,737,977 |
| Defined contribution plan | 715,766 | 669,415 | 202,273 | 189,321 |
| Share option expenses | - | 57,682 | - | 50,974 |
| | 6,865,110 | 6,659,449 | 2,036,575 | 1,978,272 |
| Benefits-in-kind | 58,359 | 53,175 | - | - |
| Total key management personnel compensation including benefits-in-kind | 6,923,469 | 6,712,624 | 2,036,575 | 1,978,272 |

## 41. FINANCE COSTS

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| | | (Restated) | | |
| Bank borrowing interest | 12,301,895 | 13,454,901 | 549,493 | 229,114 |
| Hire purchase interest | 130,607 | 113,682 | - | - |
| | 12,432,502 | 13,568,583 | 549,493 | 229,114 |

## 42. INCOME TAX EXPENSE

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM (Restated) | 2022 RM | 2021 RM |
| Current tax:- | | | | |
| Malaysian income tax | 14,334,339 | 10,294,903 | 774,112 | 1,209,667 |
| Foreign income tax | 3,678,369 | 3,385,662 | - | - |
| | 18,012,708 | 13,680,565 | 774,112 | 1,209,667 |
| Under/(Over)provision in the previous financial year: | | | | |
| - Malaysian income tax | 32,133 | (226,784) | 86,932 | (35,949) |
| - Foreign income tax | - | 497,788 | - | - |
| | 32,133 | 271,004 | 86,932 | (35,949) |
| | 18,044,841 | 13,951,569 | 861,044 | 1,173,718 |
| Deferred tax (Note 16): | | | | |
| - for the financial year | 6,019,476 | (3,225,574) | (19,173) | 8,350 |
| - under/(over)provision in the previous financial year | 2,915,503 | (2,034,740) | 647 | (3,051) |
| | 8,934,979 | (5,260,314) | (18,526) | 5,299 |
| | 26,979,820 | 8,691,255 | 842,518 | 1,179,017 |

A reconciliation of income tax expense applicable to the profit before taxation at the statutory tax rate to income tax expense at the effective tax rate of the Group and of the Company is as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM (Restated) | 2022 RM | 2021 RM |
| Profit before tax | 70,148,035 | 21,955,578 | 8,702,132 | 3,358,405 |
| Tax at Malaysian tax rate of 24% | 16,835,523 | 5,269,339 | 2,088,512 | 806,017 |
| Non-deductible expenses | 6,353,817 | 5,153,803 | 645,790 | 1,227,233 |
| Non-taxable income | (773,343) | (938,677) | (1,979,363) | (815,233) |
| Deferred tax assets not recognised | 1,375,665 | 1,200,318 | - | - |
| Share of results of joint ventures | 277,184 | (72,256) | - | - |
| Utilisation of unabsorbed tax losses | 236,663 | - | - | - |
| Differential in tax rates | (273,325) | (157,536) | - | - |
| | 24,032,184 | 10,454,991 | 754,939 | 1,218,017 |
| Under/(Over)provision in the previous financial year: | | | | |
| - current tax | 32,133 | 271,004 | 86,932 | (35,949) |
| - deferred tax | 2,915,503 | (2,034,740) | 647 | (3,051) |
| Income tax expense for the financial year | 26,979,820 | 8,691,255 | 842,518 | 1,179,017 |

## 42. INCOME TAX EXPENSE (CONT'D)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

## 43. EARNINGS PER SHARE

| | The Group | |
|---|---|---|
| | 2022 | 2021 (Restated) |
| Profit after taxation attributable to owners of the Company (RM) | 41,655,191 | 12,901,688 |
| Weighted average number of ordinary shares in issue | 728,061,045 | 728,060,995 |
| Basic earnings per ordinary share (sen) | 5.72 | 1.77 |

The basic earnings per share of the Group is calculated by dividing the Group's profit after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

| | The Group | |
|---|---|---|
| | 2022 | 2021 (Restated) |
| Profit after taxation attributable to owners of the Company (RM) | 41,655,191 | 12,901,688 |
| Weighted average number of ordinary shares for basic earnings per share | 728,061,045 | 728,060,995 |
| Effect of dilution: | | |
| - Exercise of warrants 2016/2021* | - | - |
| - Exercise of ESOS | - | - |
| Weighted average number of ordinary shares for diluted earnings per share computation | 728,061,045 | 728,060,995 |
| Diluted earnings per share (sen) | 5.72 | 1.77 |

* The potential conversion of warrants and ESOS are anti-dilutive as their exercise prices are higher than the average market price of the Company's ordinary shares during the current financial year. Accordingly, the exercise of warrants and ESOS have been ignored in the calculation of dilutive earnings per share.

## 44. ACQUISITION OF SUBSIDIARIES

(a) On 8 February 2022, the Company's indirect wholly-owned subsidiary, Yi Sheng Foundation Pte Ltd ("Yi Sheng") acquired 1 ordinary share representing 100% of the equity interest in Usaha Pesona Sdn Bhd ("Usaha Pesona") for a total purchase consideration of RM1. With this acquisition, Usaha Pesona became an indirect wholly-owned subsidiary of the Company. The intended principal activity of Usaha Pesona shall be contractor of bored pile works. The following summarises the major classes of consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

| | The Group<br>2022<br>RM |
|---|---|
| Cash in hand | 1 |
| Net identifiable assets acquired | 1 |
| Total purchase consideration, to be settled by cash | 1 |

(b) On 14 March 2022, Yi Sheng subscribed 51% equity interest representing 1,530 ordinary shares in UA Foundation Pte Ltd ("UAF") for a total purchase consideration of SGD1,530. With this subscription, UAF became an indirect 51% subsidiary of the Company. The intended principal activity of UAF shall also be contractor of bored pile works. The following summarises the major classes of consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

| | The Group<br>2022<br>RM |
|---|---|
| Cash in hand | 9,453 |
| Net identifiable assets acquired | 9,453 |
| Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable assets | (4,595) |
| Total purchase consideration, to be settled by cash | 4,858 |

There was no acquisition of new subsidiary in the previous financial year.

## 45. DIVIDENDS

| | The Company | |
|---|---|---|
| | 2022<br>RM | 2021<br>RM |
| First and final dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 May 2021 | 2,184,182 | - |
| First and final dividend of 1.0 sen per ordinary share in respect of the financial year ended 31 May 2020 | - | 7,280,610 |

The directors propose a first and final dividend of 0.7 sen per share in respect of the financial year ended 31 May 2022 to be approved by the shareholders at the forthcoming Annual General Meeting. This dividend will be accounted for as an appropriation of retained profits in the period when it is approved by the shareholders.

## 46. Cash Flow Information

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022<br>RM | 2021<br>RM<br>(Restated) | 2022<br>RM | 2021<br>RM |
| **Property, plant and equipment** | | | | |
| Cost of property, plant and equipment purchased | 5,538,621 | 2,959,354 | 64,338 | 480,262 |

**46. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliation of liabilities arising from financing activities are as follows:-

| | Revolving Credits/ Invoice Financing RM | Bankers' Acceptances RM | Hire Purchase RM | Term Loans RM | Total RM |
|---|---|---|---|---|---|
| **The Group** | | | | | |
| **2022** | | | | | |
| At 1 June 2021 (as previously reported) | 100,500,000 | 751,000 | - | 294,133,384 | 395,384,384 |
| Reclassification | - | - | 9,426,897 | - | 9,426,897 |
| At 1 June 2021 (as restated) | 100,500,000 | 751,000 | 9,426,897 | 294,133,384 | 404,811,281 |
| Changes in Financing Cash Flows | | | | | |
| Proceeds from drawdown | 44,691,071 | 244,952 | 4,170,537 | 5,378,765 | 54,485,325 |
| Repayment of bank borrowings | (102,755,201) | - | - | (62,022,554) | (164,777,755) |
| Repayment of interest | (2,895,360) | - | (390,139) | (9,873,129) | (13,158,628) |
| Repayment of hire purchase payables | - | - | (5,231,549) | - | (5,231,549) |
| Other Changes | | | | | |
| Finance charges recognised in profit or loss | 2,895,360 | - | 390,139 | 9,873,129 | 13,158,628 |
| Foreign exchange difference | - | - | - | 1,266,348 | 1,266,348 |
| At 31 May | 42,435,870 | 995,952 | 8,365,885 | 238,755,943 | 290,553,650 |

**46. CASH FLOW INFORMATION (CONT'D)**

(b) The reconciliation of liabilities arising from financing activities are as follows:- (Cont'd)

| | Revolving Credits RM | Bankers' Acceptances RM | Hire Purchase RM | Term Loans RM | Total RM |
|---|---|---|---|---|---|
| **The Group** | | | | | |
| **2021** | | | | | |
| At 1 June 2020 (as previously reported) | 86,110,000 | 738,000 | - | 183,395,604 | 270,243,604 |
| Reclassification | - | - | 10,657,620 | - | 10,657,620 |
| At 1 June 2020 (as restated) | 86,110,000 | 738,000 | 10,657,620 | 183,395,604 | 280,901,224 |
| Changes in Financing Cash Flows | | | | | |
| Proceeds from drawdown | 42,490,000 | 2,360,000 | - | 141,383,819 | 186,233,819 |
| Acquisition of new lease | - | - | 4,180,177 | - | 4,180,177 |
| Repayment of bank borrowings | (28,100,000) | (2,347,000) | - | (30,289,461) | (60,736,461) |
| Repayment of interest | (2,307,461) | - | (492,839) | (12,106,929) | (14,907,229) |
| Repayment of hire purchase payables | - | - | (5,410,900) | - | (5,410,900) |
| Other Changes | | | | | |
| Finance charges recognised in profit or loss | 2,307,461 | - | 492,839 | 12,968,495 | 15,768,795 |
| Foreign exchange difference | - | - | - | (1,218,144) | (1,218,144) |
| At 31 May | 100,500,000 | 751,000 | 9,426,897 | 294,133,384 | 404,811,281 |

## 46. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows:- (Cont'd)

| **The Company** | **Term Loans RM** |
|---|---|
| **2022** | |
| At 1 June | 15,000,000 |
| <u>Changes in Financing Cash Flows</u> | |
| Repayment of bank borrowings | (937,500) |
| Repayment of interest | (549,493) |
| <u>Other Changes</u> | |
| Finance charges recognised in profit or loss | 549,493 |
| At 31 May | 14,062,500 |
| **2021** | |
| At 1 June | - |
| <u>Changes in Financing Cash Flows</u> | |
| Proceeds from drawdown | 15,000,000 |
| Repayment of interest | (229,114) |
| <u>Other Changes</u> | |
| Finance charges recognised in profit or loss | 229,114 |
| At 31 May | 15,000,000 |

(c) The cash and cash equivalents comprise the following:-

| | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2022 RM** | **2021 RM** | **2022 RM** | **2021 RM** |
| Short-term funds | 111,996,689 | 103,248,369 | 19,967,368 | 18,832,658 |
| Deposits with licensed banks | 27,208,865 | 74,805,639 | 6,053,055 | 12,169,150 |
| Cash and bank balances | 149,802,813 | 108,055,283 | 4,092,720 | 6,026,382 |
| Bank overdrafts (Note 28) | (3,907,173) | (3,935,279) | - | - |
| | 285,101,194 | 282,174,012 | 30,113,143 | 37,028,190 |
| Less: Fixed deposits pledged as security values (Note 23) | (15,742,617) | (60,101,451) | (608,835) | (12,169,150) |
| Cash and cash equivalents | 269,358,577 | 222,072,561 | 29,504,308 | 24,859,040 |

## 47. RELATED PARTY DISCLOSURES

### (a) Identities of related parties

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

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, joint ventures, key management personnel and entities within the same group of companies.

Key management personnel are defined as those having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include Executive Directors and Non-Executive Directors and certain members of senior management of the Group and of the Company.

### (b) Related party transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| **Subsidiaries** | | | | |
| Advances to subsidiaries | - | - | (46,327,640) | (33,389,280) |
| Gross dividend income | - | - | 6,000,000 | 2,500,000 |
| Interest income received/receivable | - | - | 4,112,670 | 5,998,990 |
| Management fee received/receivable | - | - | 7,894,000 | 8,038,000 |
| Payment on behalf | - | - | 562,177 | (6,997) |
| Rental expense - land and building | - | - | (236,149) | (236,149) |
| **Related parties** | | | | |
| Subcontractor work payable to: | | | | |
| - Kok Khim Boon #1 | (3,280,633) | (4,143,780) | - | - |
| - Boon Builder #1 | (3,548,973) | (1,592,369) | - | - |
| Repair motor vehicles from: | | | | |
| - M Pro Garage Auto Specialist #2 | - | (1,258) | - | - |

## 47. RELATED PARTY DISCLOSURES (CONT'D)

### (b) Related party transactions (Cont'd)

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| **Joint ventures** | | | | |
| Management fee received/ receivable | 305,280 | 288,000 | - | - |
| Hire of Plant & Machinery | 11,317 | - | - | - |
| Subcontractor work received/ receivable | 9,362,682 | 8,219,484 | - | - |

The above parties are deemed related to the Group as follows:-

#1 Tan Sri Dato' Kok Onn's brother.
#2 a company wholly-owned by persons connected to Tan Sri Dato' Kok Onn.

## 48. OPERATING SEGMENTS

### BUSINESS SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The following are the Group's main business segments:-

(i) Construction Division – civil engineering works encompassing earthworks, infrastructure works, hospital and mechanical & electrical works.

(ii) Property Division – the development of residential and commercial properties.

(iii) Utility Division – construction, maintenance and management of water and power supply facilities.

(iv) Investment holding and others – investment activities and provision of management services.

48. **Operating Segments (Cont'd)**

| The Group | Construction Division RM | Property Division RM | Utility Division RM | Investment holding and others RM | Total RM |
|---|---|---|---|---|---|
| **2022** | | | | | |
| Total revenue | 320,097,207 | 305,555,561 | 27,231,618 | 13,894,000 | 666,778,386 |
| Less: Inter-segment revenue | (238,587) | (652,605) | | (13,894,000) | (14,785,192) |
| Revenue from external customers | 319,858,620 | 304,902,956 | 27,231,618 | - | 651,993,194 |
| Represented by revenue recognised: | | | | | |
| - over time | 319,570,620 | 223,278,829 | - | - | 542,849,449 |
| - at a point of time | 288,000 | 81,624,127 | 27,231,618 | - | 109,143,745 |
| | 319,858,620 | 304,902,956 | 27,231,618 | - | 651,993,194 |
| **Results** | | | | | |
| Segment results | 6,951,494 | 79,523,142 | 6,656,267 | (9,203,397) | 83,927,506 |
| Finance costs | (1,393,435) | (10,488,251) | (1,322) | (549,494) | (12,432,502) |
| Share of results in joint ventures | (1,346,969) | - | - | - | (1,346,969) |
| Profit/(Loss) before taxation | 4,211,090 | 69,034,891 | 6,654,945 | (9,752,891) | 70,148,035 |
| Income tax expense | | | | | (26,979,820) |
| Profit after taxation | | | | | 43,168,215 |
| Non-controlling interests | | | | | (1,513,024) |
| Net profit attributable to owners | | | | | 41,655,191 |

**48. OPERATING SEGMENTS (CONT'D)**

| The Group | Construction Division RM | Property Division RM | Utility Division RM | Investment holding and others RM | Total RM |
|---|---|---|---|---|---|
| **2022** | | | | | |
| Segment assets | 390,219,654 | 924,184,036 | 209,617,727 | 38,685,875 | 1,562,707,292 |
| Segment liabilities | 186,035,510 | 490,109,636 | 40,179,792 | 14,289,142 | 730,614,080 |
| **Other information:-** | | | | | |
| - Interest Income | 349,842 | 1,124,825 | 135,419 | 140,831 | 1,750,916 |
| - Interest Expenses | 2,329,997 | 10,488,251 | 1,322 | 549,493 | 13,369,063 |
| - Impairment loss on goodwill | - | 5,939,203 | - | - | 5,939,203 |
| - Depreciation and amortisation | 9,811,727 | 545,138 | 4,893,566 | 234,521 | 15,484,952 |
| - Net of unrealised (loss)/gain on foreign exchange | (70,087) | - | (489,525) | 2,463,159 | 1,903,547 |
| - Gain on disposal of property, plant and equipment | 4,261,809 | - | - | - | 4,261,809 |
| - Capital expenditure | 6,040,647 | 12,214 | 7,868,371 | 64,338 | 13,985,570 |

**48. OPERATING SEGMENTS (CONT'D)**

| The Group | Construction Division RM | Property Division RM | Utility Division RM | Investment holding and others RM | Total RM |
|---|---|---|---|---|---|
| **2021 (Restated)** | | | | | |
| Total revenue | 365,982,735 | 183,790,855 | 25,646,505 | 10,538,000 | 585,958,095 |
| Less: Inter-segment revenue | - | (652,604) | - | (10,538,000) | (11,190,604) |
| Revenue from external customers | 365,982,735 | 183,138,251 | 25,646,505 | - | 574,767,491 |
| Represented by revenue recognised: | | | | | |
| - over time | 365,416,700 | 148,902,387 | - | - | 514,319,087 |
| - at a point of time | 566,035 | 34,235,864 | 25,646,505 | - | 60,448,404 |
| | 365,982,735 | 183,138,251 | 25,646,505 | - | 574,767,491 |
| **Results** | | | | | |
| Segment results | 1,777,418 | 39,010,770 | 7,299,270 | (12,864,362) | 35,223,096 |
| Finance costs | (1,969,503) | (11,314,037) | (55,929) | (229,114) | (13,568,583) |
| Share of results in joint ventures | 301,065 | - | - | - | 301,065 |
| Profit/(Loss) before taxation | 108,980 | 27,696,733 | 7,243,341 | (13,093,476) | 21,955,578 |
| Income tax expense | | | | | (8,691,255) |
| Profit after taxation | | | | | 13,264,323 |
| Non-controlling interests | | | | | (362,635) |
| Net profit attributable to owners | | | | | 12,901,688 |

**48. OPERATING SEGMENTS (CONT'D)**

| The Group | Construction Division RM | Property Division RM | Utility Division RM | Investment holding and others RM | Total RM |
|---|---|---|---|---|---|
| **2021 (Restated)** | | | | | |
| Segment assets | 464,091,371 | 1,020,670,939 | 189,590,873 | 47,170,541 | 1,721,523,724 |
| Segment liabilities | 254,319,710 | 619,795,677 | 44,861,487 | 15,430,986 | 934,407,860 |
| **Other information:-** | | | | | |
| - Interest Income | 524,295 | 1,390,938 | 159,826 | 199,851 | 2,274,910 |
| - Interest Expenses | 3,794,663 | 11,314,036 | 55,929 | 229,114 | 15,393,742 |
| - Depreciation and amortisation | 10,394,092 | 578,422 | 2,853,055 | 224,930 | 14,050,499 |
| - Net of unrealised gain/(loss) on foreign exchange | 26,336 | - | 628,757 | (1,472,139) | (817,046) |
| - Gain on disposal of: | | | | | |
| - investment properties | 156,534 | - | - | - | 156,534 |
| - other investments | - | - | - | 57,670 | 57,670 |
| - property, plant and equipment | 2,789,573 | 64,052 | - | - | 2,853,625 |
| - Capital expenditure | 2,147,593 | 316,723 | 11,260,035 | 480,261 | 14,204,612 |

## 48. OPERATING SEGMENTS (CONT'D)

### GEOGRAPHICAL INFORMATION

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in three main geographical areas:-

(i) Malaysia - the operations in this area are principally civil engineering and construction works, mechanical & electrical works, property development and investment holding.

(ii) Indonesia - the operations in this area are principally water concessions and power concession.

(iii) Singapore - the operations in this area are principally bored pile works.

| | Total revenue from external customers RM | Non-current assets RM | Segment assets RM | Capital expenditure RM |
|---|---|---|---|---|
| **2022** | | | | |
| Malaysia | 602,457,470 | 134,458,488 | 1,323,519,615 | 5,662,495 |
| Indonesia | 27,231,618 | 168,817,242 | 205,143,918 | 7,681,455 |
| Singapore | 22,304,106 | 6,118,142 | 34,043,759 | 641,620 |
| | 651,993,194 | 309,393,872 | 1,562,707,292 | 13,985,570 |
| **2021** | | | | |
| Malaysia | 548,313,740 | 129,781,037 | 1,520,049,998 | 1,263,464 |
| Indonesia | 25,646,505 | 159,871,916 | 185,754,700 | 11,193,435 |
| Singapore | 807,246 | 6,167,012 | 15,719,026 | 1,747,713 |
| | 574,767,491 | 295,819,965 | 1,721,523,724 | 14,204,612 |

The information on the disaggregation of revenue based on geographical region is summarised below:-

| | At a Point of Time | | Over Time | | The Group | |
|---|---|---|---|---|---|---|
| | 2022 RM | 2021 RM | 2022 RM | 2021 RM | 2022 RM | 2021 RM |
| Malaysia | 81,912,127 | 34,801,899 | 520,545,343 | 513,511,841 | 602,457,470 | 548,313,740 |
| Indonesia | 27,231,618 | 25,646,505 | - | - | 27,231,618 | 25,646,505 |
| Singapore | - | - | 22,304,106 | 807,246 | 22,304,106 | 807,246 |
| | 109,143,745 | 60,448,404 | 542,849,449 | 514,319,087 | 651,993,194 | 574,767,491 |

## 48. OPERATING SEGMENTS (CONT'D)

### GEOGRAPHICAL INFORMATION (CONT'D)

### MAJOR CUSTOMERS

The following are major customers from Construction Division with revenue equal to or more than 10% of the Group's total revenue: -

| | Revenue | | Segment |
|---|---|---|---|
| | **2022** | **2021** | |
| | **RM** | **RM** | |
| Customer A | 132,839,184 | 130,205,754 | Construction |
| Customer B | 72,309,298 | 163,311,967 | Construction |
| | 205,148,482 | 293,517,721 | |

## 49. FOREIGN EXCHANGE RATES

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

| | The Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| Indonesian Rupiah | 0.000300 | 0.000289 |
| Singapore Dollar | 3.1984 | 3.1241 |
| United States Dollar | 4.3810 | 4.1290 |

## 50. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

### 50.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

#### (a) Market Risk

*(i) Foreign Currency Risk*

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia ("RM"). The currencies giving rise to this risk are primarily Indonesian Rupiah ("IDR") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currency for working capital purpose.

## 50. FINANCIAL INSTRUMENTS (CONT'D)

### 50.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risk (Cont'd)

*(i) Foreign Currency Risk (Cont'd)*

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

*Foreign Currency Exposure*

| | United States Dollar RM | Singapore Dollar RM | Indonesian Rupiah RM | Ringgit Malaysia RM | Total RM |
|---|---|---|---|---|---|
| **The Group** | | | | | |
| **2022** | | | | | |
| **Financial Assets** | | | | | |
| Cash and bank balances | 61 | 6 | 150,264 | 155,960 | 306,291 |
| Net financial assets | 61 | 6 | 150,264 | 155,960 | 306,291 |
| Less: Net financial assets denominated in the entity's functional currency | - | - | - | (155,960) | (155,960) |
| Currency exposure | 61 | 6 | 150,264 | - | 150,331 |
| **The Group** | | | | | |
| **2021** | | | | | |
| **Financial Assets** | | | | | |
| Cash and bank balances | 61 | 6 | 623,641 | 677 | 624,385 |
| Net financial assets | 61 | 6 | 623,641 | 677 | 624,385 |
| Less: Net financial assets denominated in the entity's functional currency | - | - | - | (677) | (677) |
| Currency exposure | 61 | 6 | 623,641 | - | 623,708 |

## 50. FINANCIAL INSTRUMENTS (CONT'D)

### 50.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risk (Cont'd)

*(i) Foreign Currency Risk (Cont'd)*

*Foreign Currency Exposure (Cont'd)*

| | Indonesian Rupiah RM |
|---|---|
| **The Company** | |
| **2022** | |
| **Financial Assets** | |
| Cash and bank balances | 143,411 |
| Net financial assets | 143,411 |
| Less: Net financial assets denominated in the entity's functional currency | - |
| Currency exposure | 143,411 |
| **The Company** | |
| **2021** | |
| **Financial Assets** | |
| Cash and bank balances | 620,521 |
| Net financial assets | 620,521 |
| Less: Net financial assets denominated in the entity's functional currency | - |
| Currency exposure | 620,521 |

*Foreign Currency Risk Sensitivity Analysis*

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the profit after taxation and equity of the Group and of the Company and hence, no sensitivity analysis is presented.

## 50. FINANCIAL INSTRUMENTS (CONT'D)

### 50.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risk (Cont'd)

*(ii) Interest Rate Risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 28 and 29 to the financial statements.

<u>Interest rate risk sensitivity analysis</u>

The following table details the sensitivity analysis to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| | RM | RM | RM | RM |
| ***Effects on Profit After Taxation/ Other Comprehensive Income*** | | | | |
| Increase of 100 basis points | (2,158,874) | (3,027,602) | (106,875) | (114,000) |
| Decrease of 100 basis points | 2,158,874 | 3,027,602 | 106,875 | 114,000 |

*(iii) Equity Price Risk*

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

## 50. FINANCIAL INSTRUMENTS (CONT'D)

### 50.1 Financial Risk Management Policies (Cont'd)

#### (a) Market Risk (Cont'd)

*(iii) Equity Price Risk (Cont'd)*

*Equity Price Risk Sensitivity Analysis*

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments at the end of the reporting period, with all other variables held constant:-

| | The Group/The Company | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| ***Effects on Profit After Taxation/ Other Comprehensive Income*** | | |
| Increase of 5% | 68,324 | 129,816 |
| Decrease of 5% | (68,324) | (129,816) |

#### (b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (2021 - 2) customers which constituted approximately 26% (2021 - 56%) of its trade receivables (including contract assets) at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including contract assets) at the end of the reporting period is as follows:-

| | The Group | |
|---|---|---|
| | **2022** | **2021** |
| | **RM** | **RM** |
| Malaysia | 241,111,843 | 267,865,210 |
| Indonesia | 5,186,258 | 3,802,230 |
| Singapore | 17,813,727 | 912,299 |
| | 264,111,828 | 272,579,739 |

## 50. Financial Instruments (Cont'd)

### 50.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

*Trade Receivables and Contract Assets*

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments an external credit rating, where applicable.

Also, the Group considers any receivables having financial difficulty or with significant balances outstanding for more than a year, are deemed credit impaired and assesses for their risk of loss individually.

## 50. FINANCIAL INSTRUMENTS (CONT'D)

### 50.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

*Trade Receivables and Contract Assets (Cont'd)*

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)*

The expected loss rates are based on the payment profiles of sales from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.

For property development, purchasers are generally financed by loan facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties sold will revert to the Group in the event of default, and the products do not suffer from physical, technological and fashion obsolescence. Therefore, there is minimal exposure to credit risk from its property development activities.

For water concession, the trade receivables are generally collected within the credit term and therefore, there is minimal exposure to credit risk.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

| The Group | Gross Amount RM | Individual Impairment RM | Collective Impairment RM | Carrying Amount RM |
|---|---|---|---|---|
| **2022** | | | | |
| Current (not past due) | 67,956,571 | - | - | 67,956,571 |
| Less than 3 months past due | 10,118,926 | - | - | 10,118,926 |
| More than 6 months past due | 11,752,749 | - | - | 11,752,749 |
| Trade receivables | 89,828,246 | - | - | 89,828,246 |
| Contract assets | 174,283,582 | - | - | 174,283,582 |
| | 264,111,828 | - | - | 264,111,828 |

## 50. FINANCIAL INSTRUMENTS (CONT'D)

### 50.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

*Trade Receivables and Contract Assets (Cont'd)*

| The Group | Gross Amount RM | Individual Impairment RM | Collective Impairment RM | Carrying Amount RM |
|---|---|---|---|---|
| **2021** | | | | |
| Current (not past due) | 66,402,485 | - | - | 66,402,485 |
| Less than 3 months past due | 18,078,173 | - | - | 18,078,173 |
| More than 6 months past due | 3,009,463 | - | - | 3,009,463 |
| More than 1 year past due | 535,146 | - | - | 535,146 |
| Trade receivables | 88,025,267 | - | - | 88,025,267 |
| Contract assets | 184,554,472 | - | - | 184,554,472 |
| | 272,579,739 | - | - | 272,579,739 |

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 18 and 21 to the financial statements respectively.

*Other Receivables*

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

*Inputs, Assumptions and Techniques used for Estimating Impairment Losses*

Under this approach, the Group assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

## 50. Financial Instruments (Cont'd)

### 50.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

*Deposits with Licensed Banks, Cash and Bank Balances*

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

*Amount Owing By Subsidiaries*

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or an immediate sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

| The Company | Gross Amount RM | Lifetime Loss Allowance RM | Carrying Amount RM |
|---|---|---|---|
| **2022** | | | |
| Low credit risk | 252,333,133 | - | 252,333,133 |
| **2021** | | | |
| Low credit risk | 239,361,663 | - | 239,361,663 |

## 50. Financial Instruments (Cont'd)

### 50.1 Financial Risk Management Policies (Cont'd)

#### (b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

*Financial Guarantee Contracts*

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

#### (c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

**50. FINANCIAL INSTRUMENTS (CONT'D)**

**50.1 Financial Risk Management Policies (Cont'd)**

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

| The Group | Effective interest rate % | Carrying amount RM | Contractual undiscounted cash flows RM | Within 1 year RM | 2 - 5 years RM | Over 5 years RM |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| Non-derivative Financial Liabilities | | | | | | |
| Trade and non-trade payables | - | 219,871,995 | 219,871,995 | 219,871,995 | - | - |
| Land proprietor's entitlement | 7.10 - 10.70 | 187,625,409 | 230,269,769 | 49,891,666 | 166,815,895 | 13,562,208 |
| Bank overdrafts | 5.89 | 3,907,173 | 3,907,173 | 3,907,173 | - | - |
| Bankers' acceptances | 3.27 - 3.64 | 995,952 | 1,005,193 | 1,005,193 | - | - |
| Revolving credits | 2.91 - 5.15 | 41,399,200 | 41,637,368 | 41,637,368 | - | - |
| Hire purchase payables | 3.59 - 6.71 | 8,365,884 | 9,039,574 | 2,969,707 | 5,454,726 | 615,141 |
| Term loans | 3.73 - 12.25 | 238,755,944 | 282,437,711 | 46,842,877 | 167,552,908 | 68,041,926 |
| Invoice financing | 3.45 | 1,036,670 | 1,048,428 | 1,048,428 | - | - |
| | | 701,958,227 | 789,217,211 | 367,174,407 | 339,823,529 | 82,219,275 |

**50. FINANCIAL INSTRUMENTS (CONT'D)**

**50.1 Financial Risk Management Policies (Cont'd)**

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

| The Group | Effective interest rate % | Carrying amount RM | Contractual undiscounted cash flows RM | Within 1 year RM | 2 - 5 years RM | Over 5 years RM |
|---|---|---|---|---|---|---|
| **2021** | | | | | | |
| Non-derivative Financial Liabilities | | | | | | |
| Trade and non-trade payables | - | 264,038,196 | 264,038,196 | 264,038,196 | - | - |
| Land proprietor's entitlement | 7.10 - 10.70 | 193,468,484 | 276,223,854 | 10,285,049 | 140,987,039 | 124,951,766 |
| Bank overdrafts | 5.64 | 3,935,279 | 3,935,279 | 3,935,279 | - | - |
| Bankers' acceptances | 3.21 - 3.46 | 751,000 | 751,000 | 751,000 | - | - |
| Revolving credits | 3.19 - 5.16 | 100,500,000 | 100,944,837 | 100,944,837 | - | - |
| Hire purchase payables | 3.59 - 6.71 | 9,426,896 | 9,740,532 | 5,119,263 | 4,589,962 | 31,307 |
| Term loans | 2.96 - 12.25 | 294,133,384 | 329,657,772 | 41,603,923 | 205,187,574 | 82,866,275 |
| | | 866,253,239 | 985,291,470 | 426,677,547 | 350,764,575 | 207,849,348 |

**50. FINANCIAL INSTRUMENTS (CONT'D)**

**50.1 Financial Risk Management Policies (Cont'd)**

**(c) Liquidity Risk (Cont'd)**

*Maturity Analysis (Cont'd)*

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

| The Company | Effective interest rate % | Carrying amount RM | Contractual undiscounted cash flows RM | Within 1 year RM | 2 - 5 years RM | Over 5 years RM |
|---|---|---|---|---|---|---|
| **2022** | | | | | | |
| Non-derivative Financial Liabilities | | | | | | |
| Trade and non-trade payables | - | 188,427 | 188,427 | 188,427 | - | - |
| Term loans | 3.73% | 14,062,500 | 14,774,222 | 4,242,564 | 10,531,658 | - |
| Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries | - | - | 512,356,963 | 512,356,963 | - | - |
| **2021** | | | | | | |
| Non-derivative Financial Liabilities | | | | | | |
| Trade and non-trade payables | - | 164,576 | 164,576 | 164,576 | - | - |
| Term loans | 3.69% | 15,000,000 | 16,187,718 | 1,485,234 | 14,702,484 | - |
| Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries | - | - | 634,903,497 | 634,903,497 | - | - |

## 50. FINANCIAL INSTRUMENTS (CONT'D)

### 50.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. The net debt is calculated as total interest-bearing borrowings from financial institutions less short-term funds, deposits with licensed banks and cash and bank balances. Total equity includes equity attributable to the owners of the parent and non-controlling interests. The debt-to-equity ratio of the Group and of the Company at the end of the reporting period was as follows:-

| | The Group | | The Company | |
|---|---|---|---|---|
| | 2022<br>RM | 2021<br>RM<br>(Restated) | 2022<br>RM | 2021<br>RM |
| Total interest-bearing financial liabilities | 294,460,823 | 408,746,559 | 14,062,500 | 15,000,000 |
| Less: | | | | |
| Short-term funds | (111,996,689) | (103,248,369) | (19,967,368) | (18,832,658) |
| Deposits with licensed banks | (27,208,865) | (74,805,639) | (6,053,055) | (12,169,150) |
| Cash and bank balances | (149,802,813) | (108,055,283) | (4,092,720) | (6,026,382) |
| Net debt/(cash) | 5,452,456 | 122,637,268 | (16,050,643) | (22,028,190) |
| Total equity | 832,093,212 | 787,115,864 | 419,426,369 | 413,750,831 |
| Debt-to-equity | 0.01 | 0.16 | Not applicable | Not applicable |

## 50. FINANCIAL INSTRUMENTS (CONT'D)

### 50.3 Classification of Financial Instruments

| | The Group 2022 RM | The Group 2021 RM (Restated) | The Company 2022 RM | The Company 2021 RM |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Mandatorily at Fair Value through Profit or Loss | | | | |
| Quoted investment (Note 14) | 1,798,000 | 3,416,200 | 1,798,000 | 3,416,200 |
| Short-term funds | 111,996,689 | 103,248,369 | 19,967,368 | 18,832,658 |
| | 113,794,689 | 106,664,569 | 21,765,368 | 22,248,858 |
| Amortised Cost | | | | |
| Trade and non-trade receivables | 143,110,933 | 139,760,896 | 252,342,209 | 239,395,714 |
| Deposits with licensed banks | 27,208,865 | 74,805,639 | 6,053,055 | 12,169,150 |
| Cash and bank balances | 149,802,813 | 108,055,283 | 4,092,720 | 6,026,382 |
| | 320,122,611 | 322,621,818 | 262,487,984 | 257,591,246 |
| **Financial Liabilities** | | | | |
| Amortised Cost | | | | |
| Trade and non-trade payables | (407,497,404) | (457,506,680) | (188,427) | (164,576) |
| Bank borrowings | (294,460,823) | (408,746,559) | (14,062,500) | (15,000,000) |
| | (701,958,227) | (866,253,239) | (14,250,927) | (15,164,576) |

### 50.4 Gain or Losses Arising from Financial Instruments

| | The Group 2022 RM | The Group 2021 RM (Restated) | The Company 2022 RM | The Company 2021 RM |
|---|---|---|---|---|
| **Financial Assets** | | | | |
| Fair Value through Profit or Loss | | | | |
| Net gains/(losses) recognised in profit or loss | 320,134 | (1,217,138) | (1,289,871) | (2,300,520) |
| Amortised Cost | | | | |
| Net gains recognised in profit or loss | 1,758,746 | 2,353,020 | 4,253,500 | 6,198,841 |
| **Financial Liabilities** | | | | |
| Amortised Cost | | | | |
| Net losses recognised in profit or loss | (13,297,070) | (15,446,499) | (549,493) | (229,114) |

## 50. FINANCIAL INSTRUMENTS (CONT'D)

### 50.5 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

| | Fair Value of Financial Instruments Carried at Fair Value | | | Fair Value of Financial Instruments not Carried at Fair Value | | | | |
|---|---|---|---|---|---|---|---|---|
| **The Group** | **Level 1 RM** | **Level 2 RM** | **Level 3 RM** | **Level 1 RM** | **Level 2 RM** | **Level 3 RM** | **Total Fair Value RM** | **Carrying Amount RM** |
| **2022** | | | | | | | | |
| Financial Assets | | | | | | | | |
| Other investments: | | | | | | | | |
| - quoted | 1,798,000 | - | - | - | - | - | 1,798,000 | 1,798,000 |
| Short-term funds | 111,996,689 | - | - | - | - | - | 111,996,689 | 111,996,689 |
| Financial Liabilities | | | | | | | | |
| Land proprietor's entitlement | - | - | - | - | - | 187,625,409 | 187,625,409 | 187,625,409 |
| Term loans | - | - | - | - | 238,755,944 | - | 238,755,944 | 238,755,944 |

## 50. FINANCIAL INSTRUMENTS (CONT'D)

### 50.5 Fair Value Information (Cont'd)

| | Fair Value of Financial Instruments Carried at Fair Value | | | Fair Value of Financial Instruments not Carried at Fair Value | | | | |
|---|---|---|---|---|---|---|---|---|
| **The Group** | **Level 1 RM** | **Level 2 RM** | **Level 3 RM** | **Level 1 RM** | **Level 2 RM** | **Level 3 RM** | **Total Fair Value RM** | **Carrying Amount RM** |
| **2021** | | | | | | | | |
| Financial Assets | | | | | | | | |
| Other investments: | | | | | | | | |
| - quoted | 3,416,200 | - | - | - | - | - | 3,416,200 | 3,416,200 |
| Short-term funds | 103,248,369 | - | - | - | - | - | 103,248,369 | 103,248,369 |
| Financial Liabilities | | | | | | | | |
| Land proprietor's entitlement | - | - | - | - | - | 193,468,484 | 193,468,484 | 193,468,484 |
| Term loans | - | - | - | - | 294,133,384 | - | 294,133,384 | 294,133,384 |

## 50. Financial Instruments (Cont'd)

### 50.5 Fair Value Information (Cont'd)

| | Fair Value of Financial Instruments Carried at Fair Value | | | Fair Value of Financial Instruments not Carried at Fair Value | | | | |
|---|---|---|---|---|---|---|---|---|
| **The Company** | **Level 1 RM** | **Level 2 RM** | **Level 3 RM** | **Level 1 RM** | **Level 2 RM** | **Level 3 RM** | **Total Fair Value RM** | **Carrying Amount RM** |
| **2022** | | | | | | | | |
| Financial assets | | | | | | | | |
| Other investments: | | | | | | | | |
| - quoted | 1,798,000 | - | - | - | - | - | 1,798,000 | 1,798,000 |
| Short-term funds | 19,967,368 | - | - | - | - | - | 19,967,368 | 19,967,368 |
| Amount owing by subsidiaries | - | - | - | - | - | 145,814,546 | 145,814,546 | 145,814,546 |
| Financial Liability | | | | | | | | |
| Term loans | - | - | - | - | 14,062,500 | - | 14,062,500 | 14,062,500 |
| **2021** | | | | | | | | |
| Financial assets | | | | | | | | |
| Other investments: | | | | | | | | |
| - quoted | 3,416,200 | - | - | - | - | - | 3,416,200 | 3,416,200 |
| Short-term funds | 18,832,658 | - | - | - | - | - | 18,832,658 | 18,832,658 |
| Amount owing by subsidiaries | - | - | - | - | - | 143,654,693 | 143,654,693 | 143,654,693 |
| Financial Liability | | | | | | | | |
| Term loans | - | - | - | - | 15,000,000 | - | 15,000,000 | 15,000,000 |

## 50. FINANCIAL INSTRUMENTS (CONT'D)

### 50.5 Fair Value Information (Cont'd)

**(a) Fair Value of Financial Instruments Carried at Fair Value**

(i) The fair value above have been determined using the following basis:-

(aa) The fair value of quoted equity investments is determined at their quoted closing bid prices at the end of the reporting period.

(bb) The fair value of the unquoted equity investments is determined to approximate the net assets of the investee as it is immaterial in the context of the financial statements.

(cc) The fair value of money market fund is determined by reference to statement provided by the respective financial institutions, for which the investments were entered into.

(ii) There were no transfer between level 1 and level 2 during the financial year.

**(b) Fair Value of Financial Instruments Not Carried at Fair Value**

The fair values, which are for disclosure purposes, have been determined using the following basis:-

The fair values of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

## 51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 11 March 2020, the World Health Organisation declared the Covid-19 outbreak as global pandemic. Following the declaration, the Government of Malaysia has on 18 March 2020 imposed the Movement Control Order ("MCO") and subsequently entered into various phases of the MCO to curb the spread of the Covid-19 pandemic in Malaysia.

This had led to the delays in construction, property development activities and commissioning of water concession plant. The financial performance of the Group was consequently affected. The Group has taken into consideration the Covid-19 impact and the current economic environment on the basis of preparation of this financial statements.

Given the fluidity of the situation, the Group will continue to monitor the impact of the pandemic and take appropriate and timely measures to minimise its impact on the Group's operations.

(b) On 29 March 2019, the Company announced that Achwell Property Sdn Bhd ("APSB"), a wholly-owned subsidiary of the Company had entered into a Conditional Settlement Agreement, Put Option Agreement and Call Option Agreement with Capital City Property Sdn Bhd ("CCPSB") for the proposed variation to the terms of the Joint Venture Agreement between APSB and CCPSB for an integrated development in Bandar Johor Bahru, District of Johor Bahru, State of Johor Darul Takzim ("Proposed Variation").

**51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)**

(b) The Proposed Variation is subject to the fulfilment of the conditions precedent as stipulated in the respective Agreements. On 26 September 2019, APSB and CCPSB mutually agreed to extend the conditional period, which will expire on 28 September 2019, for another six months to 28 March 2020, for CCPSB to fulfil the remaining conditions precedent as set out in the Settlement Agreement.

CCPSB failed to fulfil the remaining conditions precedent set out in the Settlement Agreement by 28 March 2020 hence, the Settlement Agreement lapsed on 28 March 2020 and became null and void, and the parties fall back to the original Joint Venture Agreement ("JVA") on their rights and obligations.

CCPSB has since applied for and obtained an ex-parte Judicial Management Order on 13 March 2020. This, coupled with several other factors, gives rise to default events under the JVA. APSB had, by a letter dated 15 May 2020 issued a Notice of Default under the JVA to CCPSB. The High Court had on 4 September 2020 given an order allowing APSB to intervene in the Judicial Management proceedings.

On 28 July 2021, APSB entered into a Conditional Settlement Agreement ("FSA") with CCPSB (through the Judicial Manager), which sets out the terms and conditions governing the payment of the final settlement sum and other matters relating to the settlement. Under the terms of the FSA, APSB's Entitlement Sum has been revised to RM190 million, of which a total of RM150 million has been paid to APSB to-date. In this regard, the Parties have agreed for CCPSB to settle and pay the final settlement sum of RM40 million as the full and final settlement ("FSS'') of APSB's Entitlement Sum and all other rights, interests and/or benefits APSB may have under the JVA. The FSA was subject to the fulfilment of the conditions precedent within six (6) months from the date of the FSA.

The conditions precedent have been fulfilled and the Unconditional Date for the FSA was on 3 November 2021 upon the fulfilment of the last condition precedent whereupon the Company's shareholders' approval was obtained.

On 28 July 2022, APSB served a written notice to CCPSB requesting for remedy in relation to CCPSB's default in payment for Tranches 1 and 2 of the FSS amounting to RM10 million in aggregate, together with the late payment interest at the rate of 5% per annum (calculated on a daily basis).

CCPSB is required to remedy such default within two (2) months from the date of the said written notice ("Remedy Period") or such extended period of not more than one (1) month from the expiry of the Remedy Period as may be granted by APSB at its absolute discretion. However, in the event CCPSB is unable to remedy the said default within the stipulated period, APSB shall be entitled to enforce its full rights under the FSA, including to enforce the security created under the Debenture and proceed to sell the remaining Collateral Units which are not already released from the Debenture and use the said sale proceeds to settle the entire outstanding FSS together with any interest thereon and all other sums due and payable by CCPSB to APSB under the FSA and the Debenture.

(c) On 23 August 2021, the Company's wholly-owned subsidiary, Gadang Land Sdn Bhd entered into a Sale and Purchase Agreement with SkyRia Development Sdn Bhd (formerly known as Nusa Jutamas Sdn Bhd) to dispose a parcel of residential land located at Jalan Kolam Air, Taman Melawati, Kuala Lumpur for a total cash consideration of RM43 million.

## 51. Significant Events During The Financial Year (Cont'd)

(d) On 17 December 2021, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd, secured a RM131,370,711 subcontract works from Binary Vista Sdn Bhd to undertake geotechnical, drainage and structural works for Central Spine Road, Pakej 2.

(e) On 22 December 2021, the Company's indirect 70%-owned subsidiary, Nusantara Suriamas Sdn Bhd ("NSSB") signed the Power Purchase Agreement for Large Scale Solar ("PPA") with Sabah Electricity Sdn Bhd ("SESB"). NSSB will design, construct, test, commission, own, operate and maintain a solar photovoltaic energy generating facility with the capacity of 5.9 MWac to be located in Tawau, Sabah ("Facility") for connection to SESB's medium voltage Distribution Network at PPU Sri Indah to generate and deliver solar photovoltaic energy to SESB.

The PPA governs the obligations of NSSB and SESB to sell and purchase the energy generated by the Facility for a period of 21 years from the commercial operation date which is expected in first half 2023, in accordance with the agreed terms and conditions as stipulated in the PPA.

(f) On 8 February 2022, the Company's indirect wholly-owned subsidiary, Yi Sheng Foundation Pte Ltd ("Yi Sheng") acquired 1 ordinary share representing 100% equity interest of Usaha Pesona Sdn Bhd ("Usaha Pesona") for a total purchase consideration of RM1. With this acquisition, Usaha Pesona became an indirect wholly-owned subsidiary of the Company. The intended principal activity of Usaha Pesona shall be contractor of bored pile works.

(g) On 16 March 2022, the Company's wholly-owned subsidiary, Skyline Symphony Sdn Bhd, entered into a Sale and Purchase Agreement with Dynamic Pro-Parking Sdn Bhd to dispose of its parcel of freehold land located at Petaling Jaya, Selangor for a total cash consideration of RM5.2 million.

(h) On 14 March 2022, Yi Sheng subscribed for 51% equity interest representing 1,530 ordinary shares in UA Foundation Pte Ltd ("UAF") for a total purchase consideration of SGD1,530. With this subscription, UAF became an indirect 51% subsidiary of the Company. The intended principal activity of UAF shall also be contractor of bored pile works.

## 52. Significant Events Occurring After The Reporting Period

(a) On 31 May 2022, the Company's wholly-owned subsidiary, Asian Utilities Pte Ltd, entered into a Conditional Sale and Purchase of Share Agreement with PT Bangun Karya Nusa to dispose of its entire 95% equity interest in PT Bintang Hytien Jaya ("PT BHJ") for a total consideration of IDR 2 billion (equivalent to approximately RM580,000). With the completion of the disposal on 1 July 2022, PT BHJ ceased to be a subsidiary of the Company.

(b) On 19 July 2022, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd accepted the Letter of Award from Adil Permata Sdn Bhd as a sub-contractor in the project known as "Projek Rapid Transit System Link (RTS Link) Antara Johor Bahru Dan Singapura" ("**RTS Link Project**") for Package 4: Bukit Chagar Station and Operation Control Centre ("**Package 4**") for a contract sum of RM370 million.

(c) On 19 July 2022, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd accepted the Letter of Award from Adil Permata Sdn Bhd as a sub-contractor in the project known as "Projek Rapid Transit System Link (RTS Link) Antara Johor Bahru Dan Singapura" ("**RTS Link Project**") for Package 6: Depot and Power Supply System ("**Package 6**") for a contract sum of RM310 million.

## 53. CHANGE IN ACCOUNTING POLICY AND RESTATEMENT OF COMPARATIVE FIGURES

(i) Statements of comprehensive income for the financial year ended 31 May 2021

| | Note | As previously reported RM | Effect of change in accounting policy RM | As restated RM |
|---|---|---|---|---|
| Revenue | | 574,767,491 | - | 574,767,491 |
| Cost of sales | a | (497,975,534) | 3,744,090 | (494,231,444) |
| **Gross profit** | a | 76,791,957 | 3,744,090 | 80,536,047 |
| Other income | | 9,992,415 | - | 9,992,415 |
| Administrative expenses | | (27,815,091) | - | (27,815,091) |
| Depreciation and amortisation | | (7,356,825) | - | (7,356,825) |
| Operating expenses | | (15,496,736) | - | (15,496,736) |
| Other expenses | a | (12,582,990) | 7,946,276 | (4,636,714) |
| Profit from operations | a | 23,532,730 | 11,690,366 | 35,223,096 |
| Finance costs | a | (3,764,767) | (9,803,816) | (13,568,583) |
| Share of results in joint ventures | | 301,065 | - | 301,065 |
| Profit before taxation | a | 20,069,028 | 1,886,550 | 21,955,578 |
| Income tax expense | a | (8,914,161) | 222,906 | (8,691,255) |
| **Profit after taxation** | a | 11,154,867 | 2,109,456 | 13,264,323 |
| Profit after taxation attributable to:- | | | | |
| Owners of the Company | a | 10,792,232 | 2,109,456 | 12,901,688 |
| Non-controlling interests | | 362,635 | - | 362,635 |
| | | 11,154,867 | 2,109,456 | 13,264,323 |
| Other comprehensive income | | 514,048 | - | 514,048 |
| Foreign currency translation | | (1,970,311) | - | (1,970,311) |
| Total comprehensive income for the financial year | a | 9,698,604 | 2,109,456 | 11,808,060 |
| Total comprehensive income attributable to:- | a | | | |
| Owners of the Company | | 9,443,781 | 2,109,456 | 11,553,237 |
| Non-controlling interests | | 254,823 | - | 254,823 |
| | | 9,698,604 | 2,109,456 | 11,808,060 |
| Earnings per share (sen): | | | | |
| Basic/Diluted | a | 1.48 | 0.29 | 1.77 |

## 53. CHANGE IN ACCOUNTING POLICY AND RESTATEMENT OF COMPARATIVE FIGURES (CONT'D)

(ii) Statements of financial position as at 31 May 2021

| | Note | As previously reported RM | Effect of change in accounting policy RM | Prior Year Adjustment ("PYA") RM | Reclassification RM | As restated RM |
|---|---|---|---|---|---|---|
| **Non-current asset** | | | | | | |
| Intangible assets | b (ii) | - | - | 35,638,665 | - | 35,638,665 |
| Concession assets | b (i), (ii) | 147,132,169 | - | (37,284,197) | - | 109,847,972 |
| Property, plant and equipment | b (i), c | 22,483,319 | - | 632,680 | 15,385,134 | 38,501,133 |
| Right-of-use assets | c | 19,898,021 | - | 6,818 | (15,385,134) | 4,519,705 |
| Deferred tax assets | a | 30,528,911 | 913,914 | - | - | 31,442,825 |
| **Current assets** | | | | | | |
| Inventories | a | 796,316,951 | (35,414,719) | - | - | 760,902,232 |
| Trade and non-trade receivables | b (i) | 150,287,569 | - | 1,006,035 | - | 151,293,604 |
| **Equity** | | | | | | |
| Reserves | a | 427,099,158 | 34,500,806 | - | - | 392,598,352 |
| **Non-current liabilities** | | | | | | |
| Bank Borrowings | c | 250,912,461 | - | - | 4,563,595 | 255,476,056 |
| Lease liabilities | c | 4,563,595 | - | - | (4,563,595) | - |
| **Current liabilities** | | | | | | |
| Bank Borrowings | c | 148,407,202 | - | - | 4,863,301 | 153,270,503 |
| Lease liabilities | c | 4,863,301 | - | - | (4,863,301) | - |

**53. CHANGE IN ACCOUNTING POLICY AND RESTATEMENT OF COMPARATIVE FIGURES (CONT'D)**

(iii) Statements of financial position as at 1 June 2020

| | Note | As previously reported RM | Effect of change in accounting policy RM | PYA RM | Reclassification RM | As restated RM |
|---|---|---|---|---|---|---|
| **Non-current assets** | | | | | | |
| Intangible assets | b (ii) | - | - | 37,612,170 | - | 37,612,170 |
| Concession assets | b (i), (ii) | 142,510,622 | - | (39,303,549) | - | 103,207,073 |
| Property, plant and equipment | b (i), c | 29,283,062 | - | 632,680 | 16,471,737 | 46,387,479 |
| Right-of-use assets | c | 21,038,932 | - | 7,061 | (16,471,737) | 4,574,256 |
| Deferred tax assets | a | 26,079,252 | 691,008 | - | - | 26,770,260 |
| **Current assets** | | | | | | |
| Inventories | a | 833,859,716 | (37,301,270) | - | - | 796,558,446 |
| Trade and non-trade receivables | b (i) | 142,312,783 | - | 1,051,638 | - | 143,364,421 |
| **Equity** | | | | | | |
| Reserves | a | 424,540,571 | 36,610,262 | - | - | 387,930,309 |
| **Non-current liabilities** | | | | | | |
| Bank Borrowings | c | 163,769,222 | - | - | 5,710,248 | 169,479,470 |
| Lease liabilities | c | 5,710,248 | - | - | (5,710,248) | - |
| **Current liabilities** | | | | | | |
| Bank Borrowings | c | 114,625,279 | - | - | 4,947,372 | 119,572,651 |
| Lease liabilities | c | 4,947,372 | - | - | (4,947,372) | - |

## 53. CHANGE IN ACCOUNTING POLICY AND RESTATEMENT OF COMPARATIVE FIGURES (CONT'D)

(iv) Statements of cash flows as at 1 June 2021

| | Note | As previously reported RM | Effect of change in accounting policy RM | PYA RM | Reclassification RM | As restated RM |
|---|---|---|---|---|---|---|
| Operating profit before working capital changes | a, b, c | 45,169,848 | (6,059,725) | (288) | 9,804,107 | 48,913,942 |
| Net Operating Cash Flows | a, b, c | (119,522,398) | (45,606) | 45,315 | 9,804,107 | (109,718,582) |
| Net Investing Cash Flows | c | (3,174,757) | - | - | (543,999) | (3,718,756) |
| Net Financing Cash Flows | c | 132,298,912 | - | - | (9,259,814) | 123,039,098 |
| Effect of exchange rate changes on cash and cash equivalents | b | (656,411) | - | (3) | - | (656,414) |

## 53. CHANGE IN ACCOUNTING POLICY AND RESTATEMENT OF COMPARATIVE FIGURES (CONT'D)

(a) Adoption of IFRIC Agenda Decision on MFRS 123

Effects of the adoption of IFRIC Agenda Decision on MFRS 123 Borrowing Costs on over time transfer of constructed goods ("Agenda Decision").

In March 2019, the IFRS Interpretations Committee ("IFRIC") published an Agenda Decision confirming receivable, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the MASB decided that an entity shall apply the change in accounting policy as a result of the IFRIC Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

Prior to the adoption of the Agenda Decision, borrowing costs incurred on property development were capitalised in the inventories until the completion of the construction of the assets. The borrowing costs capitalised in inventories were recognised as cost of sales in profit or loss by reference to the progress towards complete satisfaction of that performance obligation.

The Group had retrospectively applied the Agenda Decision and comparative figures have been restated as at 1 June 2020 a result of transition requirement under Agenda Decision.

(b) Prior Year Adjustments

During the current financial year, prior year adjustments were made in accordance with MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, certain comparatives have been restated as set out above.

The prior year adjustments are related to:-

(i) Reclassification of the project development expenditure from concession assets to prepayment for consultant cost; and

(ii) Reclassification from concession assets to intangible assets in accordance to the IFRIC 12 Service Concession Arrangements that the operator recognises an intangible assets to the extent that it receives a right (a license) to charge users of the public service. The assets under the term Rehabilitate, Upgrade, Operate and Transfer have been reclassed accordingly.

(c) Comparative Figures

In addition to the information disclosed in Note 53(a) and Note 53(b) to the financial statements, the above figures have been reclassified to conform with the presentation of the current financial year.

| Title/Location | Description/ Existing use | Tenure | Acquisition Date (Revaluation Date) | Approximate Land/(Built-up) Area in sq. ft | Carrying Value (RM) |
|---|---|---|---|---|---|
| Wisma Gadang<br>No. 52 Jalan Tago 2<br>Off Jalan Persiaran Utama<br>Sri Damansara<br>52200 Kuala Lumpur | 7 storey office block for own use | Freehold | (June 1997) | 42,619<br>(45,043) | 7,495,182 |
| Salak South Land<br>HS(D) 51683 Lot 480759;<br>HS(D) 51684 Lot 480760;<br>HS(D) 51685 Lot 480761;<br>HS(D) 51686 Lot 480762;<br>HS(D) 51687 Lot 480763;<br>HS(D) 51688 Lot 480764;<br>HS(D) 51689 Lot 480765;<br>HS(D) 51690 Lot 480766;<br>HS(D) 51691 Lot 480767;<br>HS(D) 51692 Lot 480768;<br>HS(D) 51693 Lot 480769;<br>HS(D) 121251 PT9755<br>Mukim Kuala Lumpur | Mixed development | Leasehold ending 17/06/2112<br><br>12/01/2119 | 27/01/2010 | 171,278 | 11,570,139 |
| Plot No. 209 held under<br>HS(D) 252119 PT No. 1014;<br>Plot No. 211 held under<br>HS(D) 252121 PT No. 1016;<br>Plot No. 201 held under<br>HS(D) 252138 PT No. 1033;<br>Plot No. 202 held under<br>HS(D) 252126 PT No. 1021;<br>Plot No. 203 held under<br>HS(D) 252127 PT No. 1022<br>Pekan Baru Sungai Besi<br>District of Petaling<br>Selangor | Vacant bungalow lot for sale/ development | Leasehold ending 01/12/2107 | 31/01/2010 | 52,535 | 7,125,759 |
| HS(D) 2811 PT No. 165<br>Bandar Pokok Sena<br>Daerah Pokok Sena<br>Kedah | Mixed development | Freehold | 11/06/2010 | 3,072,281 | 17,704,917 |

| Title/Location | Description/ Existing use | Tenure | Acquisition Date (Revaluation Date) | Approximate Land/(Built-up) Area in sq. ft | Carrying Value (RM) |
|---|---|---|---|---|---|
| PM 2288 Lot 20470<br>Mukim Serendah<br>Daerah Hulu Selangor<br>Negeri Selangor | Store for plant and machinery | Leasehold ending 31/08/2105 | 01/10/2012 | 400,300 | 4,250,268 |
| No. Hakmilik 271958 Lot 20504<br>Mukim Semenyih<br>District of Ulu Langat<br>State of Selangor | Land for development | Freehold | 30/01/2015 | 2,736,268 | 98,676,114 |
| HS(D) 256293 PT 47369<br>Mukim Sungai Buloh<br>Daerah Petaling Negeri Selangor | Commercial land for sale/ development | Leasehold ending 13/05/2108 | 06/02/2017 | 116,013 | 54,734,483 |
| Gelang Patah Land<br>HS(D) 15206, PTD 15309;<br>HS(D) 15207, PTD 15310<br>Land in Mukim Jeram Batu<br>Daerah Pontian, Negeri Johor | Land for development | Freehold | 06/02/2018 | 3,397,744 | 156,496,272 |
| Country Lease No. 215381043;<br>Country Lease No. 215381052;<br>Country Lease No. 215381061;<br>Country Lease No. 215381070;<br>Country Lease No. 215381089<br>District of Penampang, Sabah | Vacant land | Leasehold ending 25/09/2935 | 26/06/2018 | 32,930 | 3,883,951 |
| Country Lease No. 015620630<br>District of Kota Kinabalu, Sabah | Vacant land | Leasehold ending 21/06/2913 | 26/06/2018 | 11,366 | 1,710,960 |

## I. ANALYSIS OF SHAREHOLDINGS as at 30 August 2022

**Share Capital**

| | | |
|---|---|---|
| Number of Issued Shares | : | 728,061,095 |
| Class of Shares | : | Ordinary shares |
| No. of shareholders | : | 15,285 |
| Voting Rights | : | One vote per ordinary share (on a poll) |

### DISTRIBUTION OF SHAREHOLDINGS

| Size of Shareholdings | No. of Holders | % | No. of Issued Shares | % |
|---|---|---|---|---|
| 1 - 99 | 295 | 1.93 | 11,980 | 0.00 |
| 100 - 1,000 | 1,169 | 7.65 | 726,162 | 0.01 |
| 1,001 - 10,000 | 7,477 | 48.92 | 43,286,294 | 5.95 |
| 10,001 - 100,000 | 5,602 | 36.65 | 184,214,235 | 25.30 |
| 100,001 - 36,403,053 | 740 | 4.84 | 321,382,471 | 44.14 |
| 36,403,054* and above | 2 | 0.01 | 178,439,953 | 24.51 |
| Total | 15,285 | 100.00 | 728,061,095 | 100.00 |

* *denotes 5% of issued shares*

### SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

| | No. of Issued Shares | | | |
|---|---|---|---|---|
| Name | Direct Interest | % | Deemed Interest | % |
| 1. Sumber Raswira Sdn Bhd | 81,525,402 | 11.20 | - | - |
| 2. Tan Sri Dato' Kok Onn | 14,377,300 | 1.97 | 178,439,953[a] | 24.51 |
| 3. Meloria Sdn Bhd | 96,914,551 | 13.31 | - | - |
| 4. Puan Sri Datin Chan Ngan Thai | - | - | 96,914,551[b] | 13.31 |

**Notes**

(a) *Deemed interested by virtue of his interests in Sumber Raswira Sdn Bhd and Meloria Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 ("the Act")*

(b) *Deemed interested by virtue of her interest in Meloria Sdn Bhd pursuant to Section 8 of the Act*

## TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS

| | | No. of Issued Shares | % |
|---|---|---|---|
| 1. | RHB Nominees (Tempatan) Sdn Bhd<br>*Pledged securities account for Meloria Sdn Bhd* | 96,914,551 | 13.31 |
| 2. | Sumber Raswira Sdn Bhd | 81,525,402 | 11.20 |
| 3. | Citigroup Nominees (Asing) Sdn Bhd<br>*Exempt An for Citibank New York (Norges Bank 14)* | 16,469,100 | 2.26 |
| 4. | Alliancegroup Nominees (Tempatan) Sdn Bhd<br>*Pledged securities account for Kok Onn (7002585)* | 14,377,300 | 1.97 |
| 5. | Citigroup Nominees (Tempatan) Sdn Bhd<br>*Employees Provident Fund Board (PHEIM)* | 6,669,100 | 0.92 |
| 6. | Federlite Holdings Sdn Bhd | 5,727,050 | 0.79 |
| 7. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>*Pledged securities account for Su Ming Keat* | 5,200,000 | 0.71 |
| 8. | Maybank Nominees (Tempatan) Sdn Bhd<br>*Yeoh Ah Tu* | 5,171,625 | 0.71 |
| 9. | Public Nominees (Tempatan) Sdn Bhd<br>*Pledged securities account for Ko Mok Chuan (E-TMR/TMJ)* | 4,223,700 | 0.58 |
| 10. | UOB Kay Hian Nominees (Tempatan) Sdn Bhd<br>*Exempt An For UOB Kay Hian Pte Ltd (A/C Clients)* | 3,710,050 | 0.51 |
| 11. | Tee Ah Swee | 3,618,300 | 0.50 |
| 12. | Affin Hwang Nominees (Tempatan) Sdn Bhd<br>*Pledged securities account for Law Wan Ni (M09)* | 3,612,500 | 0.50 |
| 13. | RHB Capital Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account For Phua Sin Mo* | 3,280,000 | 0.45 |
| 14. | Law Wan Cheen | 3,241,500 | 0.45 |
| 15. | Public Nominees (Tempatan) Sdn Bhd<br>*Pledged securities account for Kelly Ko Kar Yee (E-TMR)* | 3,193,200 | 0.44 |
| 16. | TA Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account For Law Wan Ni* | 2,700,000 | 0.37 |
| 17. | Citigroup Nominees (Asing) Sdn Bhd<br>*CBNY For Dimensional Emerging Markets Value Fund* | 2,586,100 | 0.36 |
| 18. | Maybank Nominees (Tempatan) Sdn Bhd<br>*Etiqa Family Takaful Berhad (Dana Ekuiti)* | 2,380,000 | 0.33 |
| 19. | Citigroup Nominees (Asing) Sdn Bhd<br>*CBNY For Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc* | 2,291,200 | 0.31 |

## TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D)

| | | No. of Issued Shares | % |
|---|---|---|---|
| 20. | Maybank Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account For Piong Teck Yen* | 2,148,000 | 0.30 |
| 21. | Maybank Nominees (Tempatan) Sdn Bhd<br>*Etiqa Life Insurance Berhad (Prem Equity)* | 2,103,900 | 0.29 |
| 22. | Maybank Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account For See Kok Wah* | 2,087,000 | 0.29 |
| 23. | Lee Chee Beng | 2,014,750 | 0.28 |
| 24. | Boey Tak Kong | 2,000,000 | 0.27 |
| 25. | Choo Wing Sing | 1,996,300 | 0.27 |
| 26. | Maybank Nominees (Tempatan) Sdn Bhd<br>*Shireen Heng @ Heng Ai Phing* | 1,918,050 | 0.26 |
| 27. | Geoffrey Lim Fung Keong | 1,869,900 | 0.26 |
| 28. | Maybank Nominees (Tempatan) Sdn Bhd<br>*Etiqa Family Takaful Berhad (Shareholders)* | 1,800,000 | 0.25 |
| 29. | Maybank Nominees (Tempatan) Sdn Bhd<br>*Pledged Securities Account For Chung Keat Ann* | 1,704,800 | 0.23 |
| 30. | Law Wan Ni | 1,655,250 | 0.23 |
| | **Total** | **288,188,628** | **39.58** |

## II. DIRECTORS' SHAREHOLDINGS as at 30 August 2022

### A. DIRECTORS' SHAREHOLDINGS IN THE COMPANY (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

| | No. of Issued Shares | | | |
|---|---|---|---|---|
| Name of Directors | Direct Interest | % | Deemed Interest | % |
| Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican | - | - | - | - |
| Tan Sri Dato' Kok Onn | 14,377,300 | 1.97 | 178,439,953[(a)] | 24.51 |
| Kok Pei Ling | 1,304,400 | 0.18 | - | - |
| Huang Shi Chin | 196,800 | 0.03 | - | - |
| Sherman Lam Yuen Suen | 190,000 | 0.03 | - | - |
| Wong Ping Eng | - | - | - | - |

**Note**

(a) *Deemed interested by virtue of his interests in Sumber Raswira Sdn Bhd and Meloria Sdn Bhd pursuant to Section 8 of the Companies Act, 2016*

NOTICE IS HEREBY GIVEN THAT the Twenty-Ninth (**29th**) Annual General Meeting (**AGM**) of Gadang Holdings Berhad (**the Company**) will be held as a fully virtual meeting conducted through live streaming and online remote voting using the Remote Participation and Voting ("**RPV**") facilities at the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its TIIH Online website at https://tiih.online (Domain registration number with MYNIC: D1A282781) on Wednesday, 9 November 2022 at 10.00 a.m. for the following purposes:-

## AGENDA

### AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 May 2022 together with the Reports of the Directors and Auditors thereon.
   ***Please refer to Explanatory Note A***

2. To approve the payment of a first and final dividend of 0.7 sen per share in respect of the financial year ended 31 May 2022. *(Ordinary Resolution 1)*

3. To approve the payment of Directors' fees of up to RM350,000 for the financial year ending 31 May 2023, to be made payable quarterly. *(Ordinary Resolution 2)*
   ***Please refer to Explanatory Note B***

4. To approve the payment of benefits payable to the Non-Executive Directors of the Company up to an amount of RM150,000 from 10 November 2022 until the next Annual General Meeting of the Company. *(Ordinary Resolution 3)*
   ***Please refer to Explanatory Note B***

5. To re-elect the following Directors who retire by rotation pursuant to Clause 108 of the Company's Constitution and being eligible, have offered themselves for re-election:-
   (a) Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican *(Ordinary Resolution 4)*
   (b) Ms Kok Pei Ling *(Ordinary Resolution 5)*
   ***Please refer to Explanatory Note C***

6. To re-elect Ms Wong Ping Eng who retires pursuant to Clause 115 of the Company's Constitution and being eligible, has offered herself for re-election. *(Ordinary Resolution 6)*
   ***Please refer to Explanatory Note C***

7. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 May 2023 and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 7)*
   ***Please refer to Explanatory Note D***

### AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions:-

8. **Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016**

   "**THAT**, pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next Annual General Meeting and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total issued shares of the Company for the time being and that the Directors be and are also empowered to obtain approval for the listing of and quotation for the additional shares so issued on Bursa Malaysia Securities Berhad, subject always to the approvals of the relevant regulatory authorities;

AND THAT pursuant to Section 85 of the Companies Act, 2016 to be read together with Clause 55 of the Company's Constitution, approval be and is hereby given to waive the statutory pre-emptive rights of the shareholders of the Company to be offered new shares of the Company ranking equally to the existing issued shares arising from any issuance of new shares in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016." (Ordinary Resolution 8)
***Please refer to Explanatory Note E***

9. **Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

"**THAT**, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and/or its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of the Circular to Shareholders dated 29 September 2022 ("Circular") with the related party listed in Section 2.3 of the Circular which transactions are necessary for the day-to-day operations, in the ordinary course of business of Gadang Group on terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders;

THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

(a) the conclusion of the next Annual General Meeting ("AGM") of the Company, at which time it will lapse, unless renewed by a resolution passed at that meeting;

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution." *(Ordinary Resolution 9)*
***Please refer to Explanatory Note F***

10. To transact any other business of which due notice shall have been given.

## NOTICE OF DIVIDEND ENTITLEMENT AND PAYMENT

NOTICE IS ALSO HEREBY GIVEN THAT the first and final dividend of 0.7 sen per share, for the financial year ended 31 May 2022, if approved by the shareholders at the 29th AGM, will be paid on 9 December 2022 to Depositors whose names appear in the Record of Depositors at the close of business on 21 November 2022.

A Depositor shall qualify for entitlement to the dividend only in respect of:-

a. shares transferred into the Depositor's Securities Account before 4.30 p.m. on 21 November 2022 in respect of transfers; and

b. shares bought on Bursa Malaysia Securities Berhad ("Bursa Securities") on a cum entitlement basis according to the Rules of Bursa Securities.

**BY ORDER OF THE BOARD**

TAN SEOK CHUNG, SALLY (MAICSA 0829689) (SSM PC No. 202008001386)
Company Secretary

Kuala Lumpur
29 September 2022

**NOTES ON APPOINTMENT OF PROXY AND ENTITLEMENT OF ATTENDANCE**

1. *The 29th AGM will be held as a fully virtual meeting using live streaming and online remote voting through RPV facilities at the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via TIIH Online website at https://tiih.online (Domain registration number with MYNIC: D1A282781). Please follow the procedures provided in the Administrative Guide for 29th AGM in order to register, participate and vote remotely via the RPV facilities.*

2. *Only a depositor whose name appears in the Record of Depositors of the Company as at 2 November 2022 shall be regarded as a member entitled to attend, speak and vote, and to appoint not more than two (2) proxies to attend, speak and vote on his/her behalf, at the 29th AGM.*

3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

4. *The instrument appointing a proxy ("**Form of Proxy**") shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*

5. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *The Form of Proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 29th AGM or at any adjournment thereof. Alternatively, you may submit the Form of Proxy electronically via TIIH Online website at https://tiih.online before the aforesaid lodgement cut-off time. Please refer to the Administrative Guide for the 29th AGM on the procedures for electronic lodgement of Proxy Form.*

7. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice will be put to vote by way of poll.*

**EXPLANATORY NOTES:**

A. **Audited Financial Statements for the financial year ended 31 May 2022**
This agenda item is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act, 2016, the audited financial statements do not require a formal approval of the members. Hence, this item will not be put forward for voting.

B. **Ordinary Resolutions 2 and 3 – Directors' Fees and Benefits**
Pursuant to Section 230(1) of the Companies Act, 2016, fees and benefits payable to the directors of a listed company and its subsidiaries shall be approved by shareholders at a general meeting.

The proposed Ordinary Resolution 2, if passed, will authorise the payment of the following Directors' fees to the Non-Executive Directors ("NEDs") of the Company on a quarterly basis:

| Category | Non-Executive Chairman | Non-Executive Directors |
|---|---|---|
| Directors' Fees (per annum) | RM110,000 | RM80,000 per Director |

The proposed Ordinary Resolution 3, if passed, will authorise the payment of Directors' benefits to the NEDs by the Company. The Directors' benefits of RM150,000 for the period from 10 November 2022 until the next AGM in year 2023 are derived from the estimated meeting attendance allowance based on the number of scheduled meetings and unscheduled meetings (when necessary) for Board, Board Committees and general meetings as well as the number of NEDs involved in the meetings and leave passage or medical claims of the NEDs. The meeting attendance allowance for a NED is RM1,000 per meeting. The leave passage or medical claim for a NED is RM15,000 per annum.

C. **Ordinary Resolutions 4, 5 and 6 – Re-election of Directors**
Clause 108 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at each AGM of the Company. All the Directors shall retire from office once at least in every three (3) years but shall be eligible for re-election. Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican and Ms Kok Pei Ling are standing for re-election as Directors and being eligible, have offered themselves for re-election.

Based on the annual Board Evaluation, the Nomination & Remuneration Committee and the Board were satisfied with the said Directors' performance and contributions to the Board and deliberations through their skills, experience, strengths and qualities and the ability to act in the best interest of the Company.

Clause 115 of the Company's Constitution provides that any Director appointed by the Board shall hold office only until the next AGM and shall then be eligible for re-election but shall not be taken into account in determining the Directors who are to retire by rotation at that meeting. Ms Wong Ping Eng who was appointed as Independent Non-Executive Director of the Company on 25 May 2022, is standing for re-election and being eligible, has offered herself for re-election. Her expertise and experience that she brings to the Board, shall further strengthen the Board composition.

The Board has therefore recommended the re-election of each Director who is retiring at the 29th AGM. The profiles of the retiring Directors are set out in the Profile of Directors of the Annual Report 2022.

D. **Ordinary Resolution 7 – Re-appointment of Auditors**
The Board, through the Audit Committee, had reviewed and was satisfied with the performance and independence of Crowe Malaysia PLT during the financial year under review. The Board has therefore recommended the re-appointment of Crowe Malaysia PLT as external auditors of the Company for the financial year ending 31 May 2023.

E. **Ordinary Resolution 8 – Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016**
The proposed Ordinary Resolution 8 is a renewal of the general mandate for issuance of shares by the Company under Sections 75 and 76 of the Companies Act, 2016, obtained from the shareholders at the last AGM. The resolution, if passed, will empower the Directors of the Company to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued does not exceed 10% of the issued shares of the Company for the time being. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares of the Company were issued pursuant to the mandate granted at the last AGM held on 3 November 2021 of which will lapse at the conclusion of this 29th AGM and hence, no proceeds were raised.

This mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for purpose of funding future investment project(s), working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

F. **Ordinary Resolution 9 – Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature**
The proposed Ordinary Resolution 9 is in relation to the approval of Shareholders' Mandate for Recurrent Related Party Transactions and if passed, will empower the Company and its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for Gadang Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The details relating to Ordinary Resolution 9 are set out in the Circular to Shareholders dated 29 September 2022, which is available at the Company's website at https://www.gadang.com.my.

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- There are no individuals who are standing for election as Directors at the 29th Annual General Meeting of the Company.

- Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in Explanatory Note E of the Notice of this meeting.

# Form of **Proxy**

| NUMBER OF SHARES HELD | |
|---|---|
| CDS ACCOUNT NO. | |

*I/We ________________________________________ *NRIC No./Co. No.: ______________________________
(FULL NAME IN BLOCK LETTERS)

of ____________________________________________________________________________
(FULL ADDRESS AND TELEPHONE NO.)

being a *member/members of GADANG HOLDINGS BERHAD hereby appoint ______________________________

**Proxy 1** ________________________________________ NRIC No.: ______________________________
(FULL NAME IN BLOCK LETTERS)

**Proxy 2** ________________________________________ NRIC No.: ______________________________
(FULL NAME IN BLOCK LETTERS)

or failing *him/her the Chairman of the Meeting as *my/our proxy to vote for *me/us on my/our behalf at the 29th Annual General Meeting of the Company which will be held as a fully virtual meeting conducted through live streaming and online remote voting using the Remote Participation and Voting (RPV) facilities at the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via TIIH Online website at https://tiih.online on Wednesday, 9 November 2022 at 10.00 a.m., and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at *his/her discretion.

| NO. | ORDINARY RESOLUTIONS | FOR | AGAINST |
|---|---|---|---|
| 1. | To approve the payment of a first and final dividend | | |
| 2. | To approve the payment of Directors' fees for the financial year ending 31 May 2023 | | |
| 3. | To approve the payment of benefits payable to the Non-Executive Directors | | |
| 4. | To re-elect Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican as Director | | |
| 5. | To re-elect Ms Kok Pei Ling as Director | | |
| 6. | To re-elect Ms Wong Ping Eng as Director | | |
| 7. | To re-appoint Crowe Malaysia PLT as Auditors | | |
| 8. | To authorise the Directors to issue shares | | |
| 9. | To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions | | |

** Strike out whichever not applicable*

Dated this __________ day of ______________________, 2022

______________________________________
Signature/Common Seal of Member

For appointment of 2 proxies, no. of shares and percentage of shareholdings to be represented by the proxies:-

| | No. of shares | Percentage |
|---|---|---|
| Proxy 1 | | |
| Proxy 2 | | |
| Total | | 100% |

**Notes:**

1. *The 29th AGM will be held as a fully virtual meeting using live streaming and online remote voting through RPV facilities at the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via TIIH Online website at https://tiih.online (Domain registration number with MYNIC: D1A282781). Please follow the procedures provided in the Administrative Guide for 29th AGM in order to register, participate and vote remotely via the RPV facilities.*
2. *Only a depositor whose name appears in the Record of Depositors of the Company as at 2 November 2022 shall be regarded as a member entitled to attend, speak and vote, and to appoint not more than two (2) proxies to attend, speak and vote on his/her behalf, at the 29th AGM.*
3. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*
4. *The instrument appointing a proxy ("**Form of Proxy**") shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
5. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
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**AFFIX STAMP**

**GADANG HOLDINGS BERHAD**
**c/o Tricor Investor & Issuing House Services Sdn Bhd**
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

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**WWW.GADANG.COM.MY**

**GADANG HOLDINGS BERHAD** 199301023376 (278114-K)

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