



**TCS Group Holdings Berhad**  
(Registration No. 201901004613 (1313940-W))



**ANNUAL REPORT 2022**



## ABOUT US

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TCS Group Holdings Berhad (“TCS” or “the Group”) is an established building and infrastructure construction services provider with more than 20 years of track record and was listed on ACE Market of Bursa Securities Malaysia Berhad since 23 July 2020. The Group has five subsidiaries namely, wholly-owned TCS Construction Sdn Bhd (“TCSC”), wholly-owned TCS Infra Sdn Bhd (“TCSI”), 60%-owned TCS Amona Consortium Sdn Bhd (“TCSA”), 65%-owned TCS SS Precast Construction Sdn Bhd (“TCSS”) and 51%-owned Quest Energy Sdn Bhd (“QE”).

Our construction services are mainly for buildings, infrastructure, civil and structural works in Malaysia. Over the years, we have completed various types of residential buildings such as terrace houses, bungalows, high rise apartments and condominium, as well as commercial buildings such as shop offices, a shopping complex and purpose-built buildings. Our services also include civil works such as roads, water and sewerage treatment plants, electrical substations, water tanks and reticulation systems for townships.

TCSC is accredited with ISO 9001:2015 Quality Management Systems, ISO 14001:2015 Environmental Management Systems and ISO 45001:2018 Occupational Health and Safety Management Systems by the Standard and Industrial Research Institute of Malaysia (“SIRIM”). TCSC has also attained the SHASSIC safety certificates with 5-star rating, the High QCLASSIC and Best QCLASSIC Achievement Awards for its projects.

All TCSC, TCSI and TCSA are registered with the Construction Industry Development Board of Malaysia (“CIDB”) as Grade G7 contractors, which allow us to tender for construction projects with unlimited values. In addition, TCSC has also obtained the Sijil Perolehan Kerja Kerajaan to participate in tenders for Government projects with contract value exceeding RM10.0 million.





## VISION

To be the premier construction company in the country, delivering the best quality of work, timely completion, highest health and safety standards and stringent environmental management services.

## MISSION

TCS mission is to provide value-added construction services to our Clients by creating successful partnership with them throughout the construction process and to establish lasting relationship by exceeding their expectations and gaining their trusts.

Our goal is to ensure the continuance of our company through repeat and referral business achieved by Clients' satisfaction in all areas including timeliness and quality of work.

We strive to maintain the highest levels of professionalism, integrity, honesty and fairness in our relationships with our suppliers, sub-contractors, associates and Clients.



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# Corporate Information

## BOARD OF DIRECTORS

### TAN SRI DATO' SRI IZZUDDIN BIN DALI

Independent Non-Executive Chairman

### DATO' IR. TEE CHAI SENG

Managing Director

### WONG CHOO LEONG

Executive Director

### DATO' SERI IR MOHAMAD OTHMAN BIN ZAINAL AZIM

Independent Non-Executive Director

### Ooi Guan Hoe

Independent Non-Executive Director

### SHARON CHEW MUN HOONG

Independent Non-Executive Director  
(appointed w.e.f 26 April 2023)

## AUDIT COMMITTEE

Ooi Guan Hoe (Chairman)

Tan Sri Dato' Sri Izzuddin bin Dali (Member)

Dato' Seri Ir Mohamad Othman bin Zainal Azim (Member)

## REMUNERATION COMMITTEE

Dato' Seri Ir Mohamad Othman bin Zainal Azim (Chairman)

Tan Sri Dato' Sri Izzuddin bin Dali (Member)

Ooi Guan Hoe (Member)

## NOMINATION COMMITTEE

Dato' Seri Ir Mohamad Othman bin Zainal Azim (Chairman)

Tan Sri Dato' Sri Izzuddin bin Dali (Member)

Ooi Guan Hoe (Member)

## RISK MANAGEMENT COMMITTEE

Tan Sri Dato' Sri Izzuddin bin Dali (Chairman)

Dato' Ir. Tee Chai Seng (Member)

Ooi Guan Hoe (Member)

## COMPANY SECRETARIES

Tan Tong Lang

(SSM PC NO. 202208000250 & MAICSA 7045482)

Ang Wee Min

(SSM PC NO. 202208000334 & MAICSA 7076022)

## PRINCIPAL PLACE OF BUSINESS

No. 1 & 3, Bangunan TCS

Jalan SP 1/1, Bandar Saujana Putra  
42610 Jenjarom, Selangor Darul Ehsan

Tel : 603 - 5103 8888

Fax : 603 - 5103 7366

Email : general@tcsgroup.com.my

Website : www.tcsgroup.com.my

## REGISTERED OFFICE

B-21-1, Level 21, Tower B

Northpoint Mid Valley City

No. 1, Medan Syed Putra Utara

59200 Kuala Lumpur

Tel No. : +603-9770 2200

Fax No. : +603-9770 2239

## SHARE REGISTRAR

Boardroom Share Registrars Sdn. Bhd.

11th Floor, Menara Symphony

No. 5 Jalan Prof. Khoo Kay Kim

Seksyen 13

46200 Petaling Jaya, Selangor Darul Ehsan

Tel No. : (603) 7890 4700

Fax No. : (603) 7890 4670

## PRINCIPAL BANKERS

CIMB Islamic Bank Berhad

Malayan Banking Berhad

UOB Bank (M) Berhad

RHB Bank Berhad

Public Bank Berhad

MBSB Bank Berhad

## AUDITORS

Grant Thornton Malaysia PLT

(201906003682 & LLP0022494-LCA)

Chartered Accountants (AF 0737)

Level 11, Sheraton Imperial Court

Jalan Sultan Ismail

50250 Kuala Lumpur

Tel No. : 603 - 2692 4022

Fax No. : 603 - 2732 5119

## SPONSOR

UOB Kay Hian Securities (M) Sdn Bhd

Suite 19.03, 19th Floor

Menara Keck Seng

203, Jalan Bukit Bintang

55100 Kuala Lumpur

Tel No. : 603 - 2147 1900

Fax No. : 603 - 2147 1950

## STOCK EXCHANGE LISTING

ACE Market of Bursa Malaysia Securities Berhad

Stock Name : TCS

Stock Code : 0221

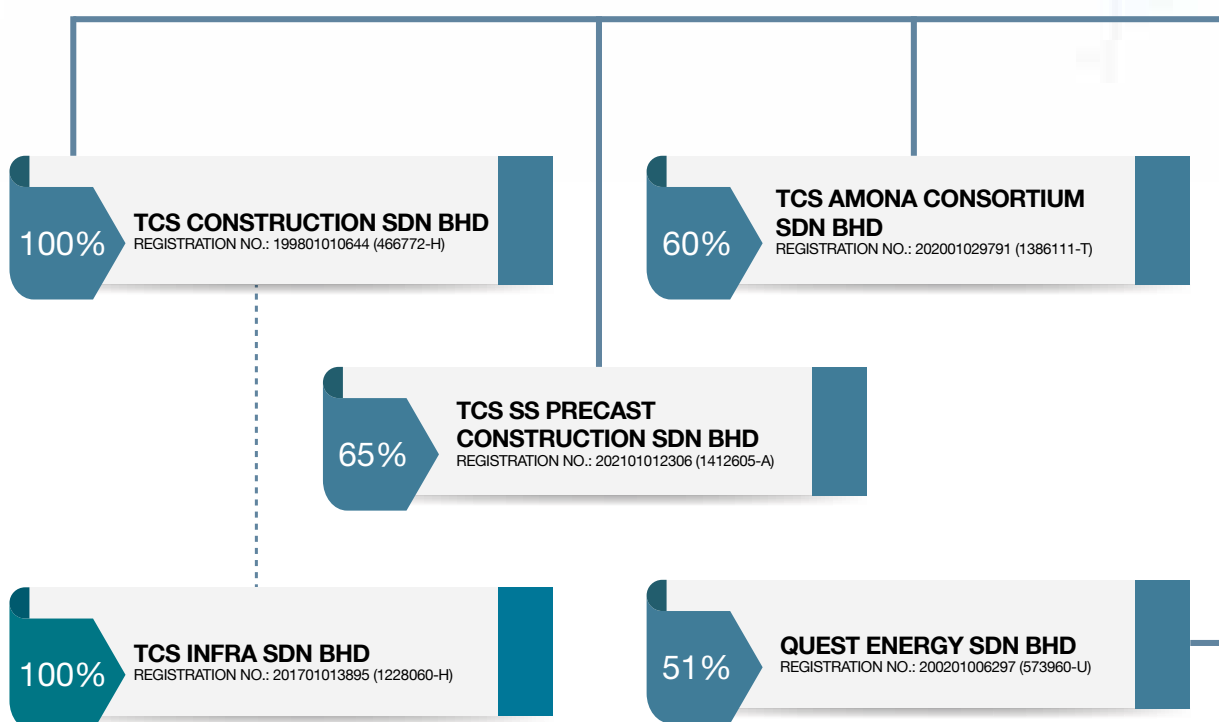


# Corporate Structure



**TCS GROUP  
HOLDINGS BERHAD**

REGISTRATION NO.: 201901004613 (1313940-W)



COMPANIES	PRINCIPAL ACTIVITIES
<b>TCS Group Holdings Berhad</b>	Investment holding and provision of management services to its subsidiaries.
<b>TCS Construction Sdn Bhd</b>	Provision of construction services for buildings, infrastructure, civil and structural works and other transportation activities.
<b>TCS Infra Sdn Bhd</b>	Provision of construction services for buildings, infrastructure, civil and structural works.
<b>TCS Amona Consortium Sdn Bhd</b>	Provision of construction services for buildings, infrastructure, civil and structural works.
<b>TCS SS Precast Construction Sdn Bhd</b>	Provision of construction services for buildings, infrastructure, civil and structural works.
<b>Quest Energy Sdn Bhd</b>	Provision of operations and maintenance services for solar photovoltaics systems



# Five-Year Financial Highlights

Financial Year Ended 31 December	2022	2021	2020	2019	2018
	RM'000	RM'000	RM'000	RM'000	RM'000
<b>FINANCIAL RESULTS</b>					
Revenue	261,591	204,047	242,643	358,424	146,266
(Loss)/Profit Before Taxation	(2,067)	7,351 <sup>(3)</sup>	23,148	21,912	13,062
(Loss)/Profit After Taxation ("LAT")/PAT	(3,397)	2,473	16,169	15,657	9,812
<b>FINANCIAL POSITION</b>					
Total Assets	226,187	181,711	180,092	161,370	134,673
Total Borrowings	43,547	25,683	21,664	18,571	23,454
Total Equity	83,301	86,222	74,787	41,886	26,229
Cash and Cash Equivalents	16,577 <sup>(4)</sup>	31,921	48,105	15,020	7,104 <sup>(4)</sup>
<b>FINANCIAL RATIOS</b>					
(LAT)/PAT Margin (%)	(1.30)	1.21	6.66	4.37	6.71
Basic (Loss)/Earnings Per Share <sup>(1)</sup> ( <i>sen</i> )	(0.87)	0.67	4.49	5.80	4.90
Gearing Ratio ( <i>times</i> )	0.32	Net Cash	Net Cash	0.08	0.62
Net assets Per Share <sup>(2)</sup> ( <i>sen</i> )	21.36	22.11	20.77	15.51	13.11

## Notes:

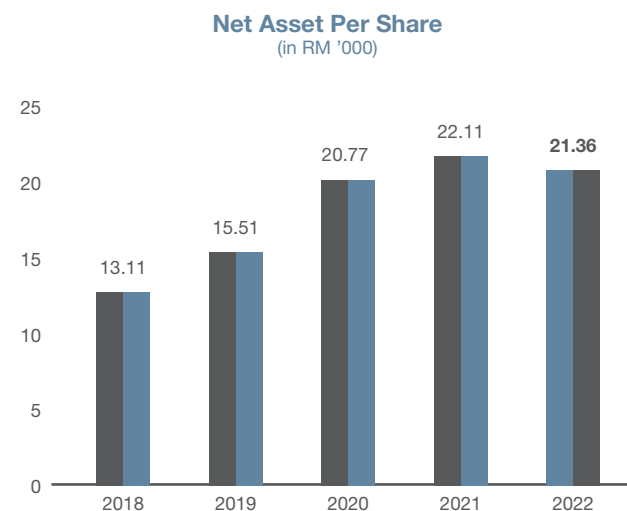
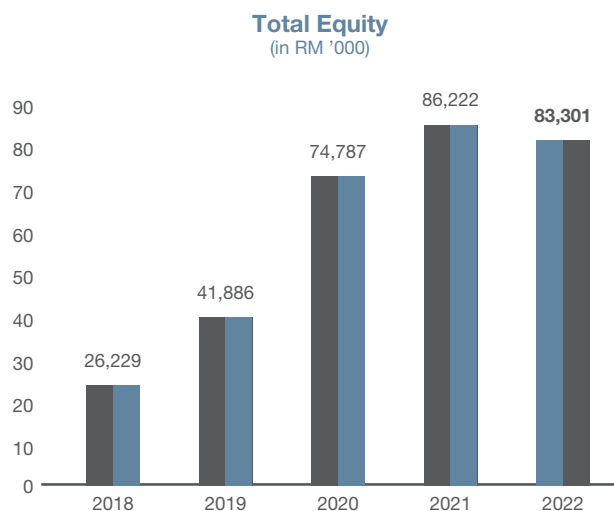
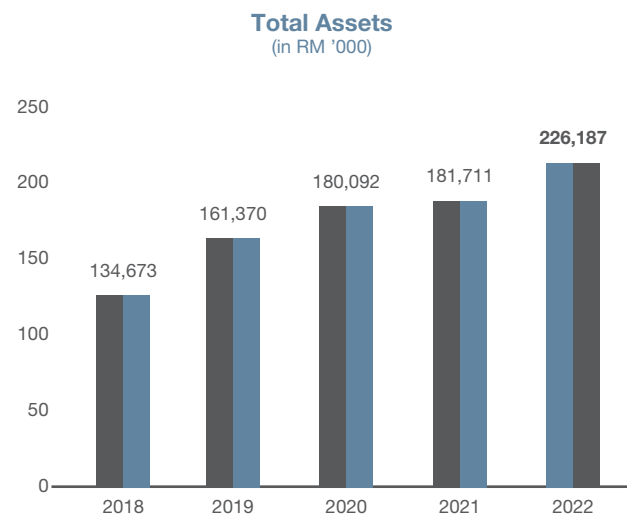
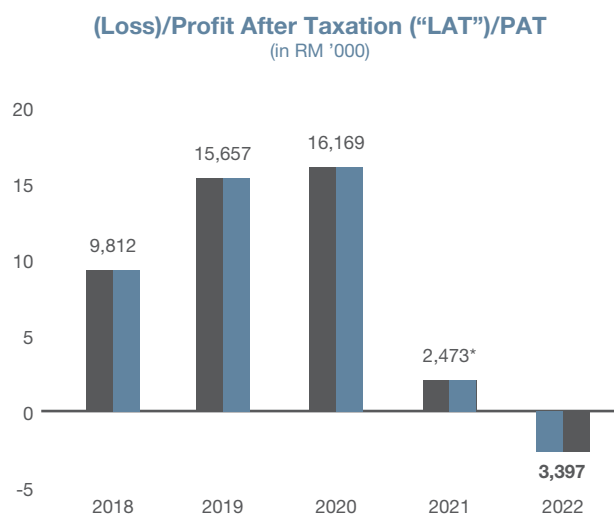
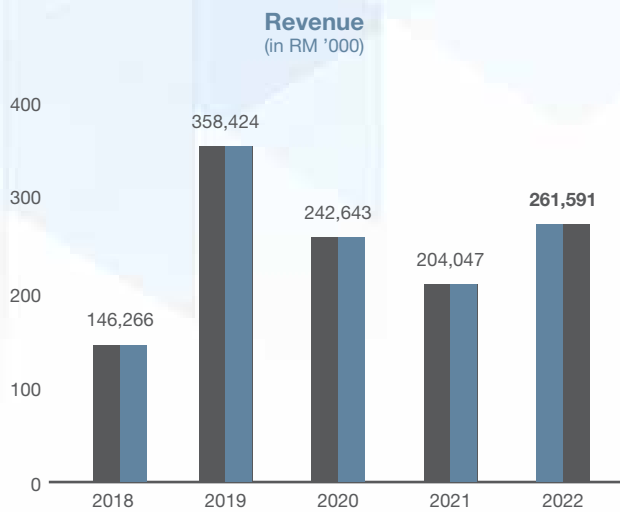
<sup>(1)</sup> Calculated based on ("LAT")/ PAT over the issued share capital of 390,000,000 shares.

<sup>(2)</sup> Calculated based on Total Equity over the issued share capital of 390,000,000 (2021:390,000,000, 2020:360,000,000, 2019: 270,000,000, 2018: 2,000,000) shares.

<sup>(3)</sup> Adjusted for one-off impairment of financial assets amounting to RM4.135 million.

<sup>(4)</sup> Adjusted for bank overdraft amounting to RM11.499 million (2018: 2.486 million).

## Five-Year Financial Highlights (Cont'd)



\* Adjusted for one-off impairment of financial assets amounting to RM4.135 million



# Directors' Profiles



## Tan Sri Dato' Sri Izzuddin bin Dali

*74 | Male | Malaysian | Independent Non-Executive Chairman*

**Tan Sri Dato' Sri Izzuddin bin Dali** ("Tan Sri Dato' Sri Izzuddin") was appointed as our Independent Non-Executive Chairman on 30 May 2019. He is the Chairman of our Risk Management Committee, and a member of our Audit Committee, Remuneration Committee and Nomination Committee.

Tan Sri Dato' Sri Izzuddin graduated with a Bachelor of Economics (Hons) in Public Administration from Universiti Malaya in March 1972. He later obtained a Master of Arts in Economics from Western Michigan University, USA in August 1983.

He served in the public sector for 35 years in various ministries which began in March 1972 as an Assistant Secretary in the Administration Division of the Ministry of Finance ("MoF"). He worked on matters relating to the Government's financial control and procedures. He was then transferred to the Budget Division in 1975 followed by the Finance and Loans Division in 1981 where he was responsible for coordinating loans for the Federal Government from bilateral sources. In 1982, he went to further his education and obtained a Master's degree under a Government training program. Upon completion, he joined the Economics and International Division in September 1983 as a Principal Assistant Secretary where he was responsible for monitoring and analysing the Federal Government's financial position. He returned to the Budget Division in 1987 as a Senior Assistant Director and was responsible for the preparation of the budgets for the Ministry of Works ("MoW") and Ministry of Transport.

In 1993, he was seconded by the MoF to serve as the General Manager of KLIA Berhad (currently known as KLIA Premier Sdn Bhd). He went back to the MoF in June 1999 as the Director of the Budget Division, responsible for the preparation and formulation of the Federal Government's budget. He was later appointed as the Secretary-General of the MoW in 2003 where he was responsible for the formulation of the ministry's policies. He returned to the MoF in 2004 to serve as the Secretary-General where he coordinated the overall formulation of policies under the ministry until his retirement in March 2007.

During his tenure in government service from 1999 to 2007, he sat on the boards of several government-linked companies and organisations, which included Lembaga Hasil Dalam Negeri, UDA Holdings Berhad, Bank Negara Malaysia and Malaysian Airline System Berhad. After his retirement in 2007 till 2016, he served on the boards of public and private limited companies including Syarikat Prasarana Negara Berhad, Luster Industries Bhd, International Islamic Trade Finance Corporation and Naim Holdings Berhad.

Currently, Tan Sri Dato' Sri Izzuddin sits on CTOS Digital Berhad as an Independent Non-Executive Chariman, a position which he has held since August 2014.

He has no family relationship with any Directors and/or major shareholder of the Company and has no conflict of interest with the Group.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.

## Directors' Profiles (Cont'd)



### Dato' Ir. Tee Chai Seng

63 | Male | Malaysian | Managing Director

**Dato' Ir. Tee Chai Seng** ("Dato' Ir Tee") was appointed as our Managing Director on 30 May 2019. He is a member of our Risk Management Committee. Dato' Ir Tee is responsible for the business direction and strategic development of the Group along with the business development activities.

Dato' Ir. Tee graduated from the University of Texas, Arlington, USA in May 1984 with a Bachelor of Science in Civil Engineering (High Honours). He is a registered Professional Engineer with the Board of Engineers Malaysia, a corporate member of the Institute of Engineers, Malaysia and a member of the Association of Consulting Engineers in Malaysia. He is also a member of the Institution of Engineers, Australia.

He has accumulated over 37 years of working experience in the construction industry including design and supervision of several major projects in Klang Valley, project management services, construction, and property development. He began his career with Amoy Construction & LGB Joint Venture Sdn Bhd in June 1984 as a Site Engineer. He left the role in August 1986 and spent the next 4 years in Sabah working as a Resident Engineer with Wang Haron Sdn Bhd and subsequently a Project Manager with Takada Construction Sdn Bhd. He returned to Kuala Lumpur in September 1990 as a Structural Engineer at Zaidun-Leeng Sdn Bhd and in 1991, joined Minconsult Sdn Bhd as an Infrastructure Engineer.

He began taking on more supervisory responsibilities after joining H.S. Liao Sdn Bhd in May 1992 as an Executive Engineer. A year later, he joined Abletask Construction Sdn Bhd as a General Manager before leaving in May 1995. In June 1995, he started a civil and structural consulting practice where he oversaw projects including the design of townships and buildings, infrastructure, as well as civil and structural works.

In November 1998, he acquired Projek Bumi Bina Sdn Bhd, which is involved in providing civil and structural construction services. The company subsequently changed its name to TCS Construction Sdn Bhd ("TCS Construction") on 23 January 2013. In September 2005, he co-founded Pembinaan Tuju Setia Sdn Bhd with two partners, serving as its Executive Director. The company was involved in the provision of construction services for buildings and civil works. He left in February 2014 to focus on TCS Construction. Since then, he oversaw the completion of several residential buildings, commercial buildings and an international school under our Group.

Dato' Ir. Tee is the spouse of Datin Koh Ah Nee, major shareholder of the Company and has no conflict of interest with the Group other than those disclosed in the Company's Circular to Shareholders dated 28 April 2023.

He does not hold directorship in any public listed companies.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.

## Directors' Profiles (Cont'd)



### Wong Choo Leong

31 | Male | Malaysian | Executive Director

**Mr Wong Choo Leong** ("Mr Wong") was appointed as our Executive Director on 1 December 2021.

Mr Wong graduated from Universiti Tunku Abdul Rahman Malaysia in May 2015 with a Bachelor's (Hons) degree in Civil Engineering.

He began his career in July 2015 with TCS Construction Sdn Bhd as a Site Engineer and was subsequently promoted to Project Manager and Project Director in May 2018 and August 2019 respectively. He is a director of subsidiaries of TCS Group, namely TCS Infra Sdn Bhd, TCS Amona Consortium Sdn Bhd and TCS SS Precast Construction Sdn Bhd.

Mr Wong is primarily responsible for overseeing, planning and managing TCS Group's construction projects. He has more than 6 years of experience in project planning and management, sites coordination and supervision as well as liaison with other stakeholders such as local authorities, project consultants and clients.

He has no family relationship with any Directors and/or major shareholder of the Company and has no conflict of interest with the Group.

He does not hold any directorship in any public listed companies.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.

## Directors' Profiles (Cont'd)



### Dato' Seri Ir Mohamad Othman Bin Zainal Azim

69 | Male | Malaysian | Independent Non-Executive Director

**Dato' Seri Ir Mohamad Othman Bin Zainal Azim** ("Dato' Seri Ir Othman") was appointed as our Independent Non-Executive Director on 30 May 2019. He is the Chairman of our Remuneration Committee and Nomination Committee and a member of our Audit Committee.

Dato' Seri Ir Othman graduated with a Bachelor of Science (Hons) in Civil Engineering from the University of Southampton, United Kingdom in July 1977. He later received a Master of Science (Engineering) in Highway and Traffic Engineering from the University of Birmingham, United Kingdom, in July 1988.

He is a registered Professional Engineer with the Board of Engineers Malaysia since August 1988. He spent more than 20 years serving in the Ministry of Work, beginning his career as a District Engineer with the Negeri Sembilan Public Works Department in August 1977 where he was responsible for the development and maintenance of all federal and state building works. In 1980, he was transferred to the Road Design Unit (Standards and Specifications) and Highway Planning Unit, taking on the role of Senior Executive Engineer where he conducted regional development studies and infrastructure network development of the National Highway Network Plan. He left the position in 1986 to pursue a Master's degree and resumed his position a year later.

In November 1992, he was promoted to Deputy Director of Perak Public Works Department. In 1998, he was appointed as a Superintending Engineer for the Road Design Unit at the Kuala Lumpur headquarters. He was responsible for, among others, the design of the federal roads throughout Malaysia. In July 2000, he joined Putrajaya Corporation as a Director of City Development Department where he oversaw the public utilities and infrastructure developments in Putrajaya. Two years later, he was recruited by Putrajaya Holdings Sdn Bhd. During his time as Chief Executive Officer, he was instrumental in the residential and commercial development of Putrajaya.

In July 2006, he left to form Straits Consulting Engineers Sdn Bhd, a company that does civil and structural consulting works. In January 2008, he took on the role of Senior Vice President for the Infrastructure Department of the Northern Corridor Implementation Authority ("NCIA"). A year later, he joined the Project Management Unit under the Ministry of Finance ("MoF") as the Chief Operating Officer where he implemented the government's Economic Stimulus Package. After his tenure with the MoF, he served as Chief Executive Officer at A.T.E.S. Sdn Bhd, a traffic system management company from 2013 to 2016.

Dato' Seri Ir Othman currently sits on the board of several private and public listed companies which include KYM Holdings Bhd and Universiti Sultan Azlan Shah.

He has no family relationship with any Directors and/or major shareholder of the Company and has no conflict of interest with the Group.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.



## Directors' Profiles

### (Cont'd)



## Ooi Guan Hoe

*48 | Male | Malaysian | Independent Non-Executive Director*

**Mr Ooi Guan Hoe** ("Mr Ooi") was appointed as our Independent Non-Executive Director on 30 May 2019. He is the Chairman of our Audit Committee, and a member of our Remuneration Committee, Nomination Committee and Risk Management Committee.

Mr Ooi graduated from University Putra Malaysia in August 1999 with a Bachelor's (Hons) degree in Accountancy. In June 2011, he completed an executive education program co-organised by Harvard Business School and Tsinghua University and obtained a certificate in Private Equity and Venture Capital - China.

He is a member of the Malaysian Institute of Accountants since 2002. He began his career in May 1999 when he joined Arthur Andersen Malaysia as an Audit Assistant. He left the firm in November 2002 to join CIMB Investment Bank as an Executive in the corporate finance department. After several promotions, his last position was Senior Manager in July 2008. During his tenure with the bank, he was responsible for marketing, originating and implementing corporate proposals for various corporate exercises. In October 2009, he left the investment bank and has since been involved in providing financial advisory work to listed companies and companies preparing for listing in his own personal capacity.

From 2010 to July 2017, he was the Director and Management Board member of various listed companies in Malaysia and Germany. He was appointed as the Independent Non-Executive Director of Only World Group Holdings Berhad in 2013 and retired in December 2021. He was the Chief Financial Officer of MOG Holdings Limited, which is listed on The Stock Exchange of Hong Kong Limited from 1 January 2019 to 31 March 2022.

Currently, he sits on the Board of Techbond Group Berhad and Swang Chai Chuan Limited as Independent Non-Executive Director.

He has no family relationship with any Directors and/or major shareholder of the Company and has no conflict of interest with the Group.

He has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon him by any relevant regulatory bodies.

## Directors' Profiles (Cont'd)

### Sharon Chew Mun Hoong

51 | Female | Malaysian | Independent Non-Executive Director

**Ms Sharon Chew Mun Hoong** ("Ms Sharon") was appointed as our Independent Non-Executive Director on 26 April 2023.

Ms Sharon graduated with a Bachelor of Arts Degree in Economics from University Malaya. She has more than 20 years' experience in the Financial Services and Capital Market Industry. She has an extensive experience in the financial services industry with strong commercial, financial and operational track record, holding senior leadership positions in global financial banks and local financial institutions.

In her stint in HSBC Bank as the Vice President for the Global Custody and Securities Operations, she played a key role in establishing and growing the Custody and Asset Services Operations for Asia Pacific markets. She joined Deutsche Bank (M) Berhad subsequently as Head of Global Securities Operations, overseeing Local & Global Settlements, Corporate Actions and Custody Support business. She continued her career with RHB Investment Bank as the Head of Global Operations covering Asset Management, Unit Trust, Private Banking and the Trustees business regionally across Malaysia, Singapore, Indonesia and Hong Kong.

She does not hold any directorship in other public companies and listed issuer.

She has no family relationship with any Director and/or major shareholders of the Company.

She has not been convicted of any offences within the past five (5) years other than traffic offences, if any, and there have not been any public sanctions nor penalties imposed upon her by any relevant regulatory bodies.

# Key Management Profile

**MR LIEW KOK YOONG***Chief Financial Officer*

**Mr Liew Kok Yoong**, male, a Malaysian, aged 34, is our Group Accountant since April 2015 and subsequently promoted to Chief Financial Officer in July 2022. He is responsible for the company financial planning and review, cash flow management and financial reporting. He has more than 11 years of experience in accounting, finance, corporate finance, taxation and treasury and auditing specializing in property development, construction, engineering consultancy and investment property.

He graduated with a Bachelor (Hons) Degree in Applied Accounting from Oxford Brookes University, UK in September 2010. He is a Fellow Member of Chartered Certified Accountants ("ACCA") since March 2019. He is also a Registered Chartered Accountant with the Malaysian Institute of Accountants ("MIA") since July 2014.

He has no relationship with any Directors and/or any major shareholder of TCS and has no conflict of interest with the Group. He does not hold directorship in any public listed companies. He has not been convicted of any offences other than traffic offences (if any) in the past 5 years.

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**MR WAYNE HO CHEE WOEI***Senior Contract Manager*

**Mr Wayne Ho Chee Woei**, male, a Malaysian, aged 36 is our Contract Manager since May 2016. He is responsible for overseeing the company's post-contract works which include subcontract awarding, monitoring of material delivery schedule, prepare progress claim to clients, tender submissions and contract-related matters.

He has more than 13 years of experience in monitoring pre and post contract duties in property development and construction industries.

He graduated with a Diploma in Quantity Surveying from INTI International University, Malaysia in February 2009.

He has no relationship with any Directors and/or any major shareholder of TCS and has no conflict of interest with the Group. He does not hold directorship in any public listed companies. He has not been convicted of any offences other than traffic offences (if any) in the past 5 years.

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**MDM JENNY KOO YOE PING***Corporate Affairs Manager*

**Mdm Jenny Koo Yoe Ping**, female, a Malaysian, aged 55, is our Corporate Affairs Manager since 2008. She is responsible for overseeing the company's corporate affairs and performing administrative duties.

She has close to 31 years of working experience undertaking roles pertaining to the secretarial, human resources and administration functions.

She has no relationship with any Directors and/or any major shareholder of TCS and has no conflict of interest with the Group. She does not hold directorship in any public listed companies. She has not been convicted of any offences other than traffic offences (if any) in the past 5 years.

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## Key Management Profile (Cont'd)

### MDM NG LEE FOONG

*Procurement Manager*

**Mdm Ng Lee Foong**, female, a Malaysian, aged 44 is our Procurement Manager since June 2016. She is responsible for overseeing the company's purchasing and procurement activities.

She has more than 17 years of experience in administrative and clerical tasks in companies that are primarily engaged in civil and structural engineering, property development and building construction.

She graduated with a Bachelor (Hons) Degree in Business Administration from University Utara Malaysia in September 2003.

She is the niece of Dato' Ir. Tee Chai Seng and Datin Koh Ah Nee, the Managing Director and major shareholder of TCS. She has no conflict of interest with the Group and does not hold directorship in any public listed companies. She has not been convicted of any offences other than traffic offences (if any) in the past 5 years.

### MR LO WEN JET

*Assistant Project Director*

**Mr Lo Wen Jet**, male, a Malaysian, aged 28 joined our Group as Assistant M&E Engineer since 2018 and was subsequently promoted to Assistant Project Director in 2022. He is responsible to assist our Executive Director on overseeing and managing the overall daily operations at our project sites and assist our Managing Director with site coordination works.

He graduated with a Diploma of Science in Mechanical Engineering from Infrastructure University Kuala Lumpur in 2017.

He has no relationship with any Directors and/or any major shareholder of TCS and has no conflict of interest with the Group. He does not hold directorship in any public listed companies. He has not been convicted of any offences other than traffic offences (if any) in the past 5 years.

### MASYITAH BINTI YAMAN

*QESH Manager*

**Mdm Masyitah Binti Yaman**, female, a Malaysian, aged 35 is our QESH Manager since 2019. She is responsible for the development, implementation, monitoring, control and maintenance of all policies, activities, procedures, instructions as relevant and required by our Group's QESH management system. She also ensures the integrity of our QESH management system at all times.

She has 4 years experiences in construction environment with knowledge of the best safety and health practices.

She graduated with a Bachelor's Degree in Civil Engineering from University Tun Hussein Onn, Malaysia in June 2014.

He has no relationship with any Directors and/or any major shareholder of TCS and has no conflict of interest with the Group. He does not hold directorship in any public listed companies. He has not been convicted of any offences other than traffic offences (if any) in the past 5 years.



# Chairman's Statement

Dear Esteemed Shareholders,

On behalf of the Board of Directors (the "Board"), it is my privilege and pleasure to share with you the annual report and audited financial statements of TCS Group Holdings Berhad and its subsidiaries ("TCS" or the "Group") for the financial year ended 31 December 2022 ("FY2022").



## NAVIGATING THROUGH THE CHALLENGING TERRAIN

The global economic recovery from the Coronavirus Disease 2019 ("COVID-19") pandemic has been gaining momentum following the reopening of economies and borders. While this was a welcome relief, businesses are subsequently confronted by a slew of new challenges such as the Russia-Ukraine geopolitical conflicts, inflationary pressures and rising interest rates, to name a few. These factors piled up on top of existing strenuous operating conditions stemming from the lingering impacts of COVID-19 that include supply chain disruptions, fluctuations in raw material cost and labour shortage. As a result, the global economic growth is forecasted to moderate to 3.4% in FY 2022 as compared to 6.0% in 2021 according to statistics from the International Monetary Fund ("IMF").

Back home in Malaysia, our country has been transitioning towards endemicity and the economic activities continued to gather pace, putting our country back on the path of recovery. According to the Ministry of Finance ("MOF"), Malaysia chartered healthy Gross Domestic Product ("GDP") growth of 8.7% in FY 2022 versus 3.1% in the previous year, driven by the recovery of private spending and investment, a decrease in unemployment and the strengthening of the ringgit.

For us at TCS, it was yet another demanding year as the construction sector remained affected by labour shortage and elevated raw material costs arising from disruptions in the building materials supply chain. The Group was not spared from these issues but we have been proactively managing the situation by prioritizing on quality execution and timely delivery of our projects. This, coupled with our strict cost discipline and prudent management along with the support of our solid balance sheet, have enabled us to navigate through the headwinds.

On a positive note, the Group had successfully secured 3 projects with a total value of RM482.98 million in FY 2022 despite the taxing environment. This brings our total outstanding order book to RM1.41 billion, which would keep the Group busy for the coming years.

## FINANCIAL HIGHLIGHTS

For the financial year under review, TCS achieved a revenue of RM261.59 million. This represented a 28.2% year-on-year ("YoY") improvement from RM204.07 million posted in FY 2021, which was mainly driven by higher progress billing for our on-going projects. However, the top-line increase unfortunately was not reflected in the bottom-line. Elevated raw material costs resulting from disruptions in the building materials supply chain, coupled with profit margins at several projects that were still at their initial stages and had yet to reach optimal levels, led to a loss after tax and non-controlling interest of RM3.38 million in FY2022.

## Chairman's Statement (Cont'd)

### MOVING FORWARD

Looking ahead, the global uncertainties are likely to prevail on the back of the aforementioned factors. Global GDP growth forecast by IMF indicates a slower growth of 2.9% as rising interest rates and the Russia-Ukraine war continue to weigh on economic activities. Similarly on the home front, World Bank estimates Malaysia's GDP to grow by a more moderate pace of 4.0%, vis-à-vis the 8.7% achieved in 2022.

On a brighter note, Malaysia's construction sector is expected to expand by 6.1% in 2023, supported by an improved performance across all subsectors according to Malaysia's 2023 Budget. Additionally, the implementation of several new projects, including the upgrade of the Klang Valley Double Track Phase 2, together with the acceleration of ongoing projects such as the East Coast Rail Link and the 5G network rollout, would spearhead the civil engineering subsector. This is certainly good news for the construction industry as it presents ample opportunities for us to capitalize on. In the meantime, TCS remains laser-focused on executing projects on hand with exceptional quality, while prioritizing the health and safety of our employees and ensuring timely completion.

On balance, the worst should be behind us with the sliver of light now beginning to look brighter. We firmly believe the long-term outlook of the Group remains positive underpinned by our healthy order book and a cognizance of the prevailing challenges.

### APPRECIATION

On behalf of the Board, I would like to convey my heartfelt appreciation to the management and employees of TCS for their dedication and devoted efforts in steering the Group through such challenging times.

I would also like to express my profound gratitude to all our stakeholders, including but not limited to our valued shareholders, customers, business partners, bankers, suppliers for their continuous support.

Last but not least, I would like to acknowledge my fellow Board members for their professionalism and for being a joy to work with. Your insightful counsel and service to the Board have been invaluable. I have no doubts that our team, under the guidance of the Board, will help the Group forge ahead, overcome the present challenges and emerge stronger than before.

**Tan Sri Dato' Sri Izzuddin Bin Dali**

Independent Non-Executive Chairman



# Management Discussion and Analysis

## OVERVIEW

FY2022 turned out to be yet another taxing year for TCS Group Holdings Berhad and its subsidiaries (“TCS” or the “Group”) as our operations and performance remained affected by the lingering effects of the pandemic and ongoing macroeconomic issues. Thankfully, with the team’s tireless efforts and diligent hands-on management, we were able to manage the adversities and continued to deliver exceptional quality for our projects in a timely manner.



## BUSINESS OVERVIEW

As the world transitioned out of the pandemic, businesses globally were hit by new sets of challenges arising from inflationary pressures, rising interest rates, fluctuations in commodity prices and the Russia-Ukraine war, to name a few. There was significant level of market uncertainties, putting further pressure on the existing onerous business operating conditions with added extra burden on supply chain disruptions, labour and material shortages as well as fluctuations in commodity prices.

These market ambiguities had been and continue to be affecting the entire construction industry, including TCS. Shortages in raw material costs, which in turn caused sharp hikes in prices, have prompted us to further intensify our cost discipline and enhance our operational efficiency. This, along with our prudent approach and hands-on management, enabled us to overcome these hurdles. On a positive note, we are seeing signs of improvement especially on the supply chain side where prices of some materials have either stabilized or moderated, which bode well for the industry.

Notwithstanding these challenges, which we have been carefully managing, our top priorities remain on these three key focus areas across all projects:



**Delivering  
Exceptional  
Quality**



**Timely  
Completion**



**Priority on  
Health &  
Safety at Work**

## Management Discussion and Analysis (Cont'd)

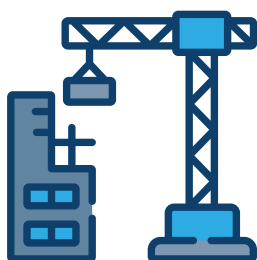
At TCS, we take pride of our work, and we strive to deliver above and beyond our clients' expectations. The Group is delighted to share that one of our subsidiaries, TCS Construction Sdn. Bhd., received the prestigious 5 Star SME Competitiveness Rating for Enhancement ("SCORE") Award by the Construction Industry Development Board ("CIDB") Malaysia.

The SCORE programme is developed by CIDB Malaysia in collaboration with SME Corporation Malaysia, to provide an effective gauge of local contractors' strengths through its stringent and comprehensive rating system. TCS was awarded based on parameters such as management strength, technical expertise, business performance and best practices.

Other achievements that we are proud of are the high scores in Quality Assessment System in Construction ("QLASSIC") and Safety and Health Assessment System in Construction ("SHASSIC"), also awarded by CIDB. Our highest QLASSIC score stands at 85% while for SHASSIC, it is at 97%. Apart from the recognitions above, the high number of repeat customers we have is also a testimony to our capabilities, quality and delivery.



On a related note, the Group is pleased to have secured 3 projects with a cumulative value of RM482.98 million in FY2022 despite the challenging circumstances. With this, our outstanding order book as of 31 December 2022 stood at RM1.41 billion, giving us healthy earnings visibility for the coming financial years.



**Outstanding Order Book with  
as at 31 December 2022**

**RM1.41 Billion**

### CLINCHED 3 PROJECTS WITH A TOTAL VALUE OF RM482.98 MILLION

TAMAN DESA PROJECT	MOXY PUTRAJAYA HOTEL	EUPE PROJECT
<b>RM255.00 MILLION</b>	<b>RM108.38 MILLION</b>	<b>RM119.60 MILLION</b>
<b>Secured in Mar 2022</b>	<b>Secured in Aug 2022</b>	<b>Secured in Nov 2022</b>
Foundation and main building works for one office block with commercial space, podium and basement carpark, lobby and amenity floors	Construction and completion of one block of 19-storey main building works from ground floor to roof of a hotel named the Moxxy Putrajaya hotel	Construction and completion of main building works for one block of 34-storey serviced apartments with one block of 12-storey car park known as Helix2

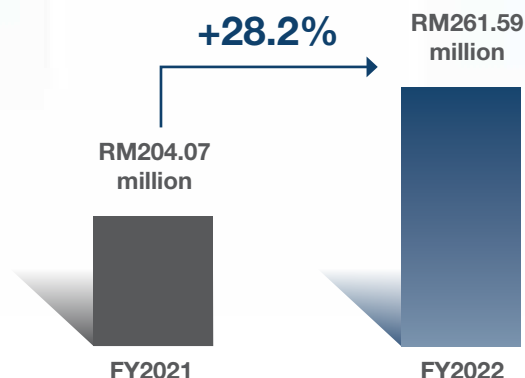


# Management Discussion and Analysis (Cont'd)

## FINANCIAL REVIEW

### Revenue

For the financial year under review, TCS' revenue jumped 28.2% year-on-year ("YoY") or RM57.52 million to RM261.59 million from RM204.07 million in FY2021. The double-digit increase was primarily driven by higher progress billing for our on-going projects, namely - J. Satine, Vista Sentul, M Arisa and Tropicana Miyu.



### Profitability

The top-line improvement was, however, not reflected in the profitability performance. The Group's gross profit ("GP") slipped 44.9% YoY to RM10.86 million in FY2022 as compared to RM19.71 million a year ago. This was largely due to rising costs of raw materials resulting from supply chain disruptions in the building materials industry caused by the pandemic. At the same time, several of our ongoing projects have just advanced beyond the initial phase and thus, the profit margins had yet to reach optimal level.

In addition, finance costs were higher in FY2022 following increase in borrowings to fund working capital requirements, coupled with higher tax expenses as well due to under provision of tax in the previous year. As a result, we recorded a net loss of RM3.39 million in the financial year under review.

### Capital Structure & Capital Resources

As at end-FY2022, TCS' total assets rose to RM226.19 million, which was an increase of RM44.48 million from RM181.71 million in the previous year, driven by higher receivables in line with the rise in revenue. The Group's total cash and cash equivalent stood at RM5.08 million at the close of the financial year.

Meanwhile, the Group's total equity as at 31 December 2022 amounted to RM83.30 million. On the other hand, TCS' total liabilities were at RM142.89 million at the end of FY2022.

## Management Discussion and Analysis (Cont'd)

### Net Gearing & Cash per Share

At the end of the financial year under review, TCS' net gearing was negligible at 0.32 times with a cash per share of 1.30 sen.



Total Assets  
**RM226.19**  
million



Total Equity  
**RM83.30**  
million



Net Assets  
**RM0.21**  
per Share



Net Cash  
**1.30 sen**  
per Share

RM million	FY2022	FY2021
Total Assets	226.19	181.71
Cash & Cash Equivalent	5.08	31.92
Total Equity	83.30	86.22
Total Liabilities	142.89	95.49
Current Ratio (x)	1.44	1.80
Net Assets per Share (RM)	0.21	0.22
Net Gearing	0.32	Net Cash

### ANTICIPATED AND KNOWN RISK

We are confident in our business fundamentals and our proven track record as a construction services provider but at the same time, we are mindful of the industry risks that could potentially pose a threat to the Group. The following are the anticipated and known risks that may impede the value creation process for our stakeholders, along with our corresponding mitigation measures.

#### Maintaining Competitiveness to Securing New Construction Projects

The construction industry is highly fragmented, with over 100,000 contractors registered with CIDB, out of which more than 8,500 are in the Grade G7 category, the same category as TCS. Therefore, intense competition could limit our ability to secure new contracts to maintain or increase our order book. Should this happen, it could have negative repercussions on our forward earnings as our future financial performance is dependent on the existing orderbook.

Nevertheless, we maintain our competitive advantages by leveraging on our robust track record, vast experience and technical expertise with the objective to become the preferred construction services provider for our clients and to ensure our long-term financial performance is not affected. Additionally, the Group remains committed to upholding excellence in three focus areas across all projects – delivering exceptional quality, timely completion, and prioritizing health & safety at work.

# Management Discussion and Analysis (Cont'd)

## Volatility in Raw Material Costs

Being in the construction industry, we need to manage fluctuations in commodity or building material prices such as steel, cement and sand, which could impact our procurement planning and overall profitability. We have established a variety of measures and contingency plans to reduce the supply chain risk and counteract cost changes. Furthermore, our extensive industry experience allows us to leverage on our long-standing relationships with a broad network of suppliers to secure competitive pricing while ensuring a consistent supply of raw materials as needed.

## Operational Disruptions

Our ability to deliver projects on time is dependent on the smooth operations at all construction sites. Any unexpected shutdowns or disruptions could negatively impact our performance. Our operations are also vulnerable to external risks that are beyond our control, such as pandemics, natural disasters, riots, and general strikes, which may have an adverse effect on our operations and financial performance.

In addition, labour adequacy is another important consideration to ensure smooth operations. To mitigate this risk, we work closely with a strong network of trusted subcontractors with whom we have had long-standing business relationships so we could leverage on their resources as and when the need arises.

## Political, Economic and Regulatory Risks

The Group's financial and business prospects may be impacted by factors such as political leadership changes, economic downturns and virus outbreaks, which are common in the relative cyclical construction industry. As part of our risk mitigation plan, we exercise cautious management and risk management when making major investments during any economic cycles. Additionally, we maintain proactive communication with relevant authorities to stay informed on government policies, rules, and regulations, to ensure compliance at all times.

## OUTLOOK AND PROSPECTS

Given the heightened volatilities in the global economy, lingering effects of the pandemic along with other developing issues, market uncertainties are expected to prevail. Hence, the business operating environment for the construction industry is anticipated to remain challenging.

Against this backdrop, the Group will continue with our prudent and cautious approach as we move into the new fiscal year (FY2023). Proactive management of the ongoing challenges is paramount for TCS to navigate through these obstacles combined with our emphasis on quality execution and timely delivery of all our projects.

Notwithstanding the above, there are several bright spots that we can capitalize on. According to Malaysia's Budget 2023, the construction sector is set for a 6.1% expansion in 2023. This is higher than the overall 4.5% Gross Domestic Product ("GDP") growth projected by our Ministry of Finance ("MOF").

The growth of construction sector is supported by the implementation of new projects, such as the upgrade of the Klang Valley Double Track Phase 2 as well as the acceleration of ongoing projects, for instance, the East Coast Rail Link and the rollout of the 5G network.



## Management Discussion and Analysis (Cont'd)

Furthermore, the approved investment for projects in the manufacturing sector is anticipated to come onstream too, and would subsequently create a greater demand for industrial buildings. In the meantime, activities in the residential building subsector are projected to grow steadily, premised upon an increase in the supply of affordable houses in line with the 12th Malaysia Plan strategy.

On that note, we are pursuing opportunities and bidding for projects in the fields of residential and commercial buildings, infrastructure and institutional building construction. At the same time, TCS is laser-focused on the execution and delivery of all our projects in hand. With an outstanding order book of RM1.41 billion as of end-FY2022, this will keep our team busy for the coming years and more importantly, providing clear earnings visibility. Overall, we are cautiously optimistic on the Group's outlook, supported by the aforementioned factors, while exercising caution on potential stumbling blocks in the way.

### ACKNOWLEDGEMENT

Finally, I would like to extend my heartfelt appreciation to our team at TCS for their commitment and immense contribution during these trying times. I am confident that with our collective effort, we are able to overcome any headwinds.

A huge thank you to all our valued customers, shareholders, business partners, associates, suppliers and the respective regulatory authorities for their unwavering support to the Group.

Last but not least, I would like to express my profound gratitude to my fellow members of the Board for their invaluable guidance, counsel and advice. It is my belief that under the leadership and collective wisdom of our Board, combined with the Group's passion to build, TCS will steer through the prevailing challenges towards a brighter future.

**Dato' Ir. Tee Chai Seng**  
Managing Director



# Sustainability Statement

TCS Group Holdings Berhad ("TCS") is pleased to present our Sustainability Statement, outlining our approach to sustainability in the Economic, Environmental and Social ("EES") contexts for the financial year ended 31 December 2022 ("FY2022").

The Group's sustainability initiatives reflect our continuous efforts towards maximising opportunities and strengthening our capabilities for solid growth as well as optimum operational efficiency in line with TCS's vision and mission.

## OUR COMMITMENT

At TCS, we perceive corporate sustainability as our commitment to create long-term value for the Group's stakeholders in the EES aspects through innovation and overall operational excellence. We understand our choices today have an impact on our stakeholders i.e. customers and suppliers, and the success of their businesses in the future. Our business imperative is to carry out our activities responsibly and with integrity. Our people are expected to behave in an ethical manner in accordance with our policies, Code of Conduct and guidelines.

Mindful of the need to be a responsible corporate entity, the Group undertook various steps towards contributing to the welfare of the society and communities in the surrounding environment where it operates. The Group recognises that for long-term sustainability, its strategic orientation will need to look beyond the financial parameters.

Within the ESS, we have defined our commitment to corporate sustainability across three material areas:

## ECONOMIC IMPACT

### Corporate Governance and Ethical Behaviour

TCS is continuously committed in promoting and maintaining transparency, accountability as well as ethics in the conduct of its business and operations with stakeholders, including the Government and Authorities, the Group's Shareholders and Investors, Customers, Suppliers, Employees and Communities. This includes the implementation of internal control systems such as a financial authority framework and risk management framework within the Group. As such, the Company's Board and Management periodically review these internal control systems together with recommendations from Internal and External Auditors, to ensure relevancy and effectiveness.

We have consistently communicated the importance of good governance to all interested parties and have received positive support. The Group has established the following policies and code as a guide to all employees and our interested parties:

- Whistle-blowing Policy
- Internal Control and Risk Management Policy
- Code of Ethics and Conduct
- Anti-Bribery and Corruption Policy

We have also adhered to the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) and equipped the Group with adequate procedures to prevent any activity that may lead to corruption by or of the person associated with the Company.

### Procurement Practices

We recognise that our subcontractors and suppliers are the Group's strategic partners with whom we intend to establish long-term good working relationship with. In this respect, we adhere to procurement procedures in assessing and evaluating TCS' subcontractors and suppliers, based on their track record, quality and pricing of their products and services. The procedures to ensure fair and transparent procurement practices includes:

- Open tender and transparent evaluation of quotations;
- Fair selection and appointment; and
- Performance monitoring and evaluation on regular basis.

## Sustainability Statement (Cont'd)

### Customer Satisfaction – Delivery of Quality and Excellence

The Group constantly strives to meet its standard of excellence by ensuring delivery of quality products and services in our project execution with the aim of meeting customer deliverables as detailed in our contracts. We adopt and implement quality workmanship for various elements of building construction works such as structural, architectural, mechanical as well as electrical as well as external works.

As a demonstration to our commitment towards quality and excellence, our subsidiary TCS Construction Sdn Bhd was awarded the prestigious 5 Star SCORE Award by the Construction Industry Development Board (CIDB) for 4 consecutive years between 2019 to 2023.



We are committed in adhering to the ISO 9001:2015 Quality Management System international standard to enhance the quality of workmanship in our projects. This includes an annual internal Quality Management System Audit conducted to ensure the standards are upheld in a consistent manner. Our ISO 9001:2015 Certification was obtained and maintained since year 2018.



SIRIM ISO 9001:2015  
Quality Management Systems



IQNet ISO 9001:2015



SIRIM AWARD ISO 9001:2015

We have also participated in QLASSIC assessment for our projects according to the requirements of QLASSIC standard CIS 7:2006 (First Edition) and CIS 7:2014 (Revised Edition), as part of the Group's efforts to ensure the high standards of workmanship as well as to meet our customers' QLASSIC score requirements. This certification reflects on our good performance and effectiveness in maintaining the recognised quality management system.

Our following projects have consistently achieved a high QLASSIC Score above 80%. This shows our commitment towards delivering quality and excellence across our projects.

Project Name	Assessment Year	QLASSIC Score %
Albury I, Mahkota Hills (UM Land)	2017	83
Albury II, Mahkota Hills (UM Land)	2018	81
GEMS International School, Tropicana Metropark	2017	82
Tropicana Urban Homes, Tropicana Aman	2019	84
Hermington & Kuchaimas, Aset Kayamas	2021	85

## Sustainability Statement (Cont'd)

### Customer Satisfaction – Delivery of Quality and Excellence (Cont'd)



### ENVIRONMENTAL IMPACT

#### CAMPAIGN FOR ENVIRONMENT

We are pleased to state that TCS' processes are accredited with ISO 14001:2015 Environmental Management System from SIRIM QAS International since year 2019 which is a testament of our commitment towards sound environmental management and practices.



SIRIM ISO 14001:2015  
Environmental Management Systems

IQNet ISO 45001:2018

SIRIM AWARD ISO 45001:2018

## Sustainability Statement (Cont'd)

### ENVIRONMENTAL IMPACT (Cont'd)

#### CAMPAIGN FOR ENVIRONMENT (Cont'd)

While striving for growth, we recognize the importance on resources conservation in our day-to-day business activities and have fostered creating environmental awareness among our employees by proactively encouraging them through communication and displaying signages within the Group's premises, to support the following measurements:

#### Energy Saving Practices

- Create awareness on energy efficiency benefits by encouraging exemplary behaviours such as reducing air-conditioning and lighting usage during operational hours to reduce carbon emission.
- The last employee who leaves the office premise is responsible to ensure all the electricity equipment and fixtures are switched off.

#### Water Consumption Minimisation

Our employees are encouraged to practise water-saving habits which include the following:

- Minimising wastage of water in pantries and washrooms.
- Turning off water taps when not in use.
- Avoiding repeated or unnecessary flushing.
- Minimising water wastage during irrigation and cleaning of common areas.
- Avoiding over-irrigation where possible.
- Avoiding repeated cleaning and water overflow.
- Speeding up repair work turnaround time for pipe leakages.

#### Waste Management

- Minimising environmental degradation through the reuse and recycling of waste materials including waste paper, plastic, metal and glass products.





## Sustainability Statement (Cont'd)

### ENVIRONMENTAL IMPACT (Cont'd)

#### CAMPAIGN FOR ENVIRONMENT (Cont'd)

#### Waste Management (Cont'd)



- Implement proper construction scheduled waste management in terms of generation, storage, collection, treatment and re-use of recyclables prior sending to authorized landfills
- Advocating the use of paperless of documents, minimising the need for email printouts, encouraging double-sided printing and photocopying, where printing or photocopying is necessary, only the exact number of copies required should be made.

We believe the Group's environmental care culture and initiatives will foster a positive impact to the surrounding environment in the long-run.

#### Promoting Building Material Efficiency

We adopt system formwork and self-climbing protection system in the construction of high-rise buildings. The utilisation of system formwork in construction which allows for multiple reuses, and the formwork material is recyclable. System formwork is commonly used at high-rise tower blocks exceeding 10 storeys excluding podiums, facility decks, basements, or standalone structures such as guard houses and refuse centres.

### SOCIAL IMPACT

#### OUR PEOPLE

At TCS, we believe our employees are the Group's greatest asset to the sustainability and success of the Group. We are dedicated to attracting and retaining a highly skilled workforce while prioritising the well-being of our people.

The Group recognises the value of workforce diversity as our key competitive edge, as such, there is no discrimination against employees or applicants in terms of gender, age and ethnicity, among others. The Group acknowledges and values employees who have displayed outstanding performance or achievement in their career with the Group and may appropriately reward such employees.

# Sustainability Statement (Cont'd)

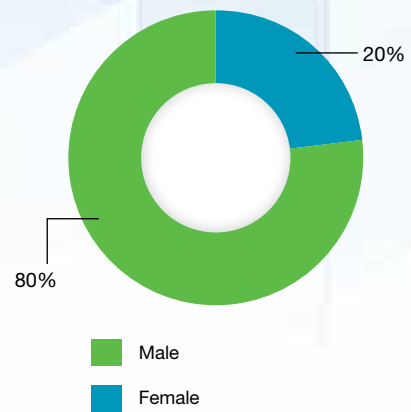
## SOCIAL IMPACT (Cont'd)

### OUR PEOPLE (Cont'd)

**Gender Distribution**

Female	22
Male	92

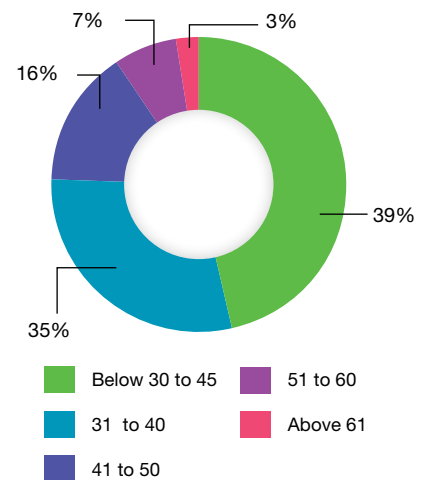
**GENDER DISTRIBUTION**



**Age Distribution**

Below 30 – 45	45
31 – 40	41
41 – 50	18
51 – 60	8
Above 60	4

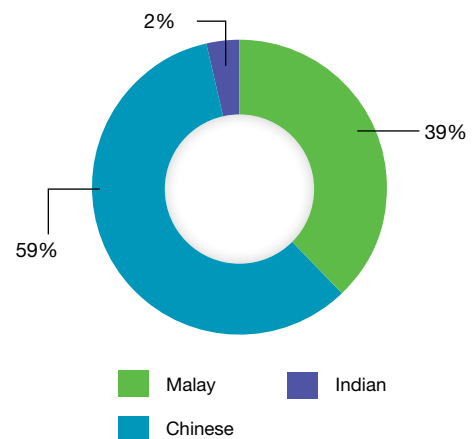
**AGE DISTRIBUTION**



**Ethnic Distribution**

Malay	76
Chinese	116
India	5

**ETHNIC DISTRIBUTION**



## Sustainability Statement (Cont'd)

### SOCIAL IMPACT (Cont'd)

#### OCCUPATIONAL SAFETY AND HEALTH

The Group is accredited with ISO 45001:2018 Occupational Health and Safety Management System and has attained SHASSIC safety certificates with 5-star rating for our projects. These certifications indicate TCS' dedication towards providing a safe and healthy working environment for the employees and customers while striving to minimize any preventable accidents and health hazards that may occur in any of the business premises and construction sites. (Insert ISO 45001 Certificate SIRIM)



SIRIM ISO 45001:2018  
Occupational Health and Safety  
Management Systems



IQNet ISO 45001:2018



SIRIM AWARD ISO 45001:2018

The SHASSIC Safety Awards which we have obtained include the following:

Project Name	Assessment Year	SHASSIC Score %
Riana South, Manda'rina (IJM Land)	2019	96
Suria Pantai, Pantai Sentral Park (IJM Land)	2019	93
Tropicana Urban Homes, Tropicana Aman	2019	93
Hermington & Kuchaimas, Aset Kayamas	2020	97
Woodbury, Mahkota Hills (UM Land)	2020	96
Elmina Green Phase 3A (Sime Darby)	2022	96.52
Vista Sentul Residences, Platinum Victory	2022	99.61



Vista Sentul – 99.61%



Elmina Green Three – 96.52%



Hermington & KuchaiMas – 97%

## Sustainability Statement (Cont'd)

### SOCIAL IMPACT (Cont'd)

#### OCCUPATIONAL SAFETY AND HEALTH (Cont'd)

During the year, we conducted safety awareness and prevention programmes:

##### 1. Weekly Toolbox Meetings

A weekly training and meeting is provided for construction employees at all constructions sites to keep them informed of all safety matters and regulations, and to ensure control measures are implemented to mitigate risks that will impact the construction works.



##### 2. Emergency fire drills

We provide continuing education and training to our construction and engineering personnel to maintain high level of safety and health at the work sites. All our sites officers conduct monthly inspections to ensure the Group's sites are in compliance with relevant safety regulations and policy.

We conduct Emergency Fire Drills within the first 3 months of the commencement of the projects operations and thereafter on a minimum 6 month basis. The purpose is to provide appropriate training on building evacuation in case of emergency and also guidance on the use of the safety equipments such as fire extinguisher, fire alarms and smoke detector at the workplace.





# Sustainability Statement (Cont'd)

## SOCIAL IMPACT (Cont'd)

## OCCUPATIONAL SAFETY AND HEALTH (Cont'd)

### 3. Introduction course and briefing



ESH Induction for new workers



First Aid briefing



### 4. On Site Safety campaign



Inspection of Fire Extinguisher



Mobile Kren Inspection – weekly/monthly

## Sustainability Statement (Cont'd)

### SOCIAL IMPACT (Cont'd)

#### OCCUPATIONAL SAFETY AND HEALTH (Cont'd)

##### 5. Periodic Fogging for Aedes Prevention

Our Group supports the Health Ministry initiative in the 4S programme to control dengue infections among the population. 4S stands for “Search and Destroy” mosquito breeding places, “Secure Self Protection” from mosquito bites, “Seek Early Consultation” when signs and symptoms of dengue occur, and “Support Fogging/spraying” only in hotspot areas where increase in cases is registered for two consecutive weeks to prevent an impending outbreak.

We conduct Fogging and larviciding activity twice a week at all our project sites to prevent dengue infections among the staff/workers at the workplace.



Fogging activity



Larviciding activity

#### TRAINING AND DEVELOPMENT

The Group ensures and encourages the personal growth, development and progression of employees by providing development opportunities through training, seminar and workshops. We believe in enhancing our employees with relevant knowledge to raise their competency levels and skill sets for the benefit of the employees as well as for the Group as a whole. The following are the trainings undertaken by the employees in FY2022:

1. TCS engaged a QCLASSIC certified trainer, Mr. Thiagu Arasan from EBC Effective Building & Consultancy to train the staff on 18 Nov 2022, on how to manage quality in construction and set up the most effective and efficient quality, assurance, and control for the work process. The training was conducted via the zoom application and 18 site staffs participated in the training.

## Sustainability Statement (Cont'd)

### SOCIAL IMPACT (Cont'd)

#### TRAINING AND DEVELOPMENT (Cont'd)

Apart from the QCLASSIC training, we had also conducted other training courses during FY2022, as follows:

No	Course Title	Duration / Period
1	QCLASSIC Assessor Course ( <b>SYSNOVATE</b> )	23-24 February 2022 (2 Days)
2	Kursus Induksi Keselamatan & Kesihatan Pekerjaan Binaan ( <b>CIDB(ONLINE)</b> )	04 March 2022 (1 Day)
3	Payroll & HRM Software ( <b>HR2000</b> )	11 March 2022 (1 Day)
4	E OFFICE E LEAVE Softwares ( <b>HR2000</b> )	25 March 2022 (1 Day)
5	MBAM Annual Safety & Health Conference 2022 ( <b>MASTER BUILDERS' ASSOCIATION MALAYSIA</b> )	29-30 March 2022 (2 Days)
6	E LEAVE Software ( <b>HR Dept</b> )	1 April 2022 (1 Day)
7	Kursus Asas Rigging and Slings (NIOSH)	16-17 August 2022 (2 Days) 09-10 Nov 2022 (2 Days)
8	Sharing & Briefing Amendment On QCLASSIC CIS 7:2021 ( <b>EBC Effective Building &amp; Consultancy</b> )	18 Nov 2022 (1 Days)
9	Environmental Legal and Other Requirement (QESH Department)	26 November 2022 (1 Day)
10	Occupational Safety & Health (OSH) Legal and Other Requirement (QESH Department)	17 Dec 2022 (1 Day)
11	Safe-Lifting Awareness (MSOSH)	28-29 Dec 2022 (2 Days)

#### CSR PROGRAMMES

As responsible corporate citizen, TCS has been consistently aware of its social obligations to the community and remains fully committed to this cause. We feel privileged to be able to support communities in need and make a difference in their lives. During the year under review, the Group initiated several community activities through contributions and donations as follows:

##### 1. Majlis Berbuka Puasa

As one of Group's initiative to foster a close-knit relationship with the community, we have sponsored the Majlis Berbuka Puasa event in Setapak on 1st April 2022. This program is one of our efforts to support the local community surrounding our projects.



## Sustainability Statement (Cont'd)

### CSR PROGRAMMES (Cont'd)

#### 2. Donation to Ragad Foundation

Ragad Foundation is a not for profit entity which supports local communities especially in the state of Sarawak with donations both in cash and in kind. Their events include educational contributions to underprivileged students, donations to buildings of worships, assisting victims of natural disasters such as floods and many more. We are honoured to contribute to the Foundation which will ensure those who require help are supported.



#### 3. Donation of basic necessities for Deepavali Festival

In conjunction with the recent Deepavali festival, the Group contributed to Sentul Park Apartment residents through the Joint Management Body for Sentul Park Apartment Blok 6. The contribution was made to ease the burden of those celebrating the occasion during tough times.





# Corporate Governance Overview Statement

The Board of Directors (“**the Board**”) of TCS Group Holdings Berhad (“**TCS**” or the “**Company**”) believes that good corporate governance is essential to ensure long term sustainability and good business performance of the organization. The Board remains committed by maintaining the highest standards of corporate governance within TCS and its subsidiaries (the “**Group**”) and adhering to the principles and best practices of Corporate Governance, by observing the Corporate Governance Guide issued by Bursa Malaysia Securities Berhad (“**Bursa Securities**”).

The Board is pleased to report on an overview of the application of the recommended practices of the Malaysian Code on Corporate Governance (“**MCCG**”) as required under the MCCG and the ACE Market Listing Requirements (“**AMLR**”) of Bursa Securities during the financial year ended 31 December 2022 (“**FYE 2022**”).

The application of each Practice set out in the MCCG during FYE 2022 is disclosed in the Company’s Corporate Governance Report which is available on the Company’s website at [www.tcsgroup.com.my](http://www.tcsgroup.com.my) as well as via an announcement on the website of Bursa Securities.

## PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

### Board Leadership

#### Board’s Roles and Responsibilities

The Board is responsible for overseeing and managing the overall performance of the Group by maintaining full and effective control over strategic, financial, operational, compliance and governance issues. The Board’s key roles in charting the strategic direction, development and control of the Group and the Managing Director takes on primary responsibility for managing the Group’s business and resources.

The Board has formalised and adopted a Board Charter which serves as a source of reference and primary induction literature, providing insights to existing and prospective Board members to assist the Board in the performance of their fiduciary duties as Directors of the Company. The Board Charter is available on the Company’s website at [www.tcsgroup.com.my](http://www.tcsgroup.com.my).

Broadly, the responsibility of the Board is including but not limited to the following: -

- Review and approve strategic initiatives including corporate business restructuring or streamlining and strategic alliances;
- Oversee the conduct of the Group’s businesses to evaluate whether the businesses are being properly managed;
- To ensure that the Company has appropriate corporate governance structures in place including standards of ethical behaviour and promoting a culture of corporate responsibility;
- Identify principal risks and ensure the implementation of appropriate systems to manage these risks; and
- Review and approve the capital expenditure, purchase of fixed assets, operating expenditure, variation order and any other matters in accordance with the Authority Limits Document.

The Board delegates certain responsibilities and confers some authority to the Board Committees namely the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee in order to enhance business and operational efficiency and effectiveness. At each Board meeting, the Chairman of the relevant Board Committees also report to the Board on key issues deliberated by the Board Committees at their respective meetings. The Terms of Reference of the Board Committees can be found at the Company’s website at [www.tcsgroup.com.my](http://www.tcsgroup.com.my).

#### Separation of positions of the Chairman and Managing Director

The roles of the Chairman and Managing Director are separately held by Tan Sri Dato’ Sri Izzuddin Bin Dali and Dato’ Ir Tee Chai Seng respectively. Each has a clear division and responsibilities between them to ensure the balance of control, power and authority. The roles and responsibilities of the Chairman and Managing Director are clearly stated in the Board Charter.

The Chairman of the Board is primarily responsible for orderly conduct and effective running of the Board and represents the Board to the shareholders and other stakeholders whilst the Managing Director is responsible for the business direction and development of the operating units, organizational effectiveness and implementation of the Board’s policies and decisions with the management team oversees the Group’s day-to-day operations.

# Corporate Governance

## Overview Statement (Cont'd)

### Chairman of the Board should not be a member of the Board Committees

The Board took recognisance that having the same person assume the position of chairman of the Board and member of other board committees gives rise to the risk of self-review and may impair the objectivity of the chairman and the Board when deliberating on the observations and recommendations put forth by the board committees.

However, the Chairman is not involved in management and operational matters of the Company, and he always provides constructive ideas and opinions to the Board and Board Committees respectively based on different perspectives as a Board Chairman and member of Board Committees.

In addition, the presence of the two (2) Independent Directors from a total of the three (3) committees members are sufficient to provide the necessary checks and balances on the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board committees.

### Company Secretaries

The Board is supported by two (2) suitably qualified and competent Company Secretaries. The Company Secretaries play an advisory role to the Board and is responsible to ensure all Board procedures and Board management matters are in line as well as in compliance with AMLR, relevant laws and regulations.

The Company Secretaries attend all meetings of the Board and Board Committees and ensure that all Board and Board Committee meetings are properly convened, and proper records of proceedings and resolutions passed are recorded and maintained in the statutory register.

### Supply and Access of Information

The Board has unrestricted access to timely and accurate information necessary in the furtherance of their duties. At each Board meeting, the Managing Director briefs the Board on the Group's activities and operations. Directors have access to the advice and services of the Company Secretaries and where necessary, obtain independent professional advice at the Group's expense.

### Board Delegation

#### a) Audit Committee ("AC")

The AC reviews and evaluate the audit plan and system of internal controls of external auditors, adequacy of internal audit functions. The AC also reviews, comments and present the quarterly financial results and year end results for approval of the Board.

#### b) Nomination Committee ("NC")

The NC is responsible to review and recommend nomination policies applicable to the Chairman, Managing Director, Directors and Senior Executives, including the following:-

- Recommend to the Board, candidates nominated by shareholders or the Board for directorships to be filled based on criteria specified in the Company's Fit and Proper Policy;
- Recommend to the Board, directors to fill seats on board committees;
- Review annually the required skills and experience and other qualities and core competencies Non-Executive Directors should bring to the Board; and
- Assess annually the effectiveness of the Board as a whole and the contribution of each individual Director.

#### c) Remuneration Committee ("RC")

The RC is responsible to establish a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual Directors.

# Corporate Governance

## Overview Statement (Cont'd)

### Board Delegation (cont'd)

#### d) Risk Management Committee ("RMC")

The RMC oversight and approval of the enterprise risk management framework commensurate with the complexity of the Company, including the following:-

- Oversight of risk appetite and risk tolerance appropriate to each business line of the company
- Appropriate policies and procedures relating to risk management governance, risk management practices, and risk control infrastructure for the enterprise as a whole
- Processes and systems for identifying and reporting risks and risk-management deficiencies, including emerging risks, on an enterprise-wide basis
- Monitoring of compliance with the company's risk limit structure and policies and procedures relating to risk management governance, practices, and risk controls across the enterprise
- Effective and timely implementation of corrective actions to address risk management deficiencies
- Specification of management and employees' authority and independence to carry out risk management responsibilities, and
- Integration of risk management and control objectives in management goals and the company's compensation structure.

### Board Composition

The Board currently consists of six (6) members, comprising of one (1) Independent Non-Executive Chairman, one (1) Managing Director, one (1) Executive Director and three (3) Independent Non-Executive Directors. The present composition of the Board is in compliance with Rule 15.02 of the AMLR of having at least two (2) or one third (1/3) of the Board comprising independent directors. In the event of any vacancy of the Board, resulting in non-compliance with Rule 15.02 of AMLR, the Company will fill the vacancy within three (3) months.

No individual or group of individuals dominates the Board's decision making. Independent Directors constitute more than one third of the Board and the interest of significant shareholder are fairly represented on the Board. The present Directors bring a wide range of experience and skills relevant to the business of the Group. Brief descriptions on the background of each Director are set out in this Annual Report.

The current size and composition of the Board are considered adequate to provide the optimum skills and experience required to manage affairs. The Board also endeavours to fulfil the gender diversity provided by the latest MCCG and believes that with the current composition and size of the Board is adequate to discharge its duties and responsibilities efficiently and competently.

### Board Meetings

The Board meets at least four (4) times a year and has a formal schedule of matters reserved for it. The Board will conduct additional meetings on an ad-hoc basis as and when necessary to consider business issues that require urgent decision of the Board.

During the FYE 2022, five (5) board meetings were held and the attendance of the Directors at board meetings is shown in the table below:

Name of Directors	Attendance
(a) Tan Sri Dato' Sri Izzuddin bin Dali	5/5
(b) Dato' Ir. Tee Chai Seng	5/5
(c) Datin Koh Ah Nee (resigned w.e.f. 26 April 2023)	5/5
(d) Dato' Seri Ir. Mohamad Othman bin Zainal Azim	5/5
(e) Mr Ooi Guan Hoe	5/5
(f) Mr Wong Choo Leong	5/5
(g) Ms Sharon Chew Mun Hoong (appointed w.e.f. 26 April 2023)	-

The Directors have demonstrated their ability to devote sufficient time and commitment to their roles and responsibilities as Directors of the Company. The Board is satisfied with the level of time and commitment given by the Directors of the Company towards fulfilling their duties and responsibilities. This is evidenced by the attendance record of the Directors as set out in the section above.

# Corporate Governance

## Overview Statement (Cont'd)

### Board Independence

The Board recognises the importance of independence and objectivity in its decision making process which is in line with the MCCG. The assessment of Independence for the Independent Non-Executive Directors for the Group is conducted annually and incorporated in the questionnaires tailored for Independent Non-Executive Directors.

The independence of the four Independent Non-Executive Directors remains valid as the Directors are not involved in any business, transactions or other relationships with the Group that jeopardizes the exercise of independent judgement and opinion.

### Tenure of Independent Directors

In accordance with the Board Charter, the tenure of an independent director should not exceed a term limit of nine (9) years. In the event that the Board intends to retain the independent director beyond nine (9) years, the Board should provide justification and seek annual shareholders' approval through a two-tier voting process and the manner to obtain the shareholders' approval on the resolution shall follow the recommendation of MCCG.

Currently, none of the Independent Director of the Company whose tenure has exceeded a cumulative term of nine (9) years.

### Gender Diversity

The Board supports the gender boardroom diversity as recommended under the MCCG. The Board will review the appropriate proportion of female to male Directors on the Board at the time of considering appointment of new Directors to the Board. Apart from gender boardroom diversity, the Board also supports diversity in ethnicity and age. The Board will review the appropriate proportion of the age group and ethnicity of Board members at the time of considering appointment of new Directors to the Board.

### Appointments to the Board

The decision on new appointment of directors' rests with the Board after considering the recommendation of the NC. In evaluating the suitability of candidates to the Board, the NC will consider criteria specified in the Company's Fit and Proper Policy as well as certain criteria such as skills, knowledge, expertise, experience, integrity, commitment, background, boardroom diversity and the ability of the candidate to discharge his/her duties as expected.

### Company's Policies

#### Code of Conduct and Ethics

The Code of Conduct & Ethics serves as a road map to guide the Board and employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. The Group has also in place the Code of Conduct & Ethics for its employees which comprised all aspects of its day to day business operations.

Directors and employees of the Group are expected to perceive high standards of integrity and fair dealings in relation to clients, staff, management and regulators which the Group operates and ensure compliance with all applicable laws, rules and regulations. The Code of Conduct and Ethics are available on the Company's website at [www.tcsgroup.com.my](http://www.tcsgroup.com.my).

#### Whistle-blowing Policy

The Group has in place a Whistle-Blowing Policy designed to create a positive environment in which employees or external parties can raise genuine concerns without fear of recrimination and enable prompt correction action to be taken where appropriate. The whistleblowing policy can be assessed at the Company's website at [www.tcsgroup.com.my](http://www.tcsgroup.com.my).

#### Anti-Bribery and Anti-Corruption Policy

The Group is committed to conduct business in an ethical and honest manner while upholding zero tolerance position on bribery and corruption and hence has adopted an Anti-Bribery and Anti-Corruption Policy. The policy can be assessed at the Company's website at [www.tcsgroup.com.my](http://www.tcsgroup.com.my).

# Corporate Governance

## Overview Statement (Cont'd)

### Directors' Fit and Proper Policy

Following the amendments to the AMLR of Bursa Securities, the Board adopted a Directors' Fit and Proper Policy to ensure that Directors possess the character, integrity, relevant range of skills, knowledge, experience, competence and time commitment to carry out their roles and responsibilities effectively in the best interest of the Company and its stakeholders. The Directors' Fit and Proper Policy is available on the Company's website at [www.tcsgroup.com.my](http://www.tcsgroup.com.my).

### Governing Sustainability

The following are the five (5) pronged approaches applied by the Company in achieving business sustainability:-

- Strengthen balance sheet to enable business expansion;
- Build capital and liquidity with implementation of aggressive cost control measures;
- Drive sustainability-led initiatives group-wide, prioritising health and safety above all else; and
- Prioritise talent development capable of leading a high performance organization.

As part of the efforts in promoting and building sustainability momentum within the Group, the Management has strengthened the Environmental, Social and Governance integration into the group wide operations with a particular focus on environmental and social dimensions.

The Company has engaged with stakeholders in a variety of ways which involve both the business units and group levels through formal and informal activities. The collective opinions and insights from the stakeholders help the Board make informed decisions, while aligning the stakeholders' expectations with the Company's sustainability priorities and business approach.

### Directors' Trainings

The Board acknowledges the importance of continuous education and training programmes for its members to enable effective discharge of its responsibilities and to be apprised of the changes to regulatory requirements and the impact such regulatory requirements will have on the Group.

During the FYE 2022, the Directors have attended training, seminars, and conferences which they considered vital in keeping abreast with changes in laws and regulation, business environment, and corporate governance development.

Details of the training programmes attended/ participated by the Directors are as follows:

Name of Director	Seminars/Conferences/Training Programmes Attended
Tan Sri Dato' Sri Izzuddin bin Dali	• Training on Anti-bribery Management System on 16 March 2022
Dato' Ir. Tee Chai Seng	• Training on Anti-bribery Management System on 16 March 2022
Datin Koh Ah Nee (resigned w.e.f. 26 April 2023)	• Training on Anti-bribery Management System on 16 March 2022
Dato' Seri Ir Mohamad Othman bin Zainal Azim	• Training on Anti-bribery Management System on 16 March 2022
Ooi Guan Hoe	<ul style="list-style-type: none"> <li>• Training on Anti-bribery Management System on 16 March 2022</li> <li>• Audit Oversight Board Conversation with Audit Committee on 7 April 2022</li> <li>• CFO Conference 2022 on 15 December 2022</li> <li>• Amendments to Listing Rules relating to Share Schemes of Listed Issuers on 30 December 2022</li> <li>• Equity fundraising on 30 December 2022</li> <li>• The Board of Directors' role in ESG Governance and the importance of ESG reporting on 30 December 2022</li> </ul>
Wong Choo Leong	<ul style="list-style-type: none"> <li>• Advocacy sessions for directors and senior management of ACE Market Listed Corporation on 6-8 April 2022</li> <li>• Training on Anti-bribery Management System on 16 March 2022</li> </ul>

\* Ms Sharon Chew Mun Hoong was appointed to the Board on 26 April 2023. Hence, the training attended by her before her appointment was not included.



# Corporate Governance

## Overview Statement (Cont'd)

### Nomination Committee

The NC is comprised of the following Independent Non-Executive Directors:-

- Dato' Seri Ir. Mohamad Othman bin Zainal Azim (Chairman)
- Tan Sri Dato' Sri Izzuddin bin Dali (Member)
- Ooi Guan Hoe (Member)

During the FYE 2022, the NC had undertaken the following activities:

- Assessed existing structure, size, composition and effectiveness of the Board as a whole and Board Committees.
- Conducted an annual assessment of the performance of the Board as a whole and made its recommendation to the Board;
- Conducted an annual assessment of the Independent Directors and made its recommendation to the Board; and
- Reviewed the Fit and Proper Policy and recommended to the Board for adoption.

### Annual Assessment

The NC is responsible in evaluating performance and effectiveness of the entire Board, the Board Committees and individual Director on a yearly basis. The evaluation process is led by the NC Chairman and supported by the Company Secretary via questionnaires. All assessments and evaluations carried out by the NC in discharge of its functions were properly documented.

The effectiveness of the Board is assessed in the areas of the Board's roles and responsibilities and composition, attendance record, the intensity of participation at meetings, quality of interventions and special contributions. Besides, the effectiveness of the Board Committees is assessed in terms of structure and processes, accountability and responsibility as well as the effectiveness of the Chairman of the respective Board Committees.

Based on the annual assessment conducted during the financial year, the NC was satisfied with the existing Board composition and concluded that each Directors has the requisite competence to serve on the Board and has sufficiently demonstrated their commitment to the Company in terms of time and participation during the financial year under review.

### Re-election of Directors

In accordance with the Company's Constitution, one-third of the Directors are required to submit themselves for re-election by rotation at least once every three years at each Annual General Meeting ("**AGM**"). Retiring Directors may offer themselves for re-election.

Director who is appointed during the financial period is, in accordance with the Company's Constitution, required to retire at the AGM following his appointment but is eligible for re-election by the shareholders.

### Succession Planning

The Board has put in place succession planning by seeking younger directors within the Board and senior management to assume greater responsibilities and different roles within the organisation. At the senior management level, young and designated aspiring executives were selected and exposed to current management practices where they were guided and mentored by senior staff through continuous on the job training and exposure.

### Remuneration Committee

The RC is comprised of the following Independent Non-Executive Directors:-

- Dato' Seri Ir. Mohamad Othman bin Zainal Azim (Chairman)
- Tan Sri Dato' Sri Izzuddin bin Dali (Member)
- Ooi Guan Hoe (Member)

During the FYE 2022, the RC reviewed and recommended the Directors' fees and benefits payable to Directors to the Board to seek for shareholders' approval at the Company's forthcoming AGM pursuant to the Constitution of the Company.

# Corporate Governance

## Overview Statement (Cont'd)

### Directors' Remuneration

The Company's remuneration policy for Director is formulated to attract and retain individuals of the necessary calibre relevant to the achievement of the Company's strategic achievements. The remuneration is structured to link experience, expertise and level of responsibility undertakings by the Directors.

The RC is entrusted with the responsibilities to make recommendations to the Board, the remuneration package for the Executive Directors. However, it is the ultimate responsibility of the entire Board to approve the remuneration of the Directors. Non-Executive Directors' remuneration will be decided by the Board as a whole with the Director concerned abstaining from deliberation and voting on decisions in respect of his individual remuneration.

The details of Directors' remuneration for the FYE 2022 are as follows:

The Group	Salaries <sup>(1)</sup>	Fees	Allowances	Benefit-in-kind	Total
<b>Executive Directors</b>					
Dato' Ir. Tee Chai Seng	645,763	-	300,000	39,450	985,213
Datin Koh Ah Nee (resigned w.e.f. 26 April 2023)	349,578	-	20,000	9,900	379,478
Wong Choo Leong	130,922	-	57,000	6,500	194,422
<b>Non-Executive Directors</b>					
Tan Sri Dato' Sri Izzuddin bin Dali	-	72,500	-	-	60,000
Dato Seri Ir Mohamad Othman bin Zainal Azim	-	60,500	-	-	72,500
Ooi Guan Hoe	-	60,000	-	-	60,500
Sharon Chew Mun Hoong (appointed w.e.f. 26 April 2023)	-	-	-	-	-
	<b>1,126,263</b>	<b>193,000</b>	<b>377,000</b>	<b>55,850</b>	<b>1,752,113</b>

Notes:

<sup>1</sup> Inclusive of contribution to EPF, EIS and SOCSO

### Remuneration of Key management

Remuneration Band	Number of Key Management
RM50,001 to RM100,000	2
RM100,001 to RM150,000	3
RM150,001 to RM200,000	1
RM200,001 to RM250,000	-

Due to the confidentiality and sensitivity of the remuneration package of Senior Management as well as security concerns, the Board opts not to disclose the Senior Management's remuneration components in named basis.

The Board is of the view that the disclosure of Senior Management's remuneration components in named basis will not be in the best interest of the Company given the competitive human resources environment as such disclosure may give rise to recruitment and talent retention issues.

# Corporate Governance

## Overview Statement (Cont'd)

### PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

#### Audit Committee

The AC comprises three (3) members, all of whom are Independent Non-Executive Directors. The AC is chaired by Mr Ooi Guan Hoe, who is not the Chairman of the Board. Collectively, the AC members are financially literate, have commercial expertise skills, knowledge and understanding of the matters under the purview of the AC including the principles and developments of financial reporting. They constantly keep abreast of relevant changes to financial reporting standards and issues which have a significant impact on the financial statements through regular updates from the external auditors and the Executive Directors.

The composition of the AC is reviewed annually with the view to maintain an independent and effective AC, and in line with the principles of the MCCG.

The Board took note of Practice 9.2 of the MCCG that the AC to have a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three (3) years before being appointed as a member of the AC and has incorporated the said practice in the Terms of Reference of AC. The independence, suitability and appointment/re-appointment of the External Auditors is reviewed by the AC annually.

Details of the activities carried out by the AC for the FYE 2022 are set out in the AC Report in the Annual Report.

#### Relationship with the External Auditors

The Company has established a transparent arrangement with the auditors to meet their professional requirements. The auditors have, from time to time, highlighted to the AC and the Board matters requiring the Board's attention.

#### Internal Control and Risk Management

The Directors are responsible for the Group's system of internal controls and its effectiveness. The principal aim of the system of internal controls is the management of financial and business risks that are significant to the fulfilment of the Group's business objectives, which is to enhance the value of shareholders' investment and safeguarding the Group's asset.

The Risk Management Committee summarises and communicates the key business risks to the AC and Board for consideration and resolution. Internal audit activities are outsourced to professional firm. The internal audit functions are carried out impartially, proficiently and with due professional care. Reports issued by the internal auditors for the financial year under review were tabled at the AC meetings. Management was present at such meetings to provide pertinent clarification or additional information to address questions raised by AC members.

The Statement of Risk Management and Internal Control of the Group are set out in the Annual Report.

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

#### Financial Reporting

The Board aims to provide and present a balanced and clear assessment of the Groups' financial performance and prospect primarily through the annual financial statements and quarterly report as well as announcements to the Bursa Securities. The AC assists the Board in scrutinizing information for disclosure to ensure compliance with accounting standard, accuracy, adequacy and completeness.

#### Corporate Disclosure Policies and Procedures

The Company ensure all information such as corporate announcements, circulars to shareholders and financial results are disseminated to the general public in a timely and accurate manner.

The Company's quarterly interim financial results are released within two months from the end of each quarter. The Annual Report, which is the key communication channel between the Company and its shareholders, is published within four months after the financial period end. The Annual Report provides an insightful analysis of the Group's performance, operations and prospect affecting shareholders' interest.

# Corporate Governance

## Overview Statement (Cont'd)

### Relationship between the Company and shareholders

The Board always recognizes that an effective communication with stakeholders is an essential requirement of the Group's sustainability. The stakeholders are informed of all material business events and risks of the Group in a factual, timely and widely available manner.

The Company maintains various methods of dissemination of information to shareholders, stakeholders and the public at large such as announcements via Bursa Link, Annual Reports, General Meetings and investors, analyst and media briefings.

The Company follows a continuous disclosure policy, making announcements to the Bursa Securities when it becomes aware of information which might materially affect the price of its shares.

Shareholders and/or stakeholders are welcomed to raise queries by contacting the Managing Director throughout the year. It is the intention of the Board to resume actively engaging the investing public with briefings and press releases, as and when appropriate and in line with Bursa Securities regulations, so as to ensure that the public is aware of significant developments.

### Conduct of General Meetings

General Meetings serve as the principal forum for communicating with the shareholders of the Company. The Board encourages participation of shareholders at the General Meeting to ensure a high level of accountability and identification with the Group's strategy and goals.

As recommended by the MCGG, the notice of AGM will be despatched to shareholders at least twenty-eight (28) days before the AGM, to allow shareholders to have additional time to go through the Annual Report and make the necessary attendance and voting arrangements. The notice of AGM, which sets out the business to be transacted at the AGM, is also published in a major local newspaper. The Board will ensure that each item of special business included in the notices of the general meeting is accompanied by a full explanation of the effects of any proposed resolution. In line with Rule 8.31A of the AMLR of Bursa Securities, all resolutions set out in the notice of general meeting will be put to vote by poll.

The Company will also appoint an independent scrutineer to validate the vote cast in the general meeting. The Board intentionally allocates time for question and answer sessions during General Meetings. The outcome of the general meeting will then be announced to Bursa Securities on the same meeting day while the minutes of the general meeting will be posted on the Company's website no later than 30 business days after the general meeting.

### Leverage on Information Technology for Effective Dissemination of Information

The group maintains a corporate website at [www.tcsgroup.com.my](http://www.tcsgroup.com.my) which serves as a forum for the general public to access information on the corporate information, annual reports, corporate announcements and subsidiary developments on the Group's website.

### Compliance Statement

Saved as disclosed above, the Board is of the view that the Group has complied with and shall remain committed to attaining the highest possible standards through the continuous adoption of the principles and best practices set out in MCGG and all other applicable laws, where applicable and appropriate.

This Corporate Governance Overview Statement was approved by the Board on 18 April 2023.

# Audit Committee's Report

The Board of Directors ("**Board**") of TCS Group Holdings Berhad ("**TCS**" or "**the Company**") is pleased to present the Audit Committee Report for the financial year ended 31 December 2022 ("**FYE 2022**").

## Composition

The present members of the Audit Committee ("**AC**") comprise the following:

### Chairman

Ooi Guan Hoe - Independent Non-Executive Director

### Members

Tan Sri Dato' Sri Izzuddin bin Dali - Independent Non-Executive Chairman  
Dato' Seri Ir Mohamad Othman bin Zainal Azim - Independent Non-Executive Director

The AC comprises solely of Independent Non-Executive Directors and is chaired by Mr Ooi Guan Hoe, who is a member of the Malaysian Institute of Accountants. The current composition of AC meets the requirement of Rule 15.09 and 15.10 of the ACE Market Listing Requirements ("**AMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**").

The Company recognizes the need to uphold independence of its external auditors and that no possible conflict of interest whatsoever should arise. Currently, none of the AC members were former audit partners of the external auditors appointed by the Group. The Company will observe a cooling-off period of at least three (3) years in the event any potential candidate who was an audit partner of the external auditors of the Group to be appointed as a member of AC.

## Terms of Reference

The Terms of Reference of the AC which laid down its duties and responsibilities are accessible via the Company's website at [www.tcsgroup.com.my](http://www.tcsgroup.com.my).

## Attendance of Meetings

The AC held five (5) meetings during the FYE 2022. The details of attendance of the AC members are as follows:

Name	Attendance
Ooi Guan Hoe (Chairman)	5/5
Tan Sri Dato' Sri Izzuddin bin Dali	5/5
Dato' Seri Ir Mohamad Othman bin Zainal Azim	5/5

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

## Summary Activities of the Audit Committee

The activities undertaken by the AC during the FYE 2022 included the following:

- Reviewed the quarterly and year-to-date unaudited financial results before submission to the Board for consideration and approval;
- Reviewed the external auditor's scope of work and audit plan for the year;
- Reviewed the annual audited financial statements of the Group before recommending to the Board for their approval and release of the Group's results to Bursa Securities;
- Reviewed and discussed with the external auditors of their audit findings inclusive of system evaluation, audit fees, issues raised, audit recommendations and management's response to these recommendations;



## Audit Committee's Report (Cont'd)

### Summary Activities of the Audit Committee (Cont'd)

- e) Evaluated the performance of the external auditors for the financial year ended 31 December 2022 covering areas such as calibre, quality processes, audit team, audit scope, audit communication, audit governance and independence and considered and recommended the re-appointment of the external auditors;
- f) Reviewed and assessed the adequacy of the scope and functions of the internal audit plan;
- g) Reviewed the internal audit reports presented and considered the major findings of internal audit in the Group's operating subsidiaries through the review of the internal audit reports tabled and management responses thereof and ensuring significant findings are adequately addressed by management;
- h) Reviewed the effectiveness of the Group's system of internal control;
- i) Reviewed the proposed fees for the external auditors and internal auditors in respect of their audit of the Company and the Group;
- j) Reviewed related party transactions and recurrent related party transactions entered into by the Group (if any) on a quarterly basis, to ensure that such transaction are carried out on arm's length basis;
- k) Reviewed the Company's compliance with the AMLR and applicable Approved Accounting Standards;
- l) Reported to the Board on its activities and significant findings and results; and
- m) Reviewed the AC Report and Statement on Risk Management and Internal Control before recommending to the Board for approval and inclusion in the Annual Report.

### Internal Audit Function

The Group has outsourced its internal audit function to an established professional Internal Audit firm namely Sterling Business Alignment Consulting Sdn. Bhd. ("Internal Auditors"), which reports directly to the AC and assists the AC in reviewing the effectiveness of the internal control systems whilst ensuring that there is an appropriate balance of controls and risks throughout the Group in achieving its business objectives.

The number of resources deployed by the Internal Auditors for each internal audit review ranges from 3 to 4. The internal audit team is led by:

Mr Cheng Chean, a Chartered Member of the Institute of Internal Auditors Malaysia ("CMIIA") and a Fellow Member of the Chartered Certified Accountant ("FCCA"). Mr Cheng has 21 years of hands-on experience in the fields of External Audit, Internal Audit and Internal Control Review.

The Internal Auditors applied the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis to provide independent assessment of the effectiveness and efficiency of the internal control system and assurance to the AC.

During the FYE 2022, the Internal Auditors reviewed the internal control environment of the Finance and Accounts, Contract Management and Management of Sub-Contractors functions of TCS Construction Sdn Bhd and subsequently follow-up with a follow-up review on the said areas.

The cost of the internal audit was RM 30,000 for the FYE 2022.

### Compliance Statement

This AC Report has been reviewed by the AC and approved by the Board on 18 April 2023.

# Statement on Risk Management and Internal Control

## INTRODUCTION

The Board of Directors (“the Board”) of TCS Group Holdings Berhad (“TCS” or “the Company”) is pleased to present the Statement on Risk Management and Internal Control (“Statement”) which outlines the nature and scope of risk management and internal control system of TCS Group Holdings Berhad and its subsidiaries (“the Group”) for the financial year ended 31 December 2022. This Statement has been prepared in accordance with Rule 15.26(b) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Malaysian Code on Corporate Governance 2021 and guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers (“Guidelines”).

## BOARD RESPONSIBILITY

The Board is responsible for the adequacy and effectiveness of the Group system of risk management and internal controls. The system is designed to manage the Group’s key areas of risk within an acceptable risk profile, rather than eliminate the risk of failure to achieve the business objectives. Accordingly, the system of risk management and internal controls of the Group can only provide reasonable and not absolute assurance against material misstatement, loss or fraud.

The Board has established an ongoing process for identifying, evaluating, managing and monitoring the significant risks faced by the Group, and this process includes enhancing the system of risk management and internal controls as and when there are changes to the business environment or regulatory guidelines.

## RISK MANAGEMENT FRAMEWORK

The Board regards the management of core risks as an integral and critical part of the day-to-day operations of the Group. The experience, knowledge and expertise to identify and manage such risks throughout the financial year under review enables the Group to make cautious, mindful and well-informed decisions through formulation and implementation of requisite action plans and monitoring regime which are imperative in ensuring the accomplishment of the Group’s objectives.

The Board is assisted by the Risk Management Committee (“RMC”) to provide oversight, direction and counsel to the Group’s risk management process by identifying and assessing risks, and making recommendations to monitor, evaluate, manage and mitigate such risks throughout the business operations particularly in respect of key risks which the Group faces on a regular basis.

As part of our Risk Management process, a Risk Management Handbook and Registry of Risk were adopted. The Registry of Risk is maintained to identify principal business risks and key risk areas, their impact, likelihood of occurrence, risk owner and risk control actions and is updated to address changes in risk profiles. The Risk Management Handbook summarises risk management methodology, approach and processes, roles and responsibilities, and various risk management concepts. The level of risk tolerance is established and monitored through the use of a risk impact and likelihood matrix where the ratings are assessed in response to changes in the business environment.

The respective risk owners are assigned and responsible for identifying risks as well as ensure that adequate control systems are implemented to mitigate risks faced by the Group. The process of identifying, evaluating, monitoring and managing risks is embedded in the various work processes and procedures of the respective operational functions.

The key risk categories which have been reviewed by the respective risk owners during the financial year under review encompassed:

- Legal and Regulatory
- Corporate Governance
- Financial
- Operational
- Human Capital
- Environmental, Safety and Health

# Statement on Risk Management and Internal Control (Cont'd)

## INTERNAL AUDIT FUNCTION

The Board outsourced its internal audit functions to an independent consulting firm to provide an independent evaluation of the system of internal control. The Internal Auditor reports directly to the Audit Committee during the Audit Committee meeting. The Internal Auditor is free from any relationships with the Board and Management or conflict of interest in the operations and activities of the Group, which could impair their objectivity and independence of the internal audit function.

The Internal Auditors uses the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control – Integrated Framework as a basis for evaluating the effectiveness of the internal control systems. The internal audit reviews are conducted in accordance with the risk-based internal audit plan approved by the Audit Committee. The Internal Auditors reviewed the internal control and business processes of key functions or activities of the Group, identified internal control gaps, effectiveness and adequacy of the existing state of internal control and recommended possible improvements to the internal control process.

For the financial year ended 31 December 2022, two (2) internal audit reviews had been carried out by the Internal Auditor:

Financial Reporting Quarter	Reporting Month	Name of Entity Audited	Audited Areas
1 <sup>st</sup> Quarter (Jan 2022 – Mar 2022)	May 2022	TCS Construction Sdn Bhd	Finance & Accounts
3 <sup>rd</sup> Quarter (July 2022 – September 2022)	November 2022	TCS Construction Sdn Bhd	Tenders and Contract Management

The total cost incurred for the internal audit function for the financial year ended 31 December 2022 was at RM 30,000.00

## OTHER KEY ELEMENTS OF RISK MANAGEMENT AND INTERNAL CONTROL

The other key elements of the Group's internal control system include:

1. Well-defined organisational structure with clear lines of authority, limits of authority, accountability and responsibilities of the Managing Director, Executive Director and Senior Management;
2. Clearly defined terms of reference, authorities and responsibilities of the various Board committees which include the Audit Committee, Nomination Committee, Remuneration Committee and Risk Management Committee;
3. Clearly defined and formalised policies and procedures and guidelines are in place to support the Group in achieving its corporate objectives. These policies and procedures including Covid-19 preventive procedures and Anti-Bribery and Anti-Corruption Policy provide a basis for ensuring compliance with applicable laws and regulations, and also internal controls with respect to the conduct of business;
4. Clearly documented internal procedures in respect of operational processes as set out in the ISO 9001:2015, ISO 45001:2018 and ISO 14001:2015 for Quality Management System, Occupational Health and Safety Management System and Environmental Management System;
5. The Management Committee meets regularly to discuss key operational and management issues. Under the purview of the Managing Director, the heads of the respective operational units of the Group are empowered with the responsibilities of managing their respective operations and business.
6. Quarterly financial results were reported to the Audit Committee and Board for approval.

# Statement on Risk Management and Internal Control (Cont'd)

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

Pursuant to Rule 15.23 of the Listing Requirements, the external auditors have reviewed this Statement for inclusion in the Annual Report for the financial year ended 31 December 2022. The external auditors have reported to the Board that, based on their review procedures performed and evidence obtained, nothing has come to their attention that causes them to believe that this Statement intended to be included in the Annual Report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of the Guidelines, nor is the Statement factually inaccurate.

## ASSURANCE TO THE BOARD MEMBERS

The Board is of the opinion that the Group's risk management and internal control systems are satisfactory and has no internal control failure nor any significant weaknesses that resulted in any loss to the Group during the financial year under review. The Board is also cognizant that the Group's risk management framework and system of internal control must be continuously reviewed and evolved to meet the changing and challenging business environment. The Group is committed to continuing take all necessary measures to strengthen the risk management and internal control system to further enhance its effectiveness to ensure all identified risks are managed on a timely basis and are within tolerance limits.

The Board is satisfied that the Group's risk management framework and system of internal control are operating adequately and effectively in all material aspects for the financial year ended 31 December 2022.

The Managing Director and Chief Financial Officer of the Group have given the Board the assurance that the Group's risk management and internal control system have been operating adequately and effectively in all critical aspects.

This Statement on Risk Management and Internal Control was approved by the Board on 18 April 2023.



# Additional Compliance Information

## OTHER DISCLOSURE REQUIREMENTS PURSUANT TO THE LISTING REQUIREMENTS OF BURSA SECURITIES

### AUDIT AND NON-AUDIT FEES PAID TO EXTERNAL AUDITORS

The amount of audit fees and other fees paid or payable to the Company's External Auditors and its member firms by the Group and the Company for the financial year ended 31 December 2022 are as follows:

	Group RM	Company RM
Audit fee		
- Statutory audit fee	128,000	22,000
Non-audit fees		
- Review of Statement on Risk Management and Internal Control	8,000	8,000
- Others	23,500	2,500
Total	159,500	32,500

### MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving Directors' and major shareholders' interest which were still subsisting as at the end of the financial year or which were entered into since the end of the previous financial period.

### UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

On 9 July 2021, the Company proposed to undertake private placement of up to 20% of total number of issued shares of the Company to independent third-party investors ("Private Placement 2021"). The Private Placement 2021 was completed following the issuance of 30,000,000 new TCS Shares, at an issue price of RM0.41, raising a total proceeds of RM12.30 million.

As at 31 December 2022, the proceeds has been fully utilised. The summary of the utilisation of proceeds were as follows:-

Utilisation of proceeds	Proposed Utilisation RM'000	Actual utilisation RM'000	Deviation RM'000	Balance Unutilised RM'000	Estimate Timeframe for Utilisation <sup>(1)</sup>
Working capital for construction projects	12,230	(12,178)	(52)	-	Within 24 months Upon receipts of placement funds
Estimated listing expenses	70	(122)	52	-	
Total	12,300	(12,300)			

## Additional Compliance Information (Cont'd)

### RECURRENT RELATED PARTY TRANSACTION ("RRPT")

The RRPT of a Revenue or Trading Nature incurred during the financial year are set out as below: -

Transacting party	Nature of transaction with TCS Group	Details	Names of interested related parties	Tenancy period	Actual aggregated value transacted from 1 Jan 2022 to 31 Dec 2022 (RM)
CDB Group Holdings Berhad (formerly known as CDB Realty Sdn Bhd) TCS Construction Sdn Bhd	Rental of property	No 1&3, 1st & 2nd Floor, Jalan SP 1/1, Bandar Saujana Putra, 42610 Jenjarom, Selangor	Dato' Ir. Tee Chai Seng Datin Koh Ah Nee (resigned w.e.f. 26 April 2023)	Oct 2022 to Sep 2023	181,200
CDB Group Holdings Berhad (formerly known as CDB Realty Sdn Bhd) TCS Infra Sdn Bhd	Rental of property	No. 1&3, 3rd Floor, Jalan SP 1/1, Bandar Saujana Putra, 42610 Jenjarom, Selangor	Dato' Ir. Tee Chai Seng Datin Koh Ah Nee (resigned w.e.f. 26 April 2023)	Oct 2022 to Sep 2023	52,800

There was no transaction entered between Saujana Permai Development Sdn Bhd and TCS Construction Sdn Bhd for provision of construction services during the financial year ended 31 December 2022.

Besides, the Company is seeking approval from the shareholders for the proposed renewal shareholders' mandate for the Company to enter into RRPT(s) of a revenue or trading nature pursuant to Rules 10.09 of ACE Market Listing Requirements of Bursa Securities Malaysia Berhad at the forthcoming Annual General Meeting to be convened on Thursday, 8 June 2023. The details as enclosed in the circular dated 28 April 2023.

# Directors' Responsibility

## STATEMENT FOR THE AUDITED FINANCIAL STATEMENTS

The Directors are required by the Companies Act 2016 ("the Act") to prepare the financial statements for each financial year which have been made out in accordance with applicable Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs"), the requirements of the Act in Malaysia and the AMLR.

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

In preparing the financial statements, the Directors have:

- (i) Adopted appropriate accounting policies and applied them consistently;
- (ii) Made judgements and estimates that are reasonable and prudent; and
- (iii) Prepared the financial statements on a going concern basis.

The Directors are responsible to ensure that the Group and the Company keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy, enabling them to ensure that the financial statements comply with the Act. The Directors are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Group and of the Company and to detect and prevent fraud and other irregularities.

# Directors' Report

The Directors hereby submit their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

## PRINCIPAL ACTIVITIES

The Company principally engaged in investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are indicated in Note 6 to the financial statements.

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

## RESULTS

	Group RM	Company RM
Loss for the financial year	3,396,581	206,088
Attributable to:		
Owners of the Company	3,377,960	206,088
Non-controlling interests	18,621	-
	3,396,581	206,088

## DIVIDENDS

There were no dividends proposed, declared or paid by the Company since the end of the previous financial year.

## RESERVES AND PROVISIONS

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



# Directors' Report

## (Cont'd)

### DIRECTORS

The name of the Directors of the Company and its subsidiaries in office during the financial year and during the period commencing from the end of the financial year to the date of this report are as follows:-

#### Company:-

Dato' Ir. Tee Chai Seng\* (Managing Director, Non-independent)  
 Datin Koh Ah Nee\* (Executive Director, Non-independent)  
 Tan Sri Dato' Sri Izzuddin Bin Dali (Independent Non-executive Chairman)  
 Dato' Seri Ir. Mohamad Othman Bin Zainal Azim (Independent Non-executive Director)  
 Ooi Guan Hoe (Independent Non-executive Director)  
 Wong Choo Leong\* (Executive Director, Non-independent)

\* Director of the Company and its subsidiaries

The Directors of the subsidiaries since the beginning of the financial year to the date of this report, not including those Directors listed above are as follows:-

Abd Manaf Bin Ahmad  
 Che Hasnadi Bin Che Hassan  
 Gan Yee Hin  
 Tan Sri Datuk Seri Gan Yu Chai  
 Tee Chai Kok  
 Lee Han Woon (Appointed on 12 September 2022)  
 Leong Ting Shen (Appointed on 25 March 2022)  
 Asrul Affendy Bin Arshad (Resigned on 13 September 2022)  
 Daniel Tee Kien Guan (Resigned on 13 September 2022)  
 Shaari Bin Hashim (Resigned on 13 September 2022)

### DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act 2016 in Malaysia, the interests and deemed interests in the ordinary shares of the Company and its related corporations of those who were Directors as at financial year end (including the interests of the spouses or children of the Directors who themselves are not Directors of the Company) are as follows:-

	At 1.1.2022	Number of ordinary shares		At 31.12.2022
		Bought	Sold	
<b>Direct interest</b>				
Dato' Ir. Tee Chai Seng	206,838,377	-	-	206,838,377
Datin Koh Ah Nee	36,324,419	-	-	36,324,419
Tan Sri Dato' Sri Izzuddin Bin Dali	300,000	-	-	300,000
Dato' Seri Ir. Mohamad Othman Bin Zainal Azim	200,000	-	-	200,000
Ooi Guan Hoe	650,000	-	-	650,000
Wong Choo Leong	303,200	-	-	303,200
<b>Indirect interest</b>				
Dato' Ir. Tee Chai Seng*	36,324,419	-	-	36,324,419
Datin Koh Ah Nee*	206,838,377	-	-	206,838,377

\* deemed interest by virtue of the shares held by spouse

By virtue of Dato' Ir. Tee Chai Seng's and Datin Koh Ah Nee's substantial interest in the ordinary shares of the Company, they also deemed to have interest in the shares of all the subsidiaries during the financial year to the extent that the Company has an interest.

# Directors' Report

## (Cont'd)

### DIRECTORS' EMOLUMENTS AND BENEFITS

During the financial year, the emoluments received and receivable by the Directors of the Company are as follows:-

	Incurring by the subsidiary/ Group RM
Directors' fee	193,000
Salaries, wages and other emoluments	1,381,000
Defined contribution plan	120,480
Social security contribution	1,783
	1,696,263

The estimated monetary value of Directors' benefits-in-kind is RM55,850.

During and at the end of the financial year, no arrangement subsisted to which the Company is a party, with the object or objects enabling Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive any benefit (except as disclosed in Notes 23, 27 and 29 to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a Company in which the Director has a substantial financial interest.

### ISSUE OF SHARES AND DEBENTURES

There were no changes in the issued and paid-up capital of the Company and no issuance of debentures during the financial year.

### OTHER STATUTORY INFORMATION

Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:-

- to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and
- to ensure that any current assets which were unlikely to realise in the ordinary course of business including their values as shown in the accounting records of the Group and of the Company have been written down to an amount which they might expect to realise.

## Directors' Report (Cont'd)

### OTHER STATUTORY INFORMATION (CONT'D)

At the date of this report, the Directors are not aware of any circumstances:-

- (a) which would render the amounts written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Group and of the Company misleading; or
- (c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; or
- (d) not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements of the Group and of the Company misleading.

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

- (a) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

In the opinion of the Directors:-

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

### INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Company maintains Directors' and Officers' liabilities insurance for the purpose of Section 289 of the Companies Act 2016, throughout the financial year which provides appropriate insurance coverage for the Directors and Officers of the Company and its subsidiaries. The amount of insurance premium paid and insurance coverage during the financial year are amounted to RM775 and RM1,000,000 respectively.

(Cont'd)

WONG CHOO LEONG

# Statement By Directors

In the opinion of the Directors, the financial statements set out on pages 63 to 120 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 18 April 2023.

.....  
**DATO' IR. TEE CHAI SENG**

.....  
**WONG CHOO LEONG**

# Statutory Declaration

I, Dato' Ir. Tee Chai Seng, being the Director primarily responsible for the financial management of TCS Group Holdings Berhad, do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out on pages 63 to 120 are correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by )  
 the abovenamed at Kuala Lumpur in )  
 the Federal Territory this day of )  
 18 April 2023 )

.....  
**DATO' IR. TEE CHAI SENG**

Before me:

Commissioner for Oaths



# Independent Auditors' Report

## To The Members of TCS GROUP HOLDINGS BERHAD

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the financial statements of TCS Group Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 63 to 120.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2022, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

#### Basis for Opinion

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

#### *Independence and Other Ethical Responsibilities*

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

#### 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 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.

#### *Allowance for expected credit losses of trade receivables*

##### The risk

Refer to Note 10 to the financial statements. We focused on this area because the Group has material amount of trade receivables that are past due but not impaired amounting to RM43,542,601. The key associated risk was the recoverability of billed trade receivables as management judgement is required in determining the completeness of the allowance for expected credit losses of trade receivables and in assessing its adequacy through considering the expected recoverability of the year-end trade receivables.

##### Our response

We have obtained an understanding of the Group's controls relating to credit control and approval process, how the Group identifies and assesses the allowance for expected credit losses of trade receivables and how the Group makes the accounting estimates for the allowance. We have also reviewed the ageing analysis of the trade receivables and tested the reliability thereof and assessed the recoverability of the overdue trade receivables through examination of cash receipts subsequent to the year end.

# Independent Auditors' Report

## To The Members of TCS GROUP HOLDINGS BERHAD (Cont'd)

### Key Audit Matters (cont'd)

#### *Revenue recognition for construction contracts*

##### **The risk**

There are significant accounting judgements involved including determining the stage of completion, the timing of revenue recognition and the calculation under the percentage of completion method made by management in applying the Group's revenue recognition policies to construction contracts entered into by the Group. The nature of these judgements resulted in them being susceptible to management bias.

Contract revenue should include the amount agreed in the initial contract, plus revenue from alterations in the original contract work, plus claims and incentive payments that are expected to be collected and that can be measured reliably.

Refer to Note 20 to the financial statements, total revenue from construction contracts was RM261,590,810 which represents 100% of the Group's revenue in this financial year.

##### **Our response**

We performed a range of audit procedures which included obtaining samples of contracts or letter of awards, reviewing for change orders or variation orders, reviewing estimated profit and costs to complete and enquiring of key personnel regarding adjustments for job costing and potential contract losses.

We assessed whether the revenue and cost recognition policies are appropriate in accordance with MFRS 15 Revenue from Contracts with Customers.

There is no key audit matter to be communicated in respect of the audit of the financial statements of the Company.

### 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 on the other information that we obtained prior to the date of this auditors' report, 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 of 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 intend either to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

# Independent Auditors' Report

## To The Members of TCS GROUP HOLDINGS BERHAD (Cont'd)

### Auditors' Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional 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 of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of 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 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 communicated 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 identified during our audit.

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

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

# Independent Auditors' Report

## To The Members of TCS GROUP HOLDINGS BERHAD (Cont'd)

### Other Matter

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.

**GRANT THORNTON MALAYSIA PLT**  
(201906003682 & LLP0022494-LCA)  
CHARTERED ACCOUNTANTS (AF 0737)

Kuala Lumpur  
18 April 2023

**LUI LEE PING**  
(NO: 03334/11/2023(J))  
CHARTERED ACCOUNTANT

# Statements Of Financial Position

As At 31 December 2022

	Note	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	4	24,466,517	30,392,434	-	-
Investment properties	5	6,205,199	3,567,498	-	-
Investment in subsidiaries	6	-	-	27,662,924	27,152,924
Deferred tax assets	7	859,000	628,000	-	-
Fixed deposits with licensed banks	8	6,660,417	7,480,104	-	-
Cash and bank balances	9	2,557,983	798,110	-	-
Total non-current assets		40,749,116	42,866,146	27,662,924	27,152,924
<b>Current assets</b>					
Trade receivables	10	122,882,263	79,281,559	-	-
Contract assets	11	37,788,511	20,571,238	-	-
Other receivables	12	5,525,151	7,042,112	9,360	68,350
Amount due from subsidiaries	6	-	-	21,811,367	7,016,006
Tax recoverable		1,036,042	29,000	-	-
Fixed deposits with licensed banks	8	8,396,287	26,331,400	8,022,100	23,247,126
Cash and bank balances	9	8,181,401	5,589,449	260,796	515,778
Total current assets		183,809,655	138,844,758	30,103,623	30,847,260
Non-current asset classified as held for sale	13	1,629,069	-	-	-
<b>TOTAL ASSETS</b>		226,187,840	181,710,904	57,766,547	58,000,184
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
<b>Equity attributable to owners of the Company</b>					
Share capital	14	58,475,563	58,475,563	58,475,563	58,475,563
Merger deficit	15	(24,065,424)	(24,065,424)	-	-
Retained earnings/(Accumulated losses)		47,788,463	51,166,423	(783,878)	(577,790)
Non-controlling interests		82,198,602	85,576,562	57,691,685	57,897,773
		1,102,185	645,153	-	-
Total equity		83,300,787	86,221,715	57,691,685	57,897,773

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



# Statements Of Financial Position

As At 31 December 2022

(Cont'd)

	Note	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Lease liabilities	16	4,747,139	8,105,098	-	-
Borrowings	17	9,573,772	10,273,048	-	-
Total non-current liabilities		14,320,911	18,378,146	-	-
<b>Current liabilities</b>					
Trade payables	18	91,716,512	61,014,129	-	-
Contract liabilities	11	5,005,868	-	-	-
Other payables	19	2,610,923	7,566,255	68,525	56,411
Lease liabilities	16	5,243,419	6,678,245	-	-
Borrowings	17	23,983,083	626,412	-	-
Tax payable		6,337	1,226,002	6,337	46,000
Total current liabilities		128,566,142	77,111,043	74,862	102,411
Total liabilities		142,887,053	95,489,189	74,862	102,411
<b>TOTAL EQUITY AND LIABILITIES</b>		226,187,840	181,710,904	57,766,547	58,000,184

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

# Statements Of Profit Or Loss And Other Comprehensive Income

For The Financial Year Ended 31 December 2022

	Note	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
Revenue	20	261,590,810	204,047,472	-	3,800,000
Cost of sales		(250,728,679)	(184,342,733)	-	-
Gross profit		10,862,131	19,704,739	-	3,800,000
Other income		921,249	506,147	-	-
Administrative expenses		(12,688,465)	(12,499,119)	(432,747)	(782,898)
Other expenses		(22,026)	-	-	-
Impairment loss on financial assets		-	(4,135,310)	-	-
(Loss)/Profit from operations		(927,111)	3,576,457	(432,747)	3,017,102
Finance income	21	487,429	547,233	275,911	347,429
Finance costs	22	(1,627,012)	(908,420)	-	-
(Loss)/Profit before tax	23	(2,066,694)	3,215,270	(156,836)	3,364,531
Tax expense	24	(1,329,887)	(742,580)	(49,252)	(76,284)
(Loss)/Profit for the financial year/ Total comprehensive (loss)/income for the financial year		(3,396,581)	2,472,690	(206,088)	3,288,247
(Loss)/Profit for the financial year/ Total comprehensive (loss)/income for the financial year attributable to:-					
Owners of the Company		(3,377,960)	2,487,469	(206,088)	3,288,247
Non-controlling interests		(18,621)	(14,779)	-	-
		(3,396,581)	2,472,690	(206,088)	3,288,247
(Loss)/Earnings per share attributable to owners of the Company (sen):-	25				
Basic		(0.87)	0.67		
Diluted		(0.87)	0.67		

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

# Statements Of Changes In Equity

## For The Financial Year Ended 31 December 2022

	Note	Non-Distributable Share capital RM	Merger deficit RM	Distributable Retained earnings RM	Total RM	Non- controlling interest RM	Total equity RM
<b>Group</b>							
At 1 January 2021		46,175,563	(24,065,424)	52,278,954	74,389,093	397,432	74,786,525
<b>Transactions with owners:-</b>							
Issuance of shares		12,300,000	-	-	12,300,000	-	12,300,000
Newly incorporated subsidiary		-	-	-	-	35	35
Subscription share of a subsidiary by non-controlling interest		-	-	-	-	262,465	262,465
Dividend paid	26	-	-	(3,600,000)	(3,600,000)	-	(3,600,000)
Total transactions with owners		12,300,000	-	(3,600,000)	8,700,000	262,500	8,962,500
Total comprehensive income/(loss) for the financial year		-	-	2,487,469	2,487,469	(14,779)	2,472,690
At 31 December 2021		58,475,563	(24,065,424)	51,166,423	85,576,562	645,153	86,221,715
<b>Transactions with owners:-</b>							
Acquisition of a subsidiary		-	-	-	-	230,653	230,653
Subscription share of a subsidiary by non-controlling interest		-	-	-	-	245,000	245,000
Total transactions with owners		-	-	-	-	475,653	475,653
Total comprehensive loss for the financial year		-	-	(3,377,960)	(3,377,960)	(18,621)	(3,396,581)
At 31 December 2022		58,475,563	(24,065,424)	47,788,463	82,198,602	1,102,185	83,300,787

# Statements Of Changes In Equity

## For The Financial Year Ended 31 December 2022

(Cont'd)

	Note	Share capital RM	Accumulated losses RM	Total equity RM
<b>Company</b>				
At 1 January 2021		46,175,563	(266,037)	45,909,526
<b>Transactions with owners:-</b>				
Issuance of shares		12,300,000	-	12,300,000
Dividend paid	26	-	(3,600,000)	(3,600,000)
Total transactions with owners		12,300,000	(3,600,000)	8,700,000
Total comprehensive income for the financial year		-	3,288,247	3,288,247
At 31 December 2021		58,475,563	(577,790)	57,897,773
Total comprehensive loss for the financial year		-	(206,088)	(206,088)
At 31 December 2022		58,475,563	(783,878)	57,691,685

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

# Statements Of Cash Flows

## For The Financial Year Ended 31 December 2022

	Note	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
<b>OPERATING ACTIVITIES</b>					
(Loss)/Profit before tax		(2,066,694)	3,215,270	(156,836)	3,364,531
<b>Adjustments for:-</b>					
Bad debt written off		7,093	-	-	-
Depreciation of investment properties		166,640	75,968	-	-
Depreciation of property, plant and equipment		5,020,388	6,094,778	-	-
Dividend income		-	-	-	(3,800,000)
Gain on disposal of property, plant and equipment		(9,000)	(8,500)	-	-
Interest expense		1,627,012	908,420	-	-
Interest income		(487,429)	(547,233)	(275,911)	(347,429)
Goodwill written off		14,933	-	-	-
Impairment loss on financial assets		-	4,135,310	-	-
Operating profit/(loss) before working capital changes		4,272,943	13,874,013	(432,747)	(782,898)
Changes in working capital:-					
Receivables		(41,796,981)	(24,433,099)	58,990	(56,790)
Contract assets/liabilities		(12,211,405)	(8,610,125)	-	-
Payables		25,739,498	2,922,293	12,114	(12,651)
Cash used in operations		(23,995,945)	(16,246,918)	(361,643)	(852,339)
Interest paid		(137,558)	(307)	-	-
Interest received		14,753	29,873	-	-
Tax paid		(3,787,594)	(4,296,165)	(88,915)	(52,284)
Net cash used in operating activities		(27,906,344)	(20,513,517)	(450,558)	(904,623)

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



# Statements Of Cash Flows

## For The Financial Year Ended 31 December 2022

(Cont'd)

	Note	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
<b>INVESTING ACTIVITIES</b>					
Acquisition of subsidiary, net of cash acquired	6.2	(227,598)	-	(255,000)	-
Subscription of shares in subsidiaries		-	-	(255,000)	(487,500)
Dividend received		-	-	-	3,800,000
Interest received		306,034	373,373	275,911	347,429
Proceeds from disposal of property, plant and equipment		9,000	8,500	-	-
Purchase of property, plant and equipment	A	(1,344,082)	(2,749,980)	-	-
Advances to subsidiaries		-	-	(14,795,361)	(4,723,003)
Net cash used in investing activities		(1,256,646)	(2,368,107)	(15,029,450)	(1,063,074)
<b>FINANCING ACTIVITIES</b>					
Dividend paid		-	(3,600,000)	-	(3,600,000)
Drawdown of domestic bill of exchange purchased-i		4,926,087	-	-	-
Drawdown of multi currency trade financing-i		6,829,131	-	-	-
Drawdown of term loans		-	188,950	-	-
Interest paid		(1,489,454)	(908,113)	-	-
Interest received		166,642	143,987	-	-
(Placement)/Withdrawal of sinking fund pledged		(1,759,873)	139,337	-	-
Proceeds from non-controlling interest		-	35	-	-
Proceeds from issuance of share capital, net of share issuance expenses		-	12,300,000	-	12,300,000
Subscription of additional equity interest in subsidiaries by non-controlling interests		245,000	262,465	-	-
Repayment of lease liabilities		(6,819,568)	(5,195,590)	-	-
Repayment of term loans		(597,297)	(291,463)	-	-
Withdrawal of fixed deposits pledged		819,687	3,658,251	-	-
Net cash from financing activities		2,320,355	6,697,859	-	8,700,000
<b>CASH AND CASH EQUIVALENTS</b>					
Net changes		(26,842,635)	(16,183,765)	(15,480,008)	6,732,303
Brought forward		31,920,849	48,104,614	23,762,904	17,030,601
Carried forward	B	5,078,214	31,920,849	8,282,896	23,762,904

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

# Statements Of Cash Flows

## For The Financial Year Ended 31 December 2022

(Cont'd)

### NOTES TO THE STATEMENTS OF CASH FLOWS

#### A. PURCHASE OF PROPERTY, PLANT AND EQUIPMENT

	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
Total additions	3,527,881	12,066,608	-	-
Purchase through lease arrangements	(2,183,799)	(9,316,628)	-	-
Cash payment	1,344,082	2,749,980	-	-

#### B. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statements of cash flows comprise of the following amounts:-

	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
Bank overdrafts	(11,499,474)	-	-	-
Fixed deposits with licensed banks	15,056,704	33,811,504	8,022,100	23,247,126
Cash and bank balances	10,739,384	6,387,559	260,796	515,778
	14,296,614	40,199,063	8,282,896	23,762,904
Less: Fixed deposits pledged	(6,660,417)	(7,480,104)	-	-
Less: Sinking fund pledged	(2,557,983)	(798,110)	-	-
	5,078,214	31,920,849	8,282,896	23,762,904

#### C. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

##### Group

	1 January 2022 RM	Additions RM	Prepayments RM	Cash flows RM	31 December 2022 RM
Lease liabilities	14,783,343	2,183,799	(157,016)	(6,819,568)	9,990,558
Term loans	10,899,460	-	-	(597,297)	10,302,163
Domestic bill of exchange purchased-i	-	-	-	4,926,087	4,926,087
Multi currency trade financing-i	-	-	-	6,829,131	6,829,131
	25,682,803	2,183,799	(157,016)	4,338,353	32,047,939

	1 January 2021 RM	Additions RM	Cash flows RM	31 December 2021 RM
Lease liabilities	10,662,305	9,316,628	(5,195,590)	14,783,343
Term loans	11,001,973	-	(102,513)	10,899,460
	21,664,278	9,316,628	(5,298,103)	25,682,803

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

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### 1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia and listed on the ACE Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at B-21-1, Level 21, Tower B, Northpoint Mid Valley City, No. 1, Medan Syed Putra Utara, 59200 Kuala Lumpur.

The principal place of business of the Company is located at No. 1 & 3, Bangunan TCS, Jalan SP 1/1, Bandar Saujana Putra, 42610 Jenjarom, Selangor Darul Ehsan.

The Company principally engaged in investment holding and provision of management services to its subsidiaries.

The principal activities of the subsidiaries are indicated in Note 6 to the financial statements.

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 18 April 2023.

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

#### 2.1 Statement of compliance

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

#### 2.2 Basis of measurement

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

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

#### 2.3 Functional and presentation currency

These financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional currency and all values are rounded to the nearest RM except otherwise stated.

#### 2.4 MFRSs

##### 2.4.1 Adoption of new standards/amendments/improvements to MFRSs

The Group and the Company have consistently applied the accounting policies set out in Note 3 to all periods presented in these financial statements.

At the beginning of the current financial year, the Group and the Company adopted new standards/amendments/improvements to MFRSs which are mandatory for the financial periods beginning on or after 1 January 2022.

Initial application of the amendments/improvements to the standards did not have material impact to the financial statements.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### 2.4 MFRSs (cont'd)

#### 2.4.2 Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's and the Company's financial statements are disclosed below. The Group and the Company intend to adopt these new and amended standards and interpretations, if applicable, when they become effective.

#### MFRSs and Amendments to MFRSs effective 1 January 2023:-

MFRS 17*	Insurance contracts
Amendments to MFRS 17*	Insurance contracts
Amendments to MFRS 17*	Insurance contracts: Initial application of MFRS 17 and MFRS 9 - comparative information
Amendments to MFRS 101	Presentation of financial statements: Classification of liabilities as current or non-current
Amendments to MFRS 101	Presentation of financial statements: Disclosure of accounting policies
Amendments to MFRS 108	Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates
Amendments to MFRS 112	Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

#### Amendments to MFRSs effective 1 January 2024:-

Amendments to MFRS 16	Lease liability in a sale and leaseback
Amendments to MFRS 101	Presentation of financial statements: Non-current liabilities with covenants

#### Amendments to MFRSs - effective date deferred indefinitely:-

Amendments to MFRS 10 and MFRS 128*	Consolidated financial statements and investments in associate and joint ventures - Sale or Contribution of assets between an investor and its associate or joint venture
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\* Not applicable to the Group's and Company's operations.

The initial application of the above standards, amendments and interpretations are not expected to have any financial impact to the financial statements of the Group and the Company.

### 2.5 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the financial statements. They affect the application of the Group's and the Company's accounting policies and reported amounts of assets, liabilities, income and expenses, and disclosures made. Estimates and underlying assumptions are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances. The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

#### 2.5.1 Key sources of estimation uncertainty

Information about significant estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

#### Useful lives of depreciable assets

Management estimates the useful lives of the depreciable assets and to be within 3 to 50 years and reviews the useful lives of depreciable assets at end of each reporting date. The management assesses that the useful lives represent the expected utility of the assets to the Group. Actual results, however, may vary due to change in the expected level of usage and technological developments, which may result in an adjustment to the Group's assets.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

#### 2.5 Significant accounting estimates and judgements (cont'd)

##### 2.5.1 Key sources of estimation uncertainty (cont'd)

###### Construction contracts

The Group recognises contract revenue based on stage of completion method. The stage of completion is measured by reference to the contract costs incurred up to reporting date as a percentage of total estimated cost for each contract. Significant judgement is required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract costs, the profitability of the contracts, including the foreseeable losses, potential claims (variation orders) to owners of the projects and counter claims from subcontractor and liquidated ascertained damages ("LAD") based on expected completion dates of the contracts.

In making this judgement, the Directors took into consideration the current circumstances and relied on input from the Group's project managers, external consultants, where appropriate and past experience. In addition, in determining the provision for LAD to be recorded, the Directors also assessed the ability of the Group to recover from the subcontractors, the potential LAD imposed on the Group by the project owners for delays in projects caused directly by the subcontractor.

###### Provision for expected credit losses ("ECLs") of trade receivables and contract assets

The Group uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future.

###### Impairment of non-financial assets

An impairment loss is recognised for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. To determine the recoverable amount, management estimates expected future cash flows from each cash-generating unit and determines a suitable interest rate in order to calculate the present value of those cash flows. In the process of measuring expected future cash flows, management make assumptions about future operating results. The actual results may vary, and may cause significant adjustments to the Group's assets within the next financial year.

In most cases, determining the applicable discount rate involves estimating the appropriate adjustment to market risk and the appropriate adjustment to asset-specific risk factors.

###### Income taxes

Significant judgement is involved in determining the Group's and the Company's provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognised tax liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax and deferred tax provisions in the period in which such determination is made.



# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

## 2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (CONT'D)

### 2.5 Significant accounting estimates and judgements (cont'd)

#### 2.5.1 Key sources of estimation uncertainty (cont'd)

##### Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, unutilised tax losses, unabsorbed capital allowances and unused tax credits to the extent that it is probable that taxable profit will be available against which all the deductible temporary differences, unutilised tax losses and unabsorbed capital allowances can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of contract costs, profitability, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

#### 2.5.2 Significant management judgement

The following is significant management judgement in applying the accounting policies of the Group that has the most significant effect on the financial statements:-

##### Deferred tax assets

The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the Group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. The tax rules in which the Group operates are also carefully taken into consideration. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilised without a time limit, that deferred tax asset is usually recognised in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.

## 3. SIGNIFICANT ACCOUNTING POLICIES

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

### 3.1 Consolidation

#### 3.1.1 Subsidiaries

Subsidiaries are entities, including structured entities, controlled by the Group or the Company. Control exists when the Group or the Company is exposed, 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. Besides, the Group or the Company 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.

Investment in subsidiaries is stated at cost less any impairment losses in the Company's statement of financial position, unless the investment is held for sale or distribution. The cost of investments includes transaction costs. Where an indication of impairment exists, the carrying amount of the subsidiary is assessed and written down immediately to their recoverable amount.

Upon the disposal of investment in a subsidiary, the difference between the net disposal proceeds and its carrying amount is recognised in profit or loss.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Consolidation (cont'd)

##### 3.1.2 Basis of consolidation

The Group's financial statements consolidate the audited financial statements of the Company and all of its subsidiaries, which have been prepared in accordance with the Group's accounting policies. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group. The financial statements of the Company and its subsidiaries are all drawn up to the same reporting date.

All intra-group balances, income and expenses resulting from intra-group transactions are eliminated in full.

Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the parent.

##### Merger method

A business combination involving entities under common control is a business combination in which all the combining entities or business are ultimately controlled by same party or parties both before or after the business combination, and that control is not transitory. The acquisition of TCS Construction Sdn. Bhd. and TCS Infra Sdn. Bhd. resulted in a business involving common control entities since the management of all the entities which took part in the acquisition were controlled by common Directors and under common shareholders before and immediately after the acquisition, and accordingly the accounting treatment is outside the scope of MFRS 3. For such common control business combinations, the merger accounting principles are used to include the assets, liabilities, results, equity changes and cash flows of the combining entities in the consolidated financial statements. The merger method of accounting on a retrospective basis and restated its comparative as if the consolidation had taken place before the state of the earliest period presented in the financial statements.

Under the merger method of accounting, the results of subsidiary are presented as if the merger had been effected throughout the current year. The assets and liabilities combined are accounted for based on the carrying amounts from the perspective of the common control shareholders at the date of transfer. On consolidation, the cost of the merger is cancelled with the values of the shares received. Any resulting credit difference is classified as equity and regarded as a non-distributable reserve. Any resulting debit difference is adjusted against any suitable reserve. Any reserves which are attributable to share capital of the merged entities, to the extent that they have not been capitalised by a debit difference, are reclassified and presented as movement in other capital reserves.

##### Acquisition method

The Company applies the acquisition method for those entities controlled by the Company. Under the acquisition method of accounting, the cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether it measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs incurred are expensed and included in administrative expenses.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.1 Consolidation (cont'd)

##### 3.1.3 Non-controlling interests

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to owners of the Group. It is presented separately in the consolidated statements of profit or loss and other comprehensive income and within equity in the consolidated statements of financial position, separate from equity attributable to owners of the Group.

Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even though it may result in deficit to non-controlling interest.

##### 3.1.4 Loss of control

Upon the loss of control of a subsidiary, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of the equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss.

If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

##### 3.1.5 Eliminations on consolidation

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated on consolidation.

#### 3.2 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent cost is included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Group and the cost can be measured reliably. The carrying amount of the part of the asset being replaced is derecognised. All other repair and maintenance costs are charged to profit or loss in the period in which they incurred.

Depreciation of property, plant and equipment is computed on the straight-line method based on the estimated useful lives of the various assets. The annual rates of depreciation based on the estimated useful lives of the various classes of depreciable assets are as follows:-

Leasehold land and building	Amortised over 50 years
Leasehold and freehold shoplots	2%
Machinery	10%
Tools and equipment	10%
Construction equipment	10% - 33%
Motor vehicles	20%
Office equipment	10% - 20%
Furniture and fittings	10%
Renovation and cabin	10%

Capital work-in-progress consists of building under construction is stated at cost and no depreciation is provided on capital work-in-progress until it is completed and ready for their intended use.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.2 Property, plant and equipment (cont'd)

Where major parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately.

At each reporting date, the residual values and useful lives of the property, plant and equipment are reviewed, and the effects of any changes are recognised prospectively as a change in accounting estimate.

Gain or loss arising from the disposal of an asset is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in profit or loss in the financial year in which the asset is derecognised.

#### 3.3 Investment properties

Investment properties are properties which are owned or held either 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 are treated as long-term investment and are measured at cost, including transaction costs less any accumulated depreciation and impairment losses. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

The principal annual depreciation rate used are as follows:-

Leasehold and freehold shoplots	2%
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An investment property is derecognised when either it is disposed of or when it is permanently withdrawn from use and no future economic benefit is expected from the disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in the profit or loss in the financial year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. When the Group uses the cost model, transfers between investment properties, owner-occupied properties and inventories do not change the carrying amount of the properties transferred and they do not change the cost of that properties for measurement or disclosure purposes.

#### 3.4 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

##### Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Leases (cont'd)

##### Group as a lessee (cont'd)

##### *Right-of-use assets*

The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the estimated useful life of the assets, as follows:-

Leasehold land and building	Amortised over 50 years
Leasehold shoplots	2%
Construction equipment	10% - 33%
Motor vehicles	20%
Office equipment	10% - 20%

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative stand-alone prices. However, for lease of construction equipment in which the Group is lessee, it has elected not to separate non-lease components and will instead account for the lease and non-lease components as a single lease component.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in Note 3.6 to the financial statements on impairment of non-financial assets.

##### *Lease liabilities*

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

##### *Short-term leases and leases of low-value assets*

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.



# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.4 Leases (cont'd)

##### Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in other income in the statements of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as other income in the period in which they are earned.

#### 3.5 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

##### 3.5.1 Financial assets

###### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequent measured at amortised cost, fair value through other comprehensive income ("OCI"), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest ("SPPI")' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with objective of both holding to collect contractual cash flows and selling.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group and the Company commit to purchase or sell the asset.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Financial instruments (cont'd)

##### 3.5.1 Financial assets (cont'd)

###### Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:-

- (a) Financial assets at amortised cost (debt instruments);
- (b) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- (c) Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments); or
- (d) Financial assets at fair value through profit or loss.

The Group and the Company only have financial assets categorised at amortised cost on their statements of financial position.

###### *Financial assets at amortised cost*

Financial assets at amortised cost are subsequently measured using the effective interest ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's and the Company's financial assets at amortised cost includes trade and most of the other receivables, amount due from subsidiaries, fixed deposits with licensed banks and cash and bank balances.

###### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:-

- (a) The rights to receive cash flows from the asset have expired; or
- (b) The Group and the Company have transferred their rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the Group and the Company have transferred substantially all the risks and rewards of the asset, or (b) the Group and the Company have neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group and the Company have transferred their rights to receive cash flows from an asset or have entered into a passthrough arrangement, they evaluate if, and to what extent, they have retained the risks and rewards of ownership. When they have neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group and the Company could be required to repay.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Financial instruments (cont'd)

##### 3.5.1 Financial assets (cont'd)

###### Impairment

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

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

###### *Impairment for trade receivables and contract assets*

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

To measure ECL, trade receivables and contract assets are grouped into categories. The categories are differentiated by the different business risks and are subject to different credit assessments. 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. The Group considers the expected credit loss rates for trade receivables as a reasonable approximation of the loss rates for contract assets with similar risk characteristics.

###### *Impairment for financial assets other than trade receivables and contract assets*

The Group and the Company consider the probability of default upon initial recognition of the asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The assessment considers available, reasonable and supportable forward-looking information.

###### *Credit impaired*

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. The Group and the Company consider a receivable as credit impaired when one or more events that have a detrimental impact on the estimated cash flows have occurred. These instances include adverse changes in the financial capability of the debtor and default or significant delay in payments. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company are unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.5 Financial instruments (cont'd)

##### 3.5.2 Financial liabilities

###### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

###### Subsequent measurement

For purposes of subsequent measurement, financial liabilities are classified in two categories:-

- (a) Financial liabilities at fair value through profit or loss; or
- (b) Financial liabilities at amortised cost.

The Group and the Company only have financial liabilities at amortised cost on their statements of financial position.

###### *Financial liabilities at amortised cost*

After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the profit or loss. This category generally applies to interest-bearing borrowings.

The Group's and the Company's financial liabilities include borrowings, trade and other payables.

###### Derecognition

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

##### 3.5.3 Offsetting of financial instruments

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

##### 3.5.4 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. Financial guarantee contracts are recognised in the statements of financial position, initially as a liability at fair value, net of transaction costs.

Financial guarantee contracts are subsequently measured at the higher of:-

- the amount determined in accordance with the ECL model under MFRS 9 Financial Instruments; and
- the amount initially recognised, less, when appropriate, the cumulative amount of income recognised in accordance with the principles of MFRS 15 Revenue from Contracts with Customers.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.6 Impairment of non-financial assets

The Group and the Company assess at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiary or other available fair value indicators.

The Group and the Company base their impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's and the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the third year.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the profit or loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group and the Company estimate the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

#### 3.7 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank balances, fixed deposits with licensed financial institutions and bank overdrafts which are readily available to known amount of cash and which are subject to an insignificant risk of changes in value.

Bank overdrafts are shown in current liabilities in the statements of financial position.

For the purpose of the statements of cash flows, cash and cash equivalents are presented net of pledged deposits, pledged sinking fund and bank overdrafts.

#### 3.8 Contract assets and contract liabilities

For each contract, contract asset is where the net amount of costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Where progress billings exceed costs incurred plus recognised profits (less recognised losses), the net amount is presented as contract liability. Contract liability includes downpayments received from customers and other deferred income where the Group has billed or have collected the payment before the goods are delivered or services are provided to the customers.

Refer to accounting policy in Note 3.5.1 to the financial statements on impairment on contract assets.



# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.9 Non-current asset classified as held for sale

Non-current assets comprising assets are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale.

Classification of the asset as held for sale occurs only when the assets is available for immediate sale in its present condition subject only to terms that are usual and customary and the sale must be highly probable. Management must be committed to a plan to sell the assets which are expected to qualify for recognition as completed sale within one year from the date of reclassification. Action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or the plan will be withdrawn.

Immediately before classification as held for sale, the assets, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Any differences are recognised in profit or loss.

Property, plant and equipment/Investment property once classified as held for sale are not amortised or depreciated.

#### 3.10 Revenue recognition

Revenue arises mainly from the construction contracts. To determine whether to recognise revenue, the Group and the Company follow a 5-step process:

1. Identifying the contract with a customer;
2. Identifying the performance obligations;
3. Determining the transaction price;
4. Allocating the transaction price to the performance obligations; and
5. Recognising revenue when/as performance obligation(s) are satisfied.

Transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

The control of the promised goods or services may be transferred over time or at a point in time. Revenue for performance obligation that is not satisfied over time is recognised at the point in time at which the customer obtains control of the promised goods or services. The control over the goods or services is transferred over time and revenue is recognised over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;
- the Group's and the Company's performance create or enhance an asset that the customer controls as the asset is created or enhanced; or
- the Group's and the Company's performance do not create an asset with an alternative use and the Group and the Company have an enforceable right to payment for performance completed to date.

##### 3.10.1 Revenue from construction contracts

The Group's revenue from construction contracts is measured at fixed contract prices under the respective agreements with the project owners. The revenue from construction contracts is measured at the fixed transaction price agreed net of expected LAD payment, based on the expected value method.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.10 Revenue recognition (cont'd)

##### 3.10.1 Revenue from construction contracts (cont'd)

Revenue from construction contracts is recognised as and when the control of the asset is transferred to the customer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the customer. Control of the asset is transferred over time if the Group's performance does not create an asset with an alternative use to the Group. The Group has an enforceable right to payment for performance completed to-date. The Group recognises revenue over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The Group recognises revenue over time using the input method, which is based on the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the financial year in connection with future activity on a contract are excluded from the contract costs in determining the stage of completion. Such costs are presented as contract assets. Refer to accounting policies in Note 3.8 to the financial statements on contract assets and contract liabilities.

##### 3.10.2 Dividend income

Dividend is recognised when the Company's right to receive payment is established, which is generally when shareholders approve the dividend.

##### 3.10.3 Interest income

Interest income is recognised in the profit or loss on time proportion basis taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group and the Company.

#### 3.11 Equity, reserves and distribution to owners

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Retained earnings/(accumulated losses) include all current and prior financial years' retained profits/(accumulated losses).

Interim dividends are simultaneously proposed and declared, because the articles of association of the Company grant the Directors the authority to declare interim dividends. Consequently, interim dividends are recognised directly as a liability when they are proposed and declared.

Final dividends proposed by the Directors are not accounted for in shareholders' equity as an appropriation of retained earnings, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

The distribution of non-cash assets to owners is recognised as a dividend payable. The dividend payable is measured at the fair value of the shares to be distributed. At the end of the financial year, the Company reviews the carrying amount of the dividend payable, with any changes in the fair value of the dividend payable are recognised in equity. When the Company settles the dividend payable, the difference between the carrying amount of the dividend distributed and the carrying amount of the dividend payable is recognised as a separate line item in profit or loss.

All transactions with owners of the Company are recorded separately within equity.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.12 Tax expense

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

##### 3.12.1 Current tax

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

Current tax is recognised in the statements of financial position as a liability (or an asset) to the extent that it is unpaid (or refundable).

##### 3.12.2 Deferred tax

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

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

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

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

#### 3.13 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of the assets during the period of time that is necessary to complete and prepare the asset for its intended use or sale.

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

All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds.

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

When the construction of a qualifying asset is completed in parts and each part is capable of being used while construction continues on other parts, capitalisation of borrowing costs shall cease when substantially all the activities necessary to prepare that part of its intended use or sale are completed.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.14 Employee benefits expense

##### Short-term employee benefits

Wages, salaries, bonuses and social security contributions are recognised as expenses in the financial year in which associated services are rendered by employees of the Group and of the Company. Short-term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees which increase their entitlement to future compensated absences, and short-term non-accumulating compensated absences such as sick leave are recognised when the absences occurred.

##### Defined contribution plan

The Group and the Company are required by law to make monthly contributions to the Employees Provident Fund, a statutory defined contribution plan for all their eligible employees, based on certain prescribed rates of the employees' salaries. Once the contributions have been paid, the Group and the Company have no further payment obligations. The contributions are recognised as expenses as and when incurred.

#### 3.15 Provisions

Provisions are recognised when the Group or the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Group or the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statements of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

#### 3.16 Contingencies

##### 3.16.1 Contingent liabilities

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

##### 3.16.2 Contingent assets

When an inflow of economic benefit of an asset is probable where it arises from past events and where existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity, the asset is not recognised in the statements of financial position but is being disclosed as a contingent asset. When the inflow of economic benefit is virtually certain, then the related asset is recognised.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

### 3. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

#### 3.17 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

- (a) A person or a close member of that person's family is related to the Group if that person:-
  - (i) Has control or joint control over the Group.
  - (ii) Has significant influence over the Group.
  - (iii) Is a member of the key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:-
  - (i) The entity and the Group are members of the same group.
  - (ii) The entity is an associate or joint venture of the Group.
  - (iii) Both the Group and the entity are joint ventures of the same third party.
  - (iv) The Group is a joint venture of a third entity and the other entity is an associate of the same third entity.
  - (v) The entity is a post-employment benefit plan for the benefits of employees of either the Group or an entity related to the Group.
  - (vi) The entity is controlled or jointly-controlled by a person identified in (a) above.
  - (vii) A person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the Group.
  - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group.

#### 3.18 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 revenue and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available. Additional disclosures on each of these segments are shown in Note 31 to the financial statements.

#### 3.19 (Loss)/Earnings per ordinary share

The Group presents basic and diluted (loss)/earnings per share ("EPS") data for its ordinary shares.

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company based on the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company over the weighted average number of shares outstanding, for the effects of all dilutive potential ordinary shares during the year.



## Notes to the Financial Statements

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

#### 4. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold land and building RM	Leasehold shoplots RM	Freehold Shoplots RM	Machinery RM	Tools and equipment RM	Construction equipment RM	Motor vehicles RM	Office equipment RM	Furniture and fittings RM	Renovation and cabin RM	Capital work-in-progress RM	Total RM
<b>Cost</b>												
At 1 January 2021	770,000	4,545,160	-	3,661,927	1,507,736	20,860,782	5,854,379	1,372,674	280,526	828,901	3,176,627	42,858,712
Additions	-	-	-	580,230	272,252	10,414,939	311,580	161,997	3,520	133,140	188,950	12,066,608
Disposals	-	-	-	-	-	-	(161,136)	-	-	-	-	(161,136)
Reclassification	-	-	3,365,577	-	-	-	-	-	-	-	(3,365,577)	-
Transfer to investment properties	-	(1,589,524)	-	-	-	-	-	-	-	-	-	(1,589,524)
At 31 December 2021	770,000	2,955,636	3,365,577	4,242,157	1,779,988	31,275,721	6,004,823	1,534,671	284,046	962,041	-	53,174,660
Additions	-	-	-	131,161	58,148	2,754,085	-	115,925	9,850	458,712	-	3,527,881
Disposals	-	-	-	-	-	-	(58,974)	-	-	-	-	(58,974)
Transfer to investment properties	-	(2,955,636)	(1,682,345)	-	-	-	-	-	-	-	-	(4,637,981)
At 31 December 2022	770,000	-	1,683,232	4,373,318	1,838,136	34,029,806	5,945,849	1,650,596	293,896	1,420,753	-	52,005,586
<b>Accumulated depreciation</b>												
At 1 January 2021	30,800	184,987	-	916,245	510,653	9,901,017	4,401,544	601,177	109,952	256,974	-	16,913,349
Charge for the financial year	15,400	59,113	50,484	398,971	152,100	4,520,757	580,925	202,743	24,169	90,116	-	6,094,778
Disposals	-	-	-	-	-	-	(161,136)	-	-	-	-	(161,136)
Transfer to investment properties	-	(64,765)	-	-	-	-	-	-	-	-	-	(64,765)
At 31 December 2021	46,200	179,335	50,484	1,315,216	662,753	14,421,774	4,821,333	803,920	134,121	347,090	-	22,782,226
Charge for the financial year	15,400	-	33,665	429,905	162,792	3,582,545	465,340	201,399	25,189	104,153	-	5,020,388
Disposals	-	-	-	-	-	-	(58,974)	-	-	-	-	(58,974)
Transfer to investment properties	-	(179,335)	(25,236)	-	-	-	-	-	-	-	-	(204,571)
At 31 December 2022	61,600	-	58,913	1,745,121	825,545	18,004,319	5,227,699	1,005,319	159,310	451,243	-	27,539,069
<b>Net carrying amount</b>												
At 31 December 2022	708,400	-	1,624,319	2,628,197	1,012,591	16,025,487	718,150	645,277	134,586	969,510	-	24,466,517
At 31 December 2021	723,800	2,776,301	3,315,093	2,926,941	1,117,235	16,853,947	1,183,490	730,751	149,925	614,951	-	30,392,434

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 4. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Included in the net carrying amount of property, plant and equipment are right-of-use assets are as follows:-

	Group 2022 RM	2021 RM
Leasehold land and building	708,400	723,800
Leasehold shoplots	-	2,776,301
Construction equipment	14,241,855	15,691,402
Motor vehicles	664,882	1,061,814
Office equipment	-	32,528
	15,615,137	20,285,845

The above construction equipment, motor vehicles and office equipment classified under right-of-use assets are pledged as securities for the related lease liabilities.

Additions to the right-of-use assets of the Group during the financial year amounted to RM2,435,324 (2021: RM9,316,628).

The amounts recognised in profit or loss which related to right-of-use assets are as follows:-

	Group 2022 RM	2021 RM
Depreciation of right-of-use assets	3,139,503	4,763,073
Interest expenses on lease liabilities	720,049	522,865
	3,859,552	5,285,938

The leasehold land and building, freehold and leasehold shoplots are pledged as securities for banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

The cost and the net carrying amount of the leasehold land are not segregated from the building as required details are not available.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 5. INVESTMENT PROPERTIES

Group	Leasehold shoplots RM	Freehold shoplot RM	Total RM
<b>Cost</b>			
At 1 January 2021	2,208,849	-	2,208,849
Transfer from property, plant and equipment	1,589,524	-	1,589,524
At 31 December 2021	3,798,373	-	3,798,373
Transfer from property, plant and equipment	2,955,636	1,682,345	4,637,981
Transfer to asset held for sale	-	(1,682,345)	(1,682,345)
At 31 December 2022	6,754,009	-	6,754,009
<b>Accumulated depreciation</b>			
At 1 January 2021	90,142	-	90,142
Transfer from property, plant and equipment	64,765	-	64,765
Charge for the financial year	75,968	-	75,968
At 31 December 2021	230,875	-	230,875
Transfer from property, plant and equipment	179,335	25,236	204,571
Transfer to asset held for sale	-	(53,276)	(53,276)
Charge for the financial year	138,600	28,040	166,640
At 31 December 2022	548,810	-	548,810
<b>Net carrying amount</b>			
At 31 December 2022	6,205,199	-	6,205,199
At 31 December 2021	3,567,498	-	3,567,498

The Group's leasehold shoplots meet the definition of right-of-use assets but are not required to be reclassified to right-of-use assets.

The fair value of the investment properties are RM7,026,000 (2021: RM4,385,000). Fair value estimated by the Directors by reference to the published selling prices for the properties in vicinity locations. The investment properties are classified as Level 3 in the fair value hierarchy.

The leasehold shoplots are pledged as securities for banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 5. INVESTMENT PROPERTIES (CONT'D)

	Group 2022 RM	2021 RM
<b>(Income)/Expenses recognised in profit or loss:</b>		
Rental income	(209,000)	(73,000)
Direct operating expenses:		
- Income generating investment properties	3,664	4,035

The investment properties are leased to tenants under operating leases with rental receivables monthly.

The maturity analysis of the total undiscounted lease payments to be received after the reporting date:-

	Group 2022 RM	2021 RM
Less than 1 year	155,000	108,000
Between 1 and 2 years	91,000	53,000
Between 2 and 3 years	-	31,500
	246,000	192,500

#### 6. INVESTMENT IN SUBSIDIARIES

##### 6.1 Investment in subsidiaries

	Company 2022 RM	2021 RM
Unquoted shares, at cost	27,662,924	27,152,924

##### 6.2 Acquisition of subsidiary

On 9 September 2022, the Company acquired 51% equity interest of Quest Energy Sdn. Bhd. comprising 255,000 fully paid-up ordinary shares for a total cash consideration of RM255,000.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

#### 6.2 Acquisition of subsidiary (cont'd)

The following summarises the major classes of consideration transferred, and the recognised amounts of asset acquired and liabilities assumed at the acquisition date:-

	RM
<u>Fair value of identifiable assets acquired and liabilities assumed</u>	
Other receivables	450,871
Cash and bank balance	27,402
Other payables	(7,553)
<b>Total identifiable net assets</b>	<b>470,720</b>
<u>Net cash outflows arising from acquisition of a subsidiary</u>	
Fair value of consideration	255,000
Less: Cash and cash equivalents acquired	(27,402)
<b>Net cash outflows from acquisition</b>	<b>227,598</b>
<u>Goodwill arising from business combination</u>	
Fair value of consideration transferred	255,000
Non-controlling interests, based on their proportionate interest in the recognised amount of the assets and liabilities of the acquiree	230,653
Fair value of identifiable net assets	(470,720)
<b>Goodwill</b>	<b>14,933</b>
Less: Written off during the financial year	(14,933)
	-

#### Impact of the acquisition on the consolidation statement of profit or loss and other comprehensive income

From the date of acquisition, the acquired subsidiary has contributed a loss of RM10,691 to the Group's loss for the financial year. If the combination had taken place at the beginning of the financial year, the Group's loss for the financial year would have been RM3,399,898.

#### 6.3 Incorporation of subsidiaries

On 5 April 2021, the Company incorporated TCS SS Precast Construction Sdn. Bhd. ("TCS SS Precast") with an issued and paid-up share capital of RM100 comprising of 100 ordinary shares. The Company subscribed for 65 ordinary shares representing 65% equity interest in TCS SS Precast for a total cash consideration of RM65.

#### 6.4 Additional shares subscribed in the subsidiary

On 25 May 2021, the Company subscribed for an additional 487,435 newly allotted and issued ordinary shares of TCS SS Precast for a total cash consideration of RM487,435. The equity interest remains unchanged.



# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 6. INVESTMENT IN SUBSIDIARIES (CONT'D)

##### 6.4 Additional shares subscribed in the subsidiary (cont'd)

On 15 November 2022, the Company subscribed for an additional 255,000 newly allotted and issued ordinary shares of Quest Energy Sdn. Bhd. at RM1 each, for a total cash consideration of RM255,000. The existing percentage of equity interests remain unchanged.

##### 6.5 Details of subsidiaries

Name of Company	Principal place of business/ Country of incorporation	Effective equity interest		Principal activity
		2022 %	2021 %	
Direct interest				
TCS Construction Sdn. Bhd.	Malaysia	100	100	#
TCS Amona Consortium Sdn. Bhd.	Malaysia	60	60	^*
TCS SS Precast Construction Sdn. Bhd.	Malaysia	65	65	^*
Quest Energy Sdn. Bhd.	Malaysia	51	-	@*
Indirect interest				
TCS Infra Sdn. Bhd.	Malaysia	100	100	^

# Provision of construction services for buildings infrastructure, civil and structural works and other transportation activities.

^ Provision of construction services for buildings, infrastructure, civil and structural works.

@ Provision of operation and maintenance services for solar photovoltaics systems.

\* The Company has not commenced its business operation.

##### 6.6 Non-controlling interests

The non-controlling interests are not material to the Group. Therefore, the summarised financial information is not presented.

##### 6.7 Amount due from subsidiaries

###### Company

The amount due from subsidiaries are non-trade in nature, unsecured, bear no interest and are repayable on demand.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 7. DEFERRED TAX ASSETS

The movement of deferred tax assets during the financial year are as follows:-

	Group 2022 RM	2021 RM
At 1 January	628,000	541,000
Recognised in profit or loss	231,000	87,000
At 31 December	859,000	628,000

The components of recognised deferred tax assets/(liability) are made up of temporary differences arising from:-

	Group 2022 RM	2021 RM
Property, plant and equipment	(116,000)	431,000
Unutilised capital allowances	961,000	-
Allowance for ECLs	14,000	-
Contract assets	-	197,000
	859,000	628,000

#### Unrecognised deferred tax assets

Deferred tax assets have not been recognised in the financial statements as follows (stated at gross):-

	Group 2022 RM	2021 RM
Property, plant and equipment	951,000	-
Unutilised capital allowances	173,000	-
Unabsorbed business losses	204,000	-
	1,328,000	-

The unutilised capital allowances do not expire under current tax legislation.

Unabsorbed business losses for which no deferred tax assets were recognised expire as follows:-

	Group 2022 RM	2021 RM
Year of assessment 2029	204,000	-

Deferred tax assets have not been recognised in respect of these items due to uncertainty of future taxable income of the Group.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 8. FIXED DEPOSITS WITH LICENSED BANKS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current	6,660,417	7,480,104	-	-
Current	8,396,287	26,331,400	8,022,100	23,247,126
	15,056,704	33,811,504	8,022,100	23,247,126

##### Group

The fixed deposits with licensed banks amounting to RM6,660,417 (2021: RM7,480,104) are pledged as securities for banking facilities granted to the Group, and hence, are not available for general use.

The effective interest rates on fixed deposits with licensed banks are ranging from 1.45% to 2.85% (2021: 1.45% to 3.10%) per annum.

##### Company

The effective interest rates on fixed deposits with licensed banks are ranging from 1.62% to 2.50% (2021: 1.62% to 2.30%) per annum.

#### 9. CASH AND BANK BALANCES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-current	2,557,983	798,110	-	-
Current	8,181,401	5,589,449	260,796	515,778
	10,739,384	6,387,559	260,796	515,778

##### Group

The sinking fund amounting to RM2,557,983 (2021: RM798,110) included in cash and bank balances are pledged as securities for banking facilities granted to the Group.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 10. TRADE RECEIVABLES

	Group 2022 RM	2021 RM
Trade receivables	81,170,272	45,408,729
Retention sum	46,149,147	38,309,986
	127,319,419	83,718,715
Less: Allowance for ECLs	(4,437,156)	(4,437,156)
	122,882,263	79,281,559

The Group's credit period granted to customers is ranging from 30 days to 60 days (2021: 30 days to 60 days). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at financial year ended which are grouped together as they are expected to have similar risk nature.

	Gross carrying amount RM	Allowance for ECLs RM	Net balance RM
<b>Group</b>			
<b>2022</b>			
Current (not past due)	79,343,360	(3,698)	79,339,662
1- 30 days past due	16,252,739	(3,063)	16,249,676
31- 60 days past due	14,734,232	(2,601)	14,731,631
61-90 days past due	9,713,321	-	9,713,321
91-120 days past due	900,239	-	900,239
Past due more than 120 days	6,375,528	(4,427,794)	1,947,734
	127,319,419	(4,437,156)	122,882,263
<b>2021</b>			
Current (not past due)	63,997,595	(3,698)	63,993,897
1- 30 days past due	15,848,428	(4,138,373)	11,710,055
31- 60 days past due	958,216	(2,601)	955,615
61-90 days past due	2,018,684	-	2,018,684
91-120 days past due	591,607	-	591,607
Past due more than 120 days	304,185	(292,484)	11,701
	83,718,715	(4,437,156)	79,281,559

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 10. TRADE RECEIVABLES (CONT'D)

The movements in the allowance for ECLs in respect of trade receivables for the Group during the year are as follows:-

	Lifetime ECLs RM	Individually impaired RM	Total RM
<b>Group</b>			
At 1 January 2021	58,159	243,687	301,846
Addition	-	4,135,310	4,135,310
At 31 December 2021/31 December 2022	58,159	4,378,997	4,437,156

#### 11. CONTRACT ASSETS/(LIABILITIES)

	Group 2022 RM	2021 RM
Contract assets	37,790,303	20,573,030
Less: Allowance for ECLs	(1,792)	(1,792)
Contract liabilities	37,788,511 (5,005,868)	20,571,238 -
	32,782,643	20,571,238

The movements in the allowance for ECLs in respect of contract assets for the Group during the year are as follows:-

	Lifetime ECLs RM
At 1 January 2021/31 December 2021/31 December 2022	1,792

The contract assets primarily relate to the Group's rights to consideration for work completed on construction contracts but not yet billed at the reporting date. Typically, the amount will be billed once the subcontractors' works have been inspected by client's quantity surveyor and payment is expected within 30 days to 60 days.

The significant increase in contract assets in 2022 is the result of the increase in on-going construction progress at the end of the year.



# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 11. CONTRACT ASSETS/(LIABILITIES) (CONT'D)

The increase in contract liabilities primarily related to the advance consideration received from customers for construction contract. The contract liabilities were expected to be recognised as revenue over a period of 90 days.

The movement of contract liabilities during the financial year are as follows:-

	Group 2022 RM	2021 RM
Brought forward	-	13,317,797
Arising during the financial year	5,005,868	-
Revenue recognised during the financial year	-	(11,873,921)
Reversal during the financial year	-	(1,443,876)
	5,005,868	-

### 12. OTHER RECEIVABLES

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Non-trade receivables	257,219	249,067	-	67,350
Deposits	5,140,088	6,548,124	1,000	1,000
Prepayments	124,273	241,350	8,360	-
GST recoverable	3,571	3,571	-	-
	5,525,151	7,042,112	9,360	68,350

#### Group

Included in non-trade receivables is an amount of RM27,000 and RM16,000 and RM3,000 (2021: RM27,000 and RM12,000 and Nil) due from individuals connected to a Director, a Director of a subsidiary and a shareholder of a subsidiary respectively. The said amounts are unsecured, bear no interest and are repayable on demand.

Included in deposits are refundable keyman insurance premium paid in respect of the life policy of a Director amounting to RM1,679,327 (2021: RM1,679,327), pledged as securities for banking facilities granted to the Group.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 13. NON-CURRENT ASSET CLASSIFIED AS HELD FOR SALE

Group	Freehold shoplot RM
At 1 January 2021/31 December 2021	-
Transfer from investment properties	1,629,069
At 31 December 2022	1,629,069

The above freehold shoplot has been pledged as securities for banking facilities granted to the Group as disclosed in Note 17 to the financial statements.

On 9 November 2022, the Group has entered into a sale and purchase agreement with a third party to dispose its freehold shoplot for a cash consideration of RM1,700,000, subject to terms and conditions stipulated in the said agreement.

As of reporting date, the transaction is pending completion as certain conditions precedent stipulated in the said agreement are still unfulfilled. Both parties remained committed to the disposal plan and the Group is of the view that the sale is expected to be completed within the next twelve months.

The following are recognised in profit or loss in respect of the investment property classified as held for sale during the financial year:-

	2022 RM	2021 RM
Rental income	(20,000)	-
Direct operating expenses		
- Income generating investment property	176	-

#### 14. SHARE CAPITAL

	Number of ordinary shares 2022 unit	Amount 2022 RM	Number of ordinary shares 2021 unit	Amount 2021 RM
<b>Group and Company</b>				
<b>Issued and fully paid with no par value</b>				
At 1 January	390,000,000	58,475,563	360,000,000	46,175,563
Issuance of shares	-	-	30,000,000	12,300,000
At 31 December	390,000,000	58,475,563	390,000,000	58,475,563

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

#### 15. MERGER DEFICIT

The merger deficit arose as and when the combination took place, it comprises the difference between the cost of merger and the nominal value of shares acquired in TCS Construction Sdn. Bhd. and TCS Infra Sdn. Bhd..

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 16. LEASE LIABILITIES

Lease liabilities included in the statements of financial position are as follows:-

	Group 2022 RM	2021 RM
Current	5,243,419	6,678,245
Non-current	4,747,139	8,105,098
	9,990,558	14,783,343

The Group's future minimum lease payments as at year end are as follows:-

	Group 2022 RM	2021 RM
Within 1 year	5,688,941	7,328,884
After 1 year but not later than 5 years	4,769,108	8,385,650
More than 5 years	243,134	284,503
	10,701,183	15,999,037

The lease liabilities are secured by the underlying assets. Lease liabilities of RM1,178,035 and RM5,735,792 (2021: RM1,817,396 and RM3,541,228) are secured against the personal guarantee by a Director and corporate guarantee by the Company respectively.

The expenses relating to payments not included in the measurement of lease liabilities is as follows:-

	Group 2022 RM	2021 RM
Low-value assets	8,311	8,513
Short-term leases	9,674,925	7,600,428

The total cash outflow for leases amounted to RM17,222,853 (2021: RM13,327,396).

The lease liabilities bear interest rates ranging from 3.30% to 9.11% (2021: 3.30% to 9.11%) per annum.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 17. BORROWINGS

	Group 2022 RM	2021 RM
<b>Current</b>		
<u>Secured:-</u>		
Bank overdrafts	9,226,563	-
Term loans	728,391	626,412
Multi currency trade financing-i	6,829,131	-
Domestic bill of exchange purchased-i	4,926,087	-
	21,710,172	626,412
<u>Unsecured:-</u>		
Bank overdraft	2,272,911	-
	23,983,083	626,412
<b>Non-current</b>		
<u>Secured:-</u>		
Term loans	9,573,772	10,273,048
	33,556,855	10,899,460
<b>Analysed as:</b>		
- Within 1 year	23,983,083	626,412
- Between 1 to 5 years	2,105,249	2,311,235
- More than 5 years	7,468,523	7,961,813
	33,556,855	10,899,460

The borrowings are secured in the following manner:-

- (i) Charge and deeds of assignment over the leasehold land and building and freehold and leasehold shoplots of the Group as disclosed in Notes 4, 5 and 13 to the financial statements;
- (ii) Deed of assignment of contract proceeds;
- (iii) Pledged of fixed deposits with licensed banks of the Group as disclosed in Note 8 to the financial statements;
- (iv) Pledged of sinking fund of the Group as disclosed in Note 9 to the financial statements;
- (v) Pledged of fixed deposit of certain Directors of the Company;
- (vi) Jointly and several guarantees by certain Directors of the Company and corporate guarantee by the Company; and
- (vii) Absolute assignment of life policy of a Director.

The unsecured borrowing is guaranteed by the Company.

The interest of term loans are charged at rates ranging from 3.15% to 6.83% (2021: 3.22% to 6.35%) per annum.

The interest of bank overdrafts are charged at rates ranging from 5.85% to 7.85% (2021: 6.85%) per annum.

The interest of multi currency trade financing-i are charged at rates ranging from 6.85% to 7.35% (2021: Nil) per annum.

The interest of domestic bill of exchange purchased-i are charged at rates ranging from 6.35% to 7.35% (2021: Nil) per annum.

The repayment term of term loans is by monthly basis.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 18. TRADE PAYABLES

	Group 2022 RM	2021 RM
Trade payables	67,801,128	41,571,101
Retention sum	23,915,384	19,443,028
	91,716,512	61,014,129

The average credit periods granted to the Group by suppliers are ranging from cash terms to 90 days (2021: cash term to 90 days).

### 19. OTHER PAYABLES

	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
Non-trade payables	650,947	724,144	35,525	26,711
Deposit received	170,000	-	-	-
Accruals	1,789,976	6,842,111	33,000	29,700
	2,610,923	7,566,255	68,525	56,411

### 20. REVENUE

#### 20.1 Disaggregated revenue information

	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
<u>Types of revenue</u>				
- Construction	261,590,810	204,047,472	-	-
- Dividend income	-	-	-	3,800,000
	261,590,810	204,047,472	-	3,800,000
<u>Timing and recognition</u>				
- Over time	261,590,810	204,047,472		

As at the reporting date, revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially unsatisfied) of the Group is RM1,405,065,043 (2021: RM1,585,860,970). The Group expects to recognise this revenue over the next 5 months to 29 months (2021: 5 months to 32 months).

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 21. FINANCE INCOME

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Bank interest	14,753	29,873	-	-
Fixed deposit interest	472,676	517,360	275,911	347,429
	487,429	547,233	275,911	347,429

### 22. FINANCE COSTS

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Bank overdrafts interest			137,558	307
Lease liabilities interest			720,049	522,865
Term loans interest			411,776	385,248
Multi currency trade financing-i			122,040	-
Domestic bill of exchange purchased-i			235,589	-
			1,627,012	908,420

### 23. (LOSS)/PROFIT BEFORE TAX

(Loss)/Profit before tax has been determined after charging/(crediting), amongst others items, the following:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Auditors' remuneration:				
- statutory audit	128,000	128,000	22,000	20,000
- others	31,500	27,500	10,500	7,500
Directors' fee	193,000	194,500	-	-
Rental income	(1,106,110)	(161,951)	-	-
Bad debt written off	7,093	-	-	-
Goodwill written off	14,933	-	-	-



# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 24. TAX EXPENSE

	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
<b>Tax expense</b>				
- Current financial year	394,000	1,284,298	43,000	76,000
- Under/(Over) provision in prior financial year	1,166,887	(454,718)	6,252	284
	1,560,887	829,580	49,252	76,284
<b>Deferred tax</b>				
- Current financial year	(74,000)	(2,000)	-	-
- Under recognised in prior financial year	(157,000)	(85,000)	-	-
	(231,000)	(87,000)	-	-
	1,329,887	742,580	49,252	76,284

A reconciliation of income tax applicable to (loss)/profit before tax at the statutory income tax rate to income tax at the effective income tax rate is as follows:-

	Group 2022 RM	2021 RM	Company 2022 RM	2021 RM
(Loss)/Profit before tax	(2,066,694)	3,215,270	(156,836)	3,364,531
Tax at Malaysian statutory tax rate of 24%	(496,007)	771,664	(37,641)	807,487
Tax effects in respects of:-				
Expenses not deductible for tax purposes	497,287	510,634	80,641	180,513
Income not subject to tax	-	-	-	(912,000)
Movement of deferred tax assets not recognised	318,720	-	-	-
Under/(Over) provision of tax expense in prior financial year	1,166,887	(454,718)	6,252	284
Under recognised of deferred tax assets in prior financial year	(157,000)	(85,000)	-	-
	1,329,887	742,580	49,252	76,284

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 25. (LOSS)/EARNINGS PER SHARE

##### Basic (loss)/earnings per ordinary share

The calculation of basic (loss)/earnings per share was based on the (loss)/profit attributable to ordinary equity holders of the Company and weighted average number of ordinary shares issued calculated as follows:-

	Group 2022	2021
(Loss)/Profit for the financial year attributable to ordinary equity holders of the Company (RM)	(3,377,960)	2,487,469
Weighted average number of ordinary shares at 31 December	390,000,000	369,468,493
Basic (loss)/earnings per share (sen)	(0.87)	0.67

##### Diluted (loss)/earnings per share

Diluted (loss)/earnings per share equals basic (loss)/earnings per share as there were no dilutive potential equity instruments in issue that gave diluted effect to the (loss)/earnings per share.

#### 26. DIVIDEND

	Group and Company 2022 RM	2021 RM
<u>In respect of the financial year ended 31 December 2020</u>		
Second interim single tier dividend of RM0.01 per ordinary share, paid on 8 April 2021	-	3,600,000

The Directors do not propose any final dividend for the current financial year.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 27. EMPLOYEE BENEFITS EXPENSE

	Group 2022 RM	2021 RM
<b>Staffs' remuneration</b>		
Salaries, wages and other emoluments	11,574,874	11,651,996
Defined contribution plan	1,277,446	1,269,802
Social security contribution	160,225	156,498
	13,012,545	13,078,296
<b>Directors' remuneration</b>		
Salaries, wages and other emoluments	1,381,000	1,158,600
Defined contribution plan	120,480	102,792
Social security contribution	1,783	1,429
	1,503,263	1,262,821
	14,515,808	14,341,117

The estimated monetary value of Directors' benefits-in-kind is RM55,850 (2021: RM49,067).

### 28. CAPITAL COMMITMENT

	Group 2022 RM	2021 RM
Authorised and contracted for:		
- Construction equipment	-	2,284,571

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 29. RELATED PARTY DISCLOSURES

##### (a) Significant related party transactions

Significant related party transactions other than those disclosed elsewhere in the financial statements are as follows:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Dividend income received from a subsidiary	-	-	-	3,800,000
Rental expenses paid to companies in which certain Directors have interests	234,000	250,000	-	-
Progress billing issued to a company in which certain Directors have interests	-	3,018,684	-	-

##### (b) Related party balances

Outstanding balances arising from related party transactions as at the reporting date are disclosed in Notes 6 and 12 to the financial statements.

- (c) Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly and entity that provides key management personnel services to the Group and to the Company.

Key management includes all the Directors of the Company and its subsidiaries and certain members of senior management of the Group and of the Company. The remuneration of the Board of Directors are disclosed in Notes 23 and 27 to the financial statements.

The remuneration of key management personnel of the Group other than the Board of Directors are as follows:-

	Group	
	2022 RM	2021 RM
Salaries, wages and other emoluments	633,560	897,165
Defined contribution plan	63,874	101,227
Social security contribution	6,011	7,926
	703,445	1,006,318

The estimated monetary value of key management personnel's benefits-in-kind is RM15,400 (2021: RM16,658).

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 30. FINANCIAL INSTRUMENTS

#### Categories of financial instruments

The table below provides an analysis of financial instruments categorised as financial assets and financial liabilities measured at amortised cost:-

	Group		Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
<b>Financial assets</b>				
Trade receivables	122,882,263	79,281,559	-	-
Other receivables	5,397,307	6,797,191	1,000	68,350
Amount due from subsidiaries	-	-	21,811,367	7,016,006
Fixed deposits with licensed banks	15,056,704	33,811,504	8,022,100	23,247,126
Cash and bank balances	10,739,384	6,387,559	260,796	515,778
	154,075,658	126,277,813	30,095,263	30,847,260
<b>Financial liabilities</b>				
Trade payables	91,716,512	61,014,129	-	-
Other payables	2,610,923	7,566,255	68,525	56,411
Borrowings	33,556,855	10,899,460	-	-
	127,884,290	79,479,844	68,525	56,411

#### Financial risk management

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. Financial risk management policies are established to ensure that adequate resources are available for the development of the Group's and of the Company's business whilst managing its credit risk, liquidity risk and interest rate risk. The Group and the Company operate within clearly defined policies and procedures that are approved by the Board of Directors to ensure the effectiveness of the risk management process.

The main areas of financial risks faced by the Group and the Company and the policies of the Group and of the Company in respect of the major areas of treasury activity are set out as follows:-

#### (a) Credit risk

Credit risk is the risk of a financial loss to the Group and to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It is the Group's and the Company's policy to enter into financial instrument with a diversity of creditworthy counterparties. The Group and the Company do not expect to incur material credit losses of its financial assets or other financial instruments.

Concentration of credit risk exists when changes in economic, industry and geographical factors similarly affect the group of counterparties whose aggregate credit exposure is significant in relation to the Group's and to the Company's total credit exposure. The Group's and the Company's transactions are entered into with diverse creditworthy counterparties, thereby mitigate any significant concentration of credit risk.

It is the Group's and the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. The Group and the Company do not offer credit terms without the approval of the head of credit control.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 30. FINANCIAL INSTRUMENTS (CONT'D)

##### Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies of the Group and of the Company in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### (a) Credit risk (cont'd)

The areas where the Group and the Company are exposed to credit risk are as follows:-

##### Receivables

The net carrying amount of receivables is considered a reasonable approximate of fair value.

With a credit policy in place to ensure the credit risk is monitored on an on-going basis, the management has taken reasonable steps to ensure that receivables that are neither past due nor impaired are stated at their realisable values. A significant portion of these receivables are regular customers that have been transacting with the Group. The Group uses ageing analysis to monitor the credit quality of the receivables. Any receivables having significant balances past due more than credit terms granted are deemed to have higher credit risk, and are monitored individually.

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on their customers financial information, past trend of payments and external credit ratings, where applicable. All of these customers have low risk of default. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written-off if the Directors deem them uncollectible. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

In respect of trade receivables, the Group is subject to significant credit risk exposure to a single counterparty or a group of counterparties having similar characteristics, as disclosed below:-

	2022		Group		2021
	RM	%		RM	%
Top 3 customers	78,344,351	64		47,000,322	59

##### Corporate guarantees

##### Company

The maximum exposure to credit risk amounting to RM39,292,647 (2021: RM15,286,666) represented the outstanding banking facilities of certain subsidiaries as at the end of the reporting year.

The Company provides unsecured financial guarantee to bank in respect of banking facilities granted to certain subsidiaries. The Company monitors on an ongoing basis the results of the certain subsidiaries and repayments made by the certain subsidiaries. As at the end of reporting period, there was no indication that the subsidiaries would default on repayment.

The corporate guarantee does not have a determinable effect on the term of the credit facilities due to the bank requiring the Company's guarantees as a pre-condition for approving the banking facilities granted to certain subsidiaries. The actual terms of the credit facilities are likely to be the best indicator of "at market" term and hence the fair value of the credit facilities are equal to the credit facilities amount received by certain subsidiaries. As such, there is no value on the corporate guarantees to be recognised in the financial statements.



# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 30. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies of the Group and of the Company in respect of the major areas of treasury activity are set out as follows (cont'd):-

#### (a) Credit risk (cont'd)

The areas where the Group and the Company are exposed to credit risk are as follows (cont'd):-

##### Performance bonds

Performance bonds require the Group and the Company to make payments to third parties in the event that the Group do not perform in according to the terms of any related contracts. The maximum exposure to credit risk of the Group and the Company at the reporting date amounted to RM22,175,303 and RM44,048,998 (2021: RM22,733,638 and RM38,656,937) respectively.

##### Intercompany balances

The Group provides unsecured advances to its subsidiaries and monitors the results of the subsidiaries regularly.

As at the end of the reporting date, there was no indication that the carrying amount of amount due from subsidiaries are not recoverable.

##### Cash and cash equivalents

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

#### (b) Liquidity risk

Liquidity risk is the risk that the Group and the Company will not be able to meet their financial obligations as and when they fall due because of shortage of funds.

In managing their exposures to liquidity risk, the Group and the Company maintain a level of cash and cash equivalents and bank facilities deemed adequate by the management to ensure, as far as possible, that they will have sufficient liquidity to meet its liabilities as and when they fall due.

The Group and the Company aim at maintaining a balance of sufficient cash and deposits and flexibility in funding by keeping diverse sources of committed and uncommitted credit facilities from various banks.

The liquidity risk arises principally from their payables, lease liabilities and borrowings.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 30. FINANCIAL INSTRUMENTS (CONT'D)

##### Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies of the Group and of the Company in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### (b) Liquidity risk (cont'd)

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below:-

	Carrying amount RM	Total contractual cash flows RM	Current On demand/ Less than 1 year RM	Non-current	
				1 to 5 years RM	More than 5 years RM
<b>2022</b>					
<b>Group</b>					
<b>Non-derivative</b>					
<b>financial liabilities</b>					
<b>Secured:-</b>					
Borrowings	31,283,944	36,483,866	22,154,181	3,956,112	10,373,573
Lease liabilities	9,990,558	10,701,183	5,688,941	4,769,108	243,134
<b>Unsecured:-</b>					
Trade payables	91,716,512	91,716,512	91,716,512	-	-
Other payables	2,610,923	2,610,923	2,610,923	-	-
Borrowings	2,272,911	2,272,911	2,272,911	-	-
	137,874,848	143,785,395	124,443,468	8,725,220	10,616,707
Performance bonds*	-	22,175,303	22,175,303	-	-
<b>Company</b>					
<b>Non-derivative</b>					
<b>financial liabilities</b>					
<b>Unsecured:-</b>					
Other payables	68,525	68,525	68,525	-	-
Corporate guarantee*	-	39,292,647	39,292,647	-	-
Performance bonds*	-	44,048,998	44,048,998	-	-

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 30. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies of the Group and of the Company in respect of the major areas of treasury activity are set out as follows (cont'd):-

#### (b) Liquidity risk (cont'd)

The summary of the maturity profile based on contractual undiscounted repayment obligations are as below (cont'd):-

	Carrying amount RM	Total contractual cash flows RM	Current On demand/ Less than 1 year RM	Non-current	
				1 to 5 years RM	More than 5 years RM
<b>2021</b>					
<b>Group</b>					
<b>Non-derivative financial liabilities</b>					
<b>Secured:-</b>					
Borrowings	10,899,460	15,736,057	1,143,088	4,054,527	10,538,442
Lease liabilities	14,783,343	15,999,037	7,328,884	8,385,650	284,503
<b>Unsecured:-</b>					
Trade payables	61,014,129	61,014,129	61,014,129	-	-
Other payables	7,566,255	7,566,255	7,566,255	-	-
	94,263,187	100,315,478	77,052,356	12,440,177	10,822,945
Performance bonds*	-	22,733,638	22,733,638	-	-
<b>Company</b>					
<b>Non-derivative financial liabilities</b>					
<b>Unsecured:-</b>					
Other payables	56,411	56,411	56,411	-	-
	56,411	56,411	56,411	-	-
Corporate guarantee*	-	15,286,666	15,286,666	-	-
Performance bonds*	-	38,656,937	38,656,937	-	-

\* This exposure to liquidity risk is included for illustration purpose only as the related corporate guarantee and performance bonds have not crystallised.

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of financial liabilities at the reporting date.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 30. FINANCIAL INSTRUMENTS (CONT'D)

##### Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies of the Group and of the Company in respect of the major areas of treasury activity are set out as follows (cont'd):-

##### (c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's fixed rate borrowing is exposed to a risk of change in their fair value due to changes in interest rates. The Group's and the Company's variable rate borrowing is exposed to a risk of change in cash flows due to changes in interest rates. Short-term receivables and payables are not significantly exposed to interest rate risk.

The Group's and the Company's interest rate management objective is to manage the interest expenses consistent with maintaining an acceptable level of exposure to interest rate fluctuation. In order to achieve this objective, the Group and the Company target a mix of fixed and floating debt based on assessment of its existing exposure and desired interest rate profile.

The interest rate profile of the Group's and the Company's significant interest-bearing financial instruments, based on carrying amounts as at the end of the reporting date are as below:-

	Group		Company	
	2022 RM	2021 RM	2022 RM	2021 RM
<b>Fixed rate instruments</b>				
<u>Financial asset</u>				
Fixed deposits with licensed banks	15,056,704	33,811,504	8,022,100	23,247,126
<u>Financial liabilities</u>				
Lease liabilities	(9,990,558)	(14,783,343)	-	-
Borrowings	(11,755,218)	-	-	-
Net financial (liabilities)/asset	(6,689,072)	19,028,161	8,022,100	23,247,126
<b>Floating rate instrument</b>				
<u>Financial liability</u>				
Borrowings	(21,801,637)	(10,899,460)	-	-

##### Fair value sensitivity analysis for fixed rate instruments

The Group and the Company do not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group and the Company do not designate derivatives as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 30. FINANCIAL INSTRUMENTS (CONT'D)

#### Financial risk management (cont'd)

The main areas of financial risks faced by the Group and the Company and the policies of the Group and of the Company in respect of the major areas of treasury activity are set out as follows (cont'd):-

#### (c) Interest rate risk (cont'd)

##### *Cash flow sensitivity analysis for floating rate instrument*

The following table illustrates the sensitivity of profit to a reasonably possible change in interest rate of +/- 25 (2021: +/-25) basis points ("bp"). These changes are considered to be reasonably possible based on observation of current market conditions. The calculations are based on a change in the average market interest rate for each reporting date, and the financial instruments held at each reporting date that are sensitive to change in interest rates. All other variables are held constant.

	Group 2022 RM	2021 RM
<u>Effect on (loss)/profit/equity for the year</u>		
+25bp	(54,504)	(27,249)
-25bp	54,504	27,249

#### Fair value of financial instruments

The carrying amounts of financial assets and liabilities of the Group and of the Company as at the reporting date approximate their fair values due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

#### Fair value hierarchy

No fair value hierarchy disclosed as the Group and the Company do not have financial instruments measured at fair value.

### 31. SEGMENTAL INFORMATION

The Group has three reportable segments, as described below, which are the Group's strategic business three units. The strategic business units offer different products and services, and are managed separately because they require different technology and managing strategies. For each of the strategic business units, the Group's Managing Director reviews internal management reports on at least a quarterly basis. The following summary describes the operation in each Group's reportable segments.

#### Business segments

Residential

Commercial

Other

#### Business activities

Residential type of condominiums.

Commercial type included retail shophots, shopping center, mixed of residential service suites.

Investment holding and construction of roadworks.

Performance is measured on segment revenue that is reviewed by the Group's Managing Director who is the Group's chief operating decision maker. Segment revenue is used to measure performance as management believes that such information is the most relevant in evaluating the results of the segments.

#### Segment results, assets and liabilities

Segment results, assets and liabilities information are neither included in the internal management reports nor provided regularly to the Managing Director. Hence, no breakdown by segment disclosure is made on segment results, assets and liabilities.

## Notes to the Financial Statements

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

#### 31. SEGMENTAL INFORMATION (CONT'D)

Group 2022	Note	Residential RM	Commercial RM	Other RM	Eliminations RM	Total RM
<b>Revenue:-</b>						
External revenue		261,544,990	45,820	-	-	261,590,810
Inter-segment revenue	(a)	7,319,044	-	-	(7,319,044)	-
<b>Total revenue</b>		<b>268,864,034</b>	<b>45,820</b>	<b>-</b>	<b>(7,319,044)</b>	<b>261,590,810</b>
<b>Segment results</b>						
Depreciation of investment properties						10,862,131
Depreciation of property, plant and equipment						(166,640)
Interest income						(5,020,388)
Interest expense						487,429
Unallocated income						(1,627,012)
Unallocated expenses						921,249
Tax expense						(7,523,463)
<b>Segment loss</b>						<b>(1,329,887)</b>
						<b>(3,396,581)</b>
<b>Assets:-</b>						
Addition to non-current assets	(b)					3,527,881
Segment assets	(c)					224,292,798
<b>Liabilities:-</b>						
Segment liabilities	(d)					99,333,303



# Notes to the Financial Statements

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

### 31. SEGMENTAL INFORMATION (CONT'D)

Group	Note	Residential RM	Commercial RM	Other RM	Eliminations RM	Total RM
<b>2021</b>						
<b>Revenue:-</b>						
External revenue		198,979,754	240,054	4,827,664	-	204,047,472
Inter-segment revenue	(a)	6,525,783	-	6,011,576	(12,537,359)	-
<b>Total revenue</b>		<b>205,505,537</b>	<b>240,054</b>	<b>10,839,240</b>	<b>(12,537,359)</b>	<b>204,047,472</b>
<b>Segment results</b>						
Depreciation of investment properties						19,704,739
Depreciation of property, plant and equipment						(75,968)
Interest income						(6,094,778)
Interest expense						547,233
Impairment loss on financial assets						(908,420)
Unallocated income						(4,135,310)
Unallocated expenses						506,147
Tax expense						(6,328,373)
						(742,580)
<b>Segment profit</b>						<b>2,472,690</b>
<b>Assets:-</b>						
Addition to non-current assets	(b)					12,066,608
Segment assets	(c)					181,053,904
<b>Liabilities:-</b>						
Segment liabilities	(d)					68,580,384

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 31. SEGMENTAL INFORMATION (CONT'D)

Note:-

- (a) Inter-segment revenue are eliminated on consolidation.
- (b) Addition to non-current assets consists of:-

	Group 2022 RM	2021 RM
Property, plant and equipment	3,527,881	12,066,608

- (c) The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:-

	Group 2022 RM	2021 RM
Segment assets	224,292,798	181,053,904
Deferred tax assets	859,000	628,000
Tax recoverable	1,036,042	29,000
Total assets	226,187,840	181,710,904

- (d) The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:-

	Group 2022 RM	2021 RM
Segment liabilities	99,333,303	68,580,384
Lease liabilities	9,990,558	14,783,343
Borrowings	33,556,855	10,899,460
Tax payable	6,337	1,226,002
Total liabilities	142,887,053	95,489,189

#### Geographical information

The Group's operation is predominantly carried out in Malaysia.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

(Cont'd)

### 31. SEGMENTAL INFORMATION (CONT'D)

#### Information about major customers

The following are major customers with revenue equal or more than 10 percent of the Group's revenue:-

	RM	%	Segment
<b>2022</b>			
Customer A	74,150,652	28	Residential
Customer B	54,874,627	21	Residential
Customer C	49,190,673	19	Residential
Customer D	46,040,837	18	Residential
	<hr/>		
	224,256,789	86	
<b>2021</b>			
Customer A	47,574,124	23	Residential
Customer B	39,918,424	20	Residential
Customer C	38,645,463	19	Residential
	<hr/>		
	126,138,011	62	

### 32. MATERIAL LITIGATIONS

- (i) On 14 July 2021, a wholly-owned subsidiary of the Company, TCS Construction Sdn. Bhd. ("TCSB") and its Director, Dato' Ir. Tee Chai Seng filed a Writ of Summons and Statement of Claim against MPM Project Management Sdn. Bhd. ("MPM") and the six other defendants to recover the outstanding sum amounting to RM7,422,770 and/or damages caused to TCSB in relation to a project.

On 13 October 2022, TCSB has filed an application for leave to enter judgement in default against MPM as MPM has failed to file a defence.

The Court has fixed the date of clarification/decision for TCSB's application for leave to enter judgement in default against MPM on 26 April 2023.

- (ii) On 29 March 2021, TCSB has commenced statutory adjudication pursuant to the Construction Industry Payment and Adjudication 2021 against MPM and the six other defendants to recover the outstanding sum amounting to RM7,422,770 and/or damages caused to TCSB in relation to a project.

On 15 September 2022, MPM has been ordered to pay TCSB the sum of RM6,141,558 ("Adjudicated Sum") with the interests at the rate of 5% per annum on the Adjudicated Sum from 4 April 2020 until the date of full payment and all costs incurred in relation to the adjudication proceedings in the sum of RM106,289 in accordance with the Adjudication Decision. MPM has been ordered to pay TCSB within 14 days from the date of Adjudication Decision dated 13 September 2022.

On 21 September 2022, TCSB has submitted a Notice for Direct Payment to KTCC Mall Sdn Bhd ("KTCC") to demand KTCC to pay the Adjudicated Sum with interest and related adjudication cost on behalf of MPM. The Notice of Direct Payment was issued based on a Letter of Undertaking issued by KTCC to TCSB that to undertake to settle all outstanding payment on behalf of MPM.

In response, KTCC had filed an Originating Summons against TCSB that KTCC has no obligations to undertake to settle the Adjudicated Sum.

Further case management has been fixed on 2 June 2023.

# Notes to the Financial Statements

## For The Financial Year Ended 31 December 2022

### (Cont'd)

#### 32. MATERIAL LITIGATIONS (CONT'D)

Based on legal advice, the Directors are of the view that TCSB has a reasonably good chance of success in its claims and defence and no provisions in respect of the material litigations are required to be made in the financial statements of the Group and the Company as at the reporting date.

#### 33. CAPITAL MANAGEMENT

The primary capital management objective of the Group and the Company is to achieve sustainable growth and maximise return to shareholders and there is no change to the objective policies or processes since the last financial year.

The Group and the Company manage their capital by regularly monitoring their current and expected liquidity requirement and modifying the combination of equity and financial support from its shareholders from time to time to meet the needs.

# List of Properties

As at 31 December 2022

No.	Location	Description/ Existing use	Tenure/ Expiry of Lease	Approximate Age (years)	Approximate Area (square meter)	Date of Acquisition	Audited NBV as at 31 December 2022 (RM'000)
1	45, Jalan Tasik Prima 4/4, Taman Tasik Prima 47150 Puchong, Selangor	3-Storey townhouse/ Staff accommodation	Leasehold/ 99 years expiring on 15 May 2111	10	1,715 sqft	21 July 2016	708
2	H-11-01, Block H, Setia Eco Hill Walk, 43500 Semenyih, Selangor	1 unit shop office at Level 1/ Rented out	Freehold	N/A	2,088 sqft	31 December 2016	1,629
3	H-11-02, Block H, Setia Eco Hill Walk, 43500 Semenyih, Selangor	1 unit shop office at Level 2	Freehold	N/A	2,088 sqft	31 December 2016	975
4	H-11-03, Block H, Setia Eco Hill Walk, 43500 Semenyih, Selangor	1 unit shop office at Level 3	Freehold	N/A	2,088 sqft	31 December 2016	650
5	12-G & 12-1, Jalan Aman Sinaria 2, Bandar Tropicana Aman, 42500 Telok Panglima Garang, Selangor	2-storey shop office/ Rented out	Leasehold/ 91 years expiring on 9 November 2110	4	5,274 sqft	15 March 2018	2,717
6	23-G & 23-1, Jalan Aman Sinaria 2, Bandar Tropicana Aman, 42500 Telok Panglima Garang, Selangor	2-storey shop office/ Rented out	Leasehold/ 91 years expiring on 9 November 2110	4	3,122 sqft	29 March 2018	1,459
7	11-G & 11-1, Jalan Aman Sinaria 2, Bandar Tropicana Aman, 42500 Telok Panglima Garang, Selangor	2-storey shop office/ Rented out	Leasehold/ 91 years expiring on 9 November 2110	4	4,262 sqft	29 March 2018	2,029

# Analysis of Shareholdings

## As at 31 March 2023

### SHARE CAPITAL

Total Number of Issued Shares	:	390,000,000
Issued Share Capital	:	RM 58,475,563.000
Class of Shares	:	Ordinary Shares
Voting Rights	:	One vote for each ordinary share held

### DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Issued Share Capital
Less Than 100	2	0.06	103	0.00
100 To 1,000	352	11.17	225,701	0.06
1,001 To 10,000	1,483	47.06	8,725,100	2.24
10,001 To 100,000	1,140	36.19	38,106,700	9.77
100,001 to less than 5% of issued shares	172	5.46	99,779,600	25.58
5% and above of issued shares	2	0.06	243,162,796	62.35
<b>Total</b>	<b>3,151</b>	<b>100.00</b>	<b>390,000,000</b>	<b>100.00</b>

### DIRECTORS' SHAREHOLDINGS

As per the Register of Directors' Shareholdings

No.	Names	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Tan Sri Dato' Sri Izzuddin bin Dali	300,000	0.077	-	-
2.	Dato' Ir. Tee Chai Seng	206,838,377	53.035	36,324,419 <sup>(1)</sup>	9.314
3.	Datin Koh Ah Nee (resigned w.e.f 26 April 2023)	36,324,419	9.314	206,838,377 <sup>(2)</sup>	53.035
4.	Dato' Seri Ir Mohamad Othman bin Zainal Azim	200,000	0.051	-	-
5.	Ooi Guan Hoe	650,000	0.167	-	-
6.	Wong Choo Leong	303,200	0.078	-	-
7.	Sharon Chew Mun Hoong (appointed w.e.f 26 April 2023)	-	-	-	-

<sup>1</sup> Deemed interest through the shareholdings of his spouse, Datin Koh Ah Nee's interest in the Company

<sup>2</sup> Deemed interest through the shareholdings of her spouse, Dato' Ir Tee Chai Seng's interest in the Company

### LIST OF SUBSTANTIAL SHAREHOLDERS (5% AND ABOVE)

As per the Register of Substantial Shareholder

No.	Names	Direct		Indirect	
		No. of Shares	%	No. of Shares	%
1.	Dato' Ir. Tee Chai Seng	206,838,377	53.035	36,324,419 <sup>(1)</sup>	9.314
2.	Datin Koh Ah Nee	36,324,419	9.314	206,838,377 <sup>(2)</sup>	53.035

<sup>1</sup> Deemed interest through the shareholdings of his spouse, Datin Koh Ah Nee's interest in the Company

<sup>2</sup> Deemed interest through the shareholdings of her spouse, Dato' Ir Tee Chai Seng's interest in the Company



# Analysis of Shareholdings

## As at 31 March 2023 (Cont'd)

### LIST OF TOP 30 SHAREHOLDERS

No.	Name	No. of Shares Held	Percentage
1.	TEE CHAI SENG	206,838,377	53.04
2.	KOH AH NEE	36,324,419	9.31
3.	LANDASAN POTENSI SDN BHD	12,633,000	3.24
4.	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR RAJINDER KAUR A/P PIARA SING (MARGIN)	6,087,900	1.56
5.	NG YONG LIN	4,558,200	1.17
6.	APEX NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SATVINDER SINGH (MARGIN)	4,244,000	1.09
7.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEONG KIM FONG	4,021,400	1.03
8.	OOI SIEW LOOI	3,111,300	0.80
9.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOY YANG ZHOU	2,903,300	0.74
10.	TASEC NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR TA INVESTMENT MANAGEMENT BERHAD (CLIENTS)	2,884,100	0.74
11.	HIGHDEAL CAPITAL SDN BHD	2,784,400	0.71
12.	UNIVERSAL TRUSTEE (MALAYSIA) BERHAD TA DYNAMIC ABSOLUTE MANDATE	2,700,000	0.69
13.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR ONG CHOONG LEO	2,396,100	0.61
14.	LOH KOK WAI	2,287,900	0.59
15.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HONG KOK ANN	2,000,000	0.51
16.	YOO WEI HOW	1,430,000	0.37
17.	NG KWANG HUA	1,333,700	0.34
18.	CARTABAN NOMINEES (ASING) SDN BHD THE BANK OF NEW YORK MELLON FOR ENSIGN PEAK ADVISORS INC.	1,257,700	0.32
19.	YEM YAU YANG	1,010,000	0.26
20.	MOK POH YIN	1,000,000	0.26
21.	NG KUAN HUA	1,000,000	0.26
22.	SOAM HENG CHOON	1,000,000	0.26
23.	CIMB GROUP NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR CIMB INVESTMENT BANK BERHAD (PB-TAIM-M-R)	997,800	0.26
24.	ALLIANCEGROUP NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TAN KIAN AIK (8058967)	900,000	0.23
25.	WONG CHOO GAN	827,800	0.21
26.	LOH KIM CHEE	822,500	0.21
27.	SOON SEE BENG	776,900	0.20
28.	YAP POH ONN	703,700	0.18
29.	NG CHIN KEE	700,000	0.18
30.	OOI GUAN HOE	650,000	0.17

# Analysis of Warrant Holdings

## As at 31 March 2023

TYPE OF SECURITIES	:	Warrant A
NO. OF OUTSTANDING WARRANTS	:	180,000,000
NO. OF WARRANT HOLDERS	:	1,796

### ANALYSIS BY SIZE OF WARRANT HOLDINGS

Size Of Warrants Holdings	No. of warrants holders	% of warrants holders (%)	No. of warrants	% of warrants held (%)
Less than 100	163	9.08	7,861	0.00
100 to 1,000	289	16.09	161,941	0.10
1,001 to 10,000	600	33.41	3,033,750	1.69
10,001 to 100,000	558	31.06	23,188,200	12.88
100,001 to less than 5% of issued shares	183	10.19	112,181,639	62.32
5% and above of issued shares	3	0.17	41,426,609	23.01
<b>TOTAL</b>	<b>1,796</b>	<b>100.00</b>	<b>180,000,000</b>	<b>100.00</b>

### DIRECTORS' WARRANT HOLDINGS

#### As per the Directors' Warrant Holdings

No.	Names	Direct		Indirect	
		No. of Warrants	%	No. of Warrants	%
1.	Tan Sri Dato' Sri Izzuddin bin Dali	250,000	0.139	-	-
2.	Dato' Ir. Tee Chai Seng	6,819,189	3.788	18,762,209 <sup>(1)</sup>	10.423
3.	Datin Koh Ah Nee (resigned w.e.f 26 April 2023)	18,762,209	10.423	6,819,189 <sup>(2)</sup>	3.788
4.	Dato' Seri Ir Mohamad Othman bin Zainal Azim	250,000	0.139	-	-
5.	Ooi Guan Hoe	450,000	0.250	-	-
6.	Wong Choo Leong	151,600	0.084	-	-
7.	Sharon Chew Mun Hoong (appointed w.e.f 26 April 2023)	-	-	-	-

<sup>1</sup> Deemed interest through the warrant holdings of his spouse, Datin Koh Ah Nee's interest in the Company

<sup>2</sup> Deemed interest through the warrant holdings of her spouse, Dato' Ir Tee Chai Seng's interest in the Co

# Analysis of Warrant Holdings

## As at 31 March 2023 (Cont'd)

### LIST OF TOP 30 WARRANT HOLDERS

No.	Name	No. of Warrants Held	Percentage
1.	KOH AH NEE	18,762,209	10.42
2.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR SATVINDER SINGH	12,664,400	7.04
3.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR LEONG KIM FONG	10,000,000	5.56
4.	CHENG, AIJIN	7,000,000	3.89
5.	TEE CHAI SENG	6,819,189	3.79
6.	NG LAI KENG	6,340,000	3.52
7.	NG KUAN HUA	6,000,000	3.33
8.	AFFIN HWANG NOMINEES (TEMPATAN) SDN. BHD. PLEDGED SECURITIES ACCOUNT FOR HONG KOK ANN	5,000,000	2.78
9.	LANDASAN POTENSI SDN BHD	4,100,000	2.28
10.	TAN KOK HOOI	3,827,000	2.13
11.	M & A NOMINEE (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR TEO BOON LING (M&A)	3,597,300	2.00
12.	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOW JIECHAN (MP0297)	3,000,000	1.67
13.	YAP POH ONN	2,544,100	1.41
14.	WONG YONG HENG	2,380,100	1.32
15.	KENANGA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LAW POH KIM	2,110,000	1.17
16.	YAP NAM FEE	2,015,050	1.12
17.	NG CHIN KEE	1,600,000	0.89
18.	CHONG YONG LIN	1,500,000	0.83
19.	TA NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR KER CHERK YEE	1,396,000	0.78
20.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR CHOY YANG ZHOU	1,344,100	0.75
21.	POON MEE CHENG	1,313,700	0.73
22.	NG CHIN KEE	1,300,000	0.72
23.	NG KWANG HUA	1,238,650	0.69
24.	SAU YI WEN	1,000,000	0.56
25.	TEOH THYE SUN	1,000,000	0.56
26.	CHEW SENG KEAT	916,300	0.51
27.	MAYBANK NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEE YEW SHEN	910,200	0.51
28.	HUA KIONG ENTERPRISE SDN BHD	900,000	0.50
29.	HIGHDEAL CAPITAL SDN BHD	889,700	0.49
30.	KENANGA NOMINEES (TEMPATAN) SDN BHD RAKUTEN TRADE SDN BHD FOR CHAN YUN ROCK	863,800	0.48

# Notice of Annual General Meeting

**NOTICE IS HEREBY GIVEN** that the Fourth (“4th”) Annual General Meeting (“AGM”) of the Company will be held and conducted by way of Virtual Meeting entirely through live streaming via a Remote Participating and Voting (“RPV”) facilities from the broadcast venue at Boardroom, No 1 & 3, Bangunan TCS, Jalan SP 1/1, Bandar Saujana Putra, 42610, Jenjarom, Selangor Darul Ehsan, on Thursday, 8 June 2023 at 10.00 a.m., or at any adjournment thereof, to transact the following businesses:-

## AS ORDINARY BUSINESS:

- ### Ordinary Resolution 5

## AS SPECIAL BUSINESS:

To consider and, if thought fit, to pass the following Resolutions:

- ### Ordinary Resolution 6

“THAT pursuant to Sections 75 and 76 of the Companies Act, 2016 and subject to the approvals of the relevant governmental/ regulatory authorities, the Directors be and are hereby empowered to issue shares in the capital of the Company from time to time and upon such terms and conditions and for such purposes as the Directors, may in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued share capital of the Company for the time being and that the Directors be and are hereby also empowered to obtain approval from the Bursa Malaysia Securities Berhad for the listing and quotation of the additional shares so issued and that such authority shall continue to be in force until the conclusion of the next Annual General Meeting of the Company.

AND THAT in connection with the above, pursuant to Section 85(1) of the Companies Act 2016 read together with Clause 61 of the Company's Constitution, the shareholders of the Company by approving this resolution are deemed to have waived their pre-emptive rights over all new shares, options over or grants of new shares or any other convertible securities in the Company and/or any new shares to be issued pursuant to such options, grants or other convertible securities, such new shares when issued, to rank pari passu with the existing shares in the Company."

# Notice of Annual General Meeting

## (Cont'd)

### 6. **Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature ("Proposed Shareholders' Mandate")** Ordinary Resolution 7

"THAT, subject to compliance with all applicable laws, regulations and guidelines, approval be and is hereby given to the Company and/or its subsidiaries (collectively, "TCS Group" or "Group") to enter into Recurrent Related Party Transactions of a revenue or trading nature with related parties as set out in Section 2.2 of the Circular to Shareholders dated 28 April 2023 for the purposes of Rule 10.09, Chapter 10 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Listing Requirements"), subject to the following:

- (i) the transactions are necessary for the day-to-day operations of the Group in its ordinary course of business, and are at arm's length, on normal commercial terms which are not more favourable to the related party than those generally available to the public and not detrimental to minority shareholders of the Company;
- (ii) the mandate is subject to annual renewal. In this respect, any authority conferred by a mandate shall only continue to be in force until: -
  - a) the conclusion of the next AGM of the Company, at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;
  - b) the expiration of the period within which the next AGM of the Company after the date is required to be held pursuant to Section 340 of the 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 in a general meeting,

whichever is the earlier.
- (iii) the estimated aggregate value of the transactions conducted pursuant to the mandate during a financial year will be disclosed in the Annual Report of the Company in accordance with the Listing Requirement for the said financial year;

AND THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."

### 7. To transact any other business of the Company for which due notice shall have been given.

By order of the Board,

**Tan Tong Lang (MAICSA 7045482/ SSM PC No. 202208000250)**  
**Ang Wee Min (MAICSA 7076022/ SSM PC No. 202208000334)**  
 Company Secretaries

Kuala Lumpur  
 28 April 2023

# Notice of Annual General Meeting

## (Cont'd)

### Notes

1. Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at the virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn. Bhd. via its Vote2U online website at <https://web.vote2u.my>.
2. A member of the Company entitled to participate and vote at the 4th AGM is entitled to appoint one or more proxies to participate and vote in his/ her stead. A proxy may but need not be a member of the Company.
3. Where a member appoints more than one proxy, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.
4. Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.
5. The instrument appointing a 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 the corporation's common seal or under the hand of an officer or attorney duly authorised.
6. The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's share registrar's office at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the 4th AGM or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from participating, speaking and voting at the 4th AGM using the RPV Facilities should you subsequently wish to do so.
7. For the purpose of determining a member who shall be entitled to participate in the 4th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 31 May 2023. Only members whose name appears on the Record of Depositors as at 31 May 2023 shall be entitled to participate in the said meeting or appoint proxies to participate and/or vote on his/her behalf.
8. The resolutions set out in this Notice of Meeting will be put to vote by poll.



# Notice of Annual General Meeting

## (Cont'd)

### EXPLANATORY NOTES

#### Item 1 of the Agenda: Audited Financial Statements for the financial year ended 31 December 2022

This Agenda is meant for discussion only as Section 340(1) of the Companies Act, 2016 provide that the audited financial statements are to be laid in the general meeting and do not require a formal approval of the shareholders. Hence, it is not put forward for voting.

#### Ordinary Resolution 1 and 3 : Re-election of Directors

The following Directors are standing for re-election as Directors of the Company pursuant to the Company's Constitution at the 4th AGM of the Company and are being eligible have offered themselves for re-election in accordance with the Company's Constitution:

- (a) Tan Sri Dato' Sri Izzuddin Bin Dali (Clause 105(1))
- (b) Dato' Ir. Tee Chai Seng (Clause 105(1))
- (b) Sharon Chew Mun Hoong (Clause 113)

(collectively referred to as "Retiring Directors")

The Board of Directors, through the Nomination Committee, has deliberated on the suitability of the Retiring Directors to be re-elected as Directors. Upon deliberation, the Board (except for the respective Director concerned) collectively agreed that the Retiring Directors meet the criteria of character, experience, integrity, competence and time commitment to effectively discharge their respective roles as Directors of the Company and recommended the Retiring Directors be re-elected as the Directors of the Company.

#### Ordinary Resolution 6: Authority to Directors to Allot and Issue Shares

The Proposed Ordinary Resolution 6, if passed, is a renewal of General Mandate to empower the Directors to issue and allot shares up to an amount not exceeding 10% of the issued share capital of the Company for the time being for such purposes as the Directors consider would be in the best interest of the Company. This authority, unless revoked or varied by the Company at a General Meeting, will expire at the next Annual General Meeting.

The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s) workings capital and/or acquisitions.

The general mandate granted to the Directors at the 3rd AGM held on 8 June 2022 was not utilized and accordingly no proceeds were raised.

Pursuant to Section 85 of the Companies Act 2016 read together with Clause 61 of the Constitution of the Company, shareholders have pre-emptive rights to be offered any new shares in the Company which rank equally to the existing issued shares in the Company or other convertible securities.

Section 85(1) of the Companies Act 2016 provides as follows:

"85. Pre-emptive rights to new shares

- (1) Subject to the constitution, where a company issue shares which rank equally to existing shares as to voting or distribution rights, those shares shall first be offered to the holders of existing shares in a manner which would, if the offer were accepted, maintain the relative voting and distribution rights of those shareholders."

# Notice of Annual General Meeting

## (Cont'd)

Clause 61 of the Constitution of the Company provides as follows:

“61. Subject to any direction to the contrary that may be given by the Company in general meeting, all new shares or other convertible Securities shall, before they are issued, be offered to such persons as at the date of the offer are entitled to receive notices from the Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares or Securities to which they are entitled. The offer shall be made by notice specifying the number of shares or Securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or Securities offered, the Directors may dispose of those shares or Securities in such manner as they think most beneficial to the Company. The Directors may, likewise, also dispose of any new shares or Securities which (by reason of the ratio which the new shares or Securities bear to shares or Securities held by persons entitled to an offer of new shares or Securities) cannot, in the opinion of the Directors, be conveniently offered under this Clause.”

The proposed Ordinary Resolution, if passed, will exclude your pre-emptive right to be offered new shares and/or convertible securities to be issued by the Company pursuant to the said Ordinary Resolution.

### **Ordinary Resolution 7: Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature**

The Ordinary Resolution 7, if passed, will enable the Company and/or its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the day-to-day operations of the Company and/or its subsidiaries, subject to the transactions being carried out in the ordinary course of business of the Company and/or its subsidiaries and on normal commercial terms which are generally available to the public and not detrimental to the minority shareholders of the Company. This authority, unless revoked or varied by the Company at a general meeting, will expire at the next annual general meeting of the Company.

### Statement Accompanying Notice of Annual General Meeting

Pursuant to Rule 8.29(2) of the ACE Market Listing Requirements of Bursa Securities:-

1. Details of individual who are standing for election as Directors (excluding Directors for re-election).  
No individual is seeking election as a Director at the 4th AGM of the Company.
2. General mandate for issue of securities in accordance with Rule 6.04 of the Listing Requirements of Bursa Securities. The details of the proposed authority for Directors of the Company to issue shares in the Company pursuant to Sections 75 and 76 of the Companies Act 2016 is set out under Explanatory Notes.

NO. OF SHARES HELD	CDS ACCOUNT NO.

## FORM OF PROXY

(Before completing this form please refer to the notes below)

I / We (Full Name in Block Letters) \_\_\_\_\_

NRIC No. / Passport No. / Company No. \_\_\_\_\_ of \_\_\_\_\_ \*Tel no: \_\_\_\_\_

\*email address: \_\_\_\_\_ being a member / members of TCS GROUP HOLDINGS BERHAD

(Registration No. 201901004613 (1313940-W)), hereby appoint \_\_\_\_\_

NRIC No. / Passport \_\_\_\_\_ of \_\_\_\_\_ \*Tel no: \_\_\_\_\_

\*email address: \_\_\_\_\_ and/or \_\_\_\_\_ of \_\_\_\_\_

NRIC No. / Passport No. \_\_\_\_\_ \*Tel no: \_\_\_\_\_ \*email address: \_\_\_\_\_

(\*You are required to fill in the contact no. and email address in order to participate the Annual General Meeting ("AGM") of our Company, otherwise we are unable to register you as the participant of the meeting.)

or failing him/her, the Chairman of the Meeting as \*my/our proxy to attend and vote for \*me/us and on my/our behalf at the 4<sup>th</sup> AGM of the Company to be held and conducted by way of Virtual Meeting entirely through live streaming via a Remote Participating and Voting ("RPV") facilities from the broadcast venue at Boardroom, No 1 & 3, Bangunan TCS, Jalan SP 1/1, Bandar Saujana Putra, 42610, Jenjarom, Selangor Darul Ehsan, on Thursday, 8 June 2023 at 10.00 a.m. and at any adjournment thereof in the manner as indicate below:

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution 1 To re-elect Tan Sri Dato' Sri Izzuddin Bin Dali who is retiring pursuant to Clause 105(1) of the Company's Constitution		
Ordinary Resolution 2 To re-elect Dato' Ir. Tee Chai Seng who is retiring pursuant to Clause 105(1) of the Company's Constitution		
Ordinary Resolution 3 To re-elect Sharon Chew Mun Hoong who is retiring pursuant to Clause 113 of the Company's Constitution		
Ordinary Resolution 4 To approve the payment of Directors' fees and other benefits payable of up to RM 200,000 for the period commencing from 4th AGM up to the conclusion of the 5th AGM of the Company.		
Ordinary Resolution 5 To re-appoint Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 6 Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016		
Ordinary Resolution 7 Proposed Renewal of Existing Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature		

Please indicate with 'X' how you wish to cast your vote. In the absence of specific directions, the proxy may vote or abstain from voting on the resolutions as he/she may think fit.)

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

Signature: \_\_\_\_\_  
(If shareholder is a corporation, this form should be executed under seal)

The proportions of my/our holdings to be represented by my/our proxies are as follows: -

### First Proxy

No. of Shares: .....

Percentage: .....%

### Second Proxy

No. of Shares: .....

Percentage : .....%

### NOTES:

- Please refer to the Administrative Guide for the procedures to register, participate and vote remotely at the virtual AGM using RPV Facilities provided by Agmo Digital Solutions Sdn. Bhd. via its Vote2U online website at [https:// web.vote2u.my](https://web.vote2u.my).
- A member of the Company entitled to participate and vote at the 4th AGM is entitled to appoint one or more proxies to participate and vote in his/ her stead. A proxy may but need not be a member of the Company.
- Where a member appoints more than one proxy, the appointment shall be invalid unless he/ she specifies the proportions of his/ her shareholdings to be represented by each proxy.
- Where a member of the Company is an exempt authorised nominee defined under the Central Depositories Act which is exempted from compliance with the provision of subsection 25A(1) of the Central Depositories Act 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.
- The instrument appointing a 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 the corporation's common seal or under the hand of an officer or attorney duly authorised.
- The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority, must be deposited at the Company's share registrar's office at 11th Floor, Menara Symphony, No. 5 Jalan Prof. Khoo Kay Kim, Seksyen 13, 46200 Petaling Jaya, Selangor Darul Ehsan not less than 48 hours before the time appointed for holding the 4th AGM or any adjourned meeting, at which the person named in the instrument, proposes to vote or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll, and in default, the instrument of proxy shall not be treated as valid, PROVIDED ALWAYS that the Company may by written notice waive the prior lodgement of the above instrument appointing a proxy and the power of attorney or other authority. The lodging of the Form of Proxy shall not preclude you from participating, speaking and voting at the 4th AGM using the RPV Facilities should you subsequently wish to do so.
- For the purpose of determining a member who shall be entitled to participate in the 4th AGM, the Company shall be requesting Bursa Malaysia Depository Sdn. Bhd. to issue a General Meeting Record of Depositors as at 31 May 2023. Only members whose name appears on the Record of Depositors as at 31 May 2023 shall be entitled to participate in the said meeting or appoint proxies to participate and/or vote on his/her behalf.
- The resolutions set out in this Notice of Meeting will be put to vote by poll.

Fold this flap for sealing

Then fold here

AFFIX  
STAMP

**The Share Registrar of**  
**TCS GROUP HOLDINGS BERHAD**  
201901004613 (1313940-W)

c/o Boardroom Share Registrars Sdn Bhd.  
11<sup>th</sup> Floor, Menara Symphony  
No. 5, Jalan Prof. Khoo Kay Kim  
Seksyen 13, 46200 Petaling Jaya,  
Selangor Darul Ehsan

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**TCS Group Holdings Berhad**  
(Registration No. 201901004613 (1313940-W))

No. 1 & 3, Bangunan TCS,  
Jln SP 1/1, Bandar Saujana Putra,  
42610 Jenjarom, Selangor.

Tel: +603 5103 8888