ANNUAL REPORT
2023

GADANG HOLDINGS BERHAD
199301023376 (278114-K)

GAINING MOMENTUM
ELEVATING SUSTAINABLY

GAINING MOMENTUM
ELEVATING SUSTAINABLY

With decades of experience in the industry, Gadang is well-equipped to withstand unprecedented economic challenges. Hence, this year's cover embodies momentum as the building block of resilience. The gradual expanding circle with four (4) businesses showcased beneath, symbolises sustainable growth as we continue to increase our portfolio and elevate our strength in improving overall operational excellence.

WITH OUR WEALTH OF DIVERSE EXPERIENCE AND EXPERTISE, BACKED BY A STRONG MANAGEMENT TEAM, GADANG STANDS OUT AS A COMPETITIVE PLAYER IN EACH OF ITS BUSINESS SEGMENTS.

ENGINEERING & CONSTRUCTION

PROPERTY DEVELOPMENT

UTILITY

MECHANICAL & ELECTRICAL

CONTENTS

CORPORATE INFORMATION

CORPORATE GOVERNANCE

SUSTAINABILITY STATEMENT

FINANCIAL & OTHERS

North West Plaza, Public Realm

NOTICE OF 30TH ANNUAL GENERAL MEETING

FULLY VIRTUAL GENERAL MEETING

Wednesday, 8 November 2023

10.00 a.m.

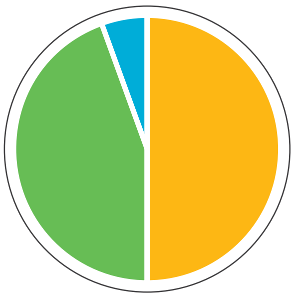
Online meeting platform via TIIH Online website at https://tiih.online provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia

2023 AT A GLANCE

FINANCIAL HIGHLIGHTS

GROUP REVENUE

RM496.1 million



50%
Construction (RM249.1 million)

45%
Property (RM220.4 million)

5%
Utility (RM26.6 million)

NET ASSETS PER SHARE

RM1.09

TOTAL ASSETS

RM1.4 billion

NET GEARING RATIO

0.01 times

BUSINESS HIGHLIGHTS

OUTSTANDING ORDER BOOK

RM1.2 billion

REMAINING GROSS DEVELOPMENT VALUE

RM2.8 billion

SUSTAINABILITY HIGHLIGHTS

GREEN BUILDING
Obtained GBI Platinum rating for Cyberjaya Hospital

GREEN ENERGY
Commenced operations in early July 2023 for mini-hydro power plant in Lintau, Indonesia

SUSTAINABLE ENVIRONMENT
Zero summons from Departmental of Environment (“DOE”)

SAFETY AND HEALTH
Zero fatality

HUMAN RIGHTS AND LABOUR PRACTICES
Zero complaint on human rights violation

AWARDS

1. MSOSH GOLD CLASS 1 AWARD – ECRL SECTION 6
2. MOSHPA GOLD AWARD – ECRL
3. SHASSIC 5 STAR – RTS Link
4. QA/QC Certificate of Appreciation – KVMRT V206
5. Safety Certificate of Appreciation – RTS Link

CORPORATE INFORMATION

ENGINEERING & CONSTRUCTION

Gadang Engineering (M) Sdn Bhd ("GESB") was established since 1980. It is a wholly-owned subsidiary of Gadang Holdings Berhad ("Gadang"). It is a registered G7 contractor with Construction Industry Development Board ("CIDB") and has also obtained Sijil Perolehan Kerja Kerajaan ("SPKK") from CIDB.

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

Over four (4) decades, GESB has successfully undertaken numerous projects from both the government and private sectors.

RTS Package 6 - Aerial view of Depot construction

CORPORATE INFORMATION

2023 HIGHLIGHTS

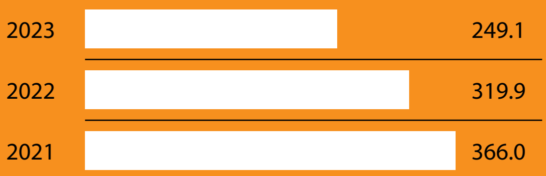
1

2

1. *TRX Tunnel SSU main building and main ventilation fan shaft & room*
2. *ECRL Section 6: Laying of sub-grade layer*

CONSTRUCTION REVENUE (RM'million) FYE 2023

RM249.1



RTS Package 6 - Aerial view of Depot construction

VISION AND MISSION

Aerial view of Kwasa Land

Tunnel Ventilation System at TRX C3

OUR VISION

TO BE THE PREFERRED LEADER IN ALL OUR CORE BUSINESSES, RECOGNISED FOR OUR HIGH STANDARDS AND COMMITMENT TO EXCELLENCE

Aerial view of Sg. Chiku bridge - Central Spine Road, Section 2B

Vicinity view on Headpond Penstock Gates, 9MW Mini-hydro Power Plant in Lintau

OUR MISSION

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

THE COMPANY, THROUGH ITS SUBSIDIARIES, ARE PRINCIPALLY INVOLVED IN ENGINEERING & CONSTRUCTION, PROPERTY DEVELOPMENT, UTILITY AND MECHANICAL & ELECTRICAL.

ENGINEERING & CONSTRUCTION

TUN RAZAK EXCHANGE PACKAGE C3

Kuala Lumpur

TUN RAZAK EXCHANGE, PACKAGE C6 (PUBLIC REALM)

Kuala Lumpur

INSTITUT PERUBATAN FORENSIK NEGARA (IPFN)

Hospital Kuala Lumpur

EAST COAST RAIL LINK (ECRL) - SECTION 6

Maran,
Pahang Darul Makmur

CENTRAL SPINE ROAD

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

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

Package 4: Bukit Chagar Station and Operation Control Centre

Package 6: Depot and Power Supply System

PROPERTY DEVELOPMENT

MAPLE RESIDENCE

Laman View, Cyberjaya

CASSIA RESIDENCE

Laman View, Cyberjaya

AKASIA

Semenyih, Selangor Darul Ehsan

THE VYNE

Sungai Besi, Kuala Lumpur

ELEGAN RESIDENSI

Taman Putra Perdana
Puchong,
Selangor Darul Ehsan

LAMAN CITRA

Gelang Patah, Johor Darul Ta'zim

UTILITY

WATER CONCESSION

PT TAMAN TIRTA SIDOARJO

Kabupaten Sidoarjo,
Jawa Timur, Indonesia

PT HANARIDA TIRTA BIRAWA

Kabupaten Sidoarjo,
Jawa Timur, Indonesia

PT DEWATA BANGUN TIRTA

Kabupaten Gresik,
Jawa Timur, Indonesia

POWER CONCESSION

PT IKHWAN MEGA POWER

9MW Mini-hydro Power Plant, Lintau, Kabupaten Tanah Datar, Sumatera Barat, Indonesia

NUSANTARA SURIAMAS SDN BHD

5.9MWa.c. Large Scale Solar Photovoltaic, Tawau, Sabah

MECHANICAL & ELECTRICAL

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

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

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

Supply and install Electrical Services of Package F02C03 MEP Beta for **EXYTE MALAYSIA SDN. BHD.**

EPCC of 5.9MWa.c. Large Scale Solar Photovoltaic (LSSPV) Tawau, Sabah for **NUSANTARA SURIAMAS SDN BHD**

Supply and install Mechanical & Electrical Services for RTS Link (Package 4 & 6) for **RAPID TRANSIT SYSTEM (RTS) BETWEEN JOHOR BAHRU AND SINGAPORE**

CORPORATE PROFILE

GADANG HOLDINGS BERHAD ("GADANG" OR "THE COMPANY") WAS INCORPORATED IN MALAYSIA ON 6 OCTOBER 1993 AS A PUBLIC LIMITED COMPANY UNDER THE NAME OF LAI SING HOLDINGS BERHAD. IT WAS LISTED ON THE SECOND BOARD OF BURSA MALAYSIA SECURITIES BERHAD ON 2 SEPTEMBER 1994 UNDER THE CONSTRUCTION SECTOR.

Vicinity view on Mini-hydro Power Plant Spillway

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

Gadang is an investment holding company while its subsidiaries are in earthworks, building and civil engineering construction works, bored pile works, hiring plant and machinery, provision of mechanical and electrical engineering services, property development, property management and maintenance, water concession, power concession, solar power concession and provision of management services. The Group has successfully commissioned the first of the two units of turbines for its 9MW mini-hydro power project at Lintau, Indonesia on 7 July 2023.

FINANCIAL CALENDAR

FOR FINANCIAL YEAR ENDED 31 MAY 2023

ANNOUNCEMENT OF QUARTERLY RESULTS

26 October 2022	First Financial Quarter ended 31 August 2022
18 January 2023	Second Financial Quarter ended 30 November 2022
26 April 2023	Third Financial Quarter ended 28 February 2023
28 July 2023	Fourth Financial Quarter ended 31 May 2023

PUBLISHED ANNUAL REPORT AND FINANCIAL STATEMENTS

26 September 2023	Notice of 30th Annual General Meeting
8 November 2023	30th Annual General Meeting

FINANCIAL HIGHLIGHTS

YEAR ENDED 31 MAY	2023 RM'000	2022 RM'000	2021 RM'000	2020 RM'000	2019 RM'000
REVENUE					
Construction	**249,084**	319,858	365,983	492,475	479,546
Property Development	**220,375**	304,903	183,138	156,136	184,919
Utility	**26,614**	27,232	25,647	24,445	23,228
Investment Holding and Others	**-**	-	-	-	-
	496,073	651,993	574,768	673,056	687,693
(LOSS)/PROFIT BEFORE TAXATION					
Construction	**(40,977)**	4,210	109	33,716	40,940
Property Development	**33,235**	69,035	27,697	36,175	39,237
Utility	**(10,316)**	6,655	7,243	4,903	7,005
Investment Holding and Others	**(9,839)**	(9,752)	(13,093)	(15,462)	(15,459)
	(27,897)	70,148	21,956	59,332	71,723
(LOSS)/PROFIT AFTER TAXATION	**(41,196)**	43,168	13,264	35,654	44,141
(LOSS)/PROFIT ATTRIBUTABLE TO SHAREHOLDERS	**(29,324)**	41,655	12,902	35,463	44,061
ISSUED SHARE CAPITAL	**389,521**	389,521	389,521	389,521	338,380
SHAREHOLDERS' FUNDS	**792,452**	825,399	782,119	777,451	733,836
TOTAL ASSETS	**1,389,173**	1,562,707	1,721,524	1,742,536	1,785,643
NET (LOSS)/EARNINGS PER SHARE (SEN)	**(4.03)**	5.72	1.77	4.89	6.66
NET ASSETS PER SHARE (RM)	**1.09**	1.13	1.07	1.07	1.11

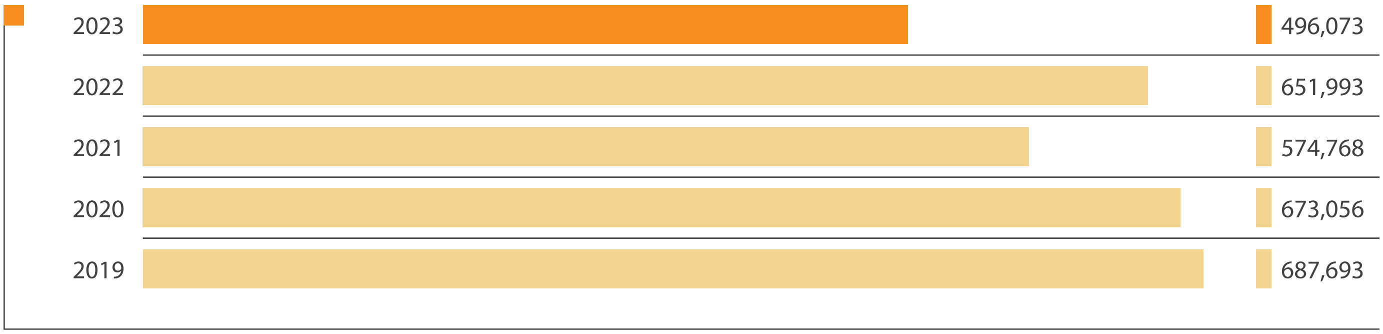
DIVISION REVENUE (RM'000) FYE 2023

RM249,084
CONSTRUCTION

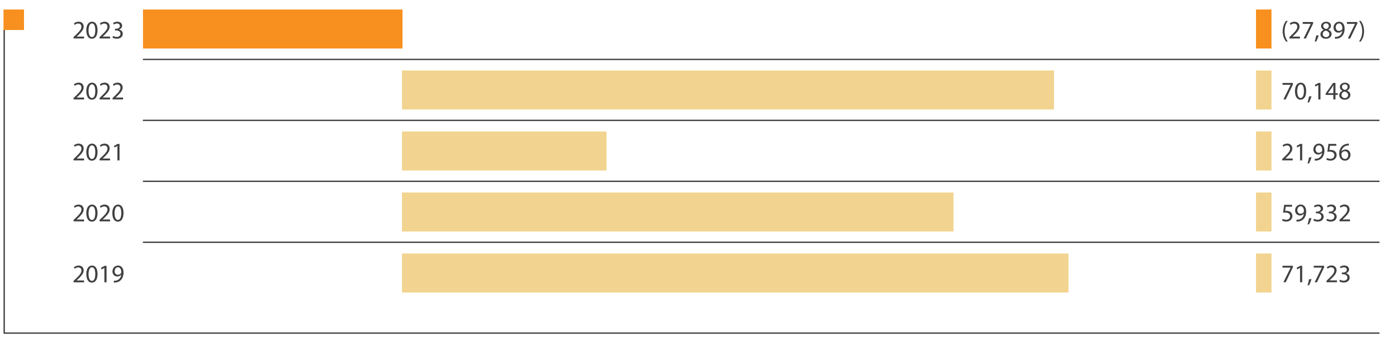
RM220,375
PROPERTY DEVELOPMENT

RM26,614
UTILITY

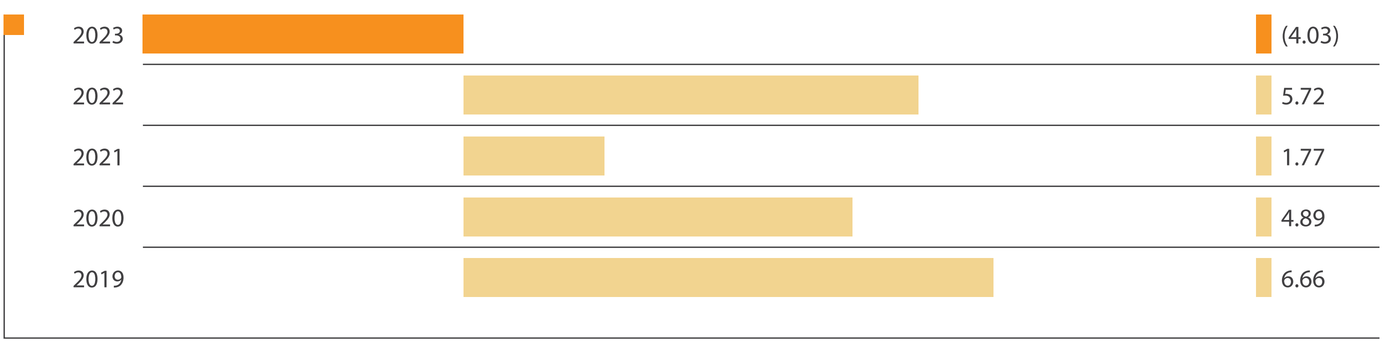
REVENUE (RM'000)



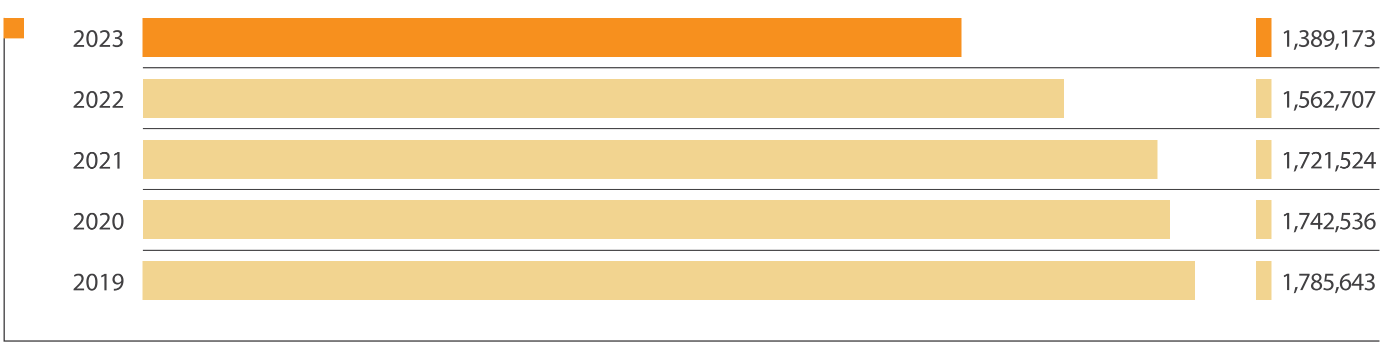
(LOSS)/PROFIT BEFORE TAXATION (RM'000)



NET (LOSS)/EARNINGS PER SHARE (SEN)



TOTAL ASSETS (RM'000)



CORPORATE STRUCTURE

GADANG

GADANG HOLDINGS BERHAD
199301023376 (278114-K)

ENGINEERING & CONSTRUCTION

- 100% Gadang Engineering (M) Sdn Bhd
  - 100% Gadang Construction Sdn Bhd
  - 100% Bincon Sdn Bhd
  - 100% Kartamo Corporation Sdn Bhd
  - 100% Katah Realty Sdn Bhd
  - 100% Era Berkat Sdn Bhd
  - 51% Gadang CRFG Consortium Sdn Bhd*
  - 60% Borneo Engineering And Construction Sdn Bhd
  - 100% Yi Sheng Foundation Pte Ltd
    - 100% Usaha Pesona Sdn Bhd
    - 51% UA Foundation Pte Ltd

UTILITY

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

PROPERTY DEVELOPMENT

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

MECHANICAL & ELECTRICAL

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

* *Joint Venture*

Dormant companies are not included here

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

2 **TAN SRI DATO' KOK ONN**
Group Managing Director

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

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

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

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

AUDIT COMMITTEE

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

NOMINATION & REMUNERATION COMMITTEE

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

BOARD RISK & SUSTAINABILITY COMMITTEE

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

SECRETARIES

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

Tan Shim Chieng
SSM PC No. 201908001548
MAICSA 7013540

REGISTERED OFFICE/PRINCIPAL PLACE OF BUSINESS

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

SHARE REGISTRAR

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

AUDITORS

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

PRINCIPAL BANKERS

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

STOCK EXCHANGE LISTING

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

PROFILE OF DIRECTORS

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

BOARD EXPERIENCE

MORE THAN 27* YEARS OF EXPERIENCE

* on average

BOARD LENGTH OF TENURE

67% BELOW 10 YEARS

33% 10 YEARS & ABOVE

BOARD COMPOSITION

33% EXECUTIVE DIRECTOR

67% NON-EXECUTIVE DIRECTOR

67% INDEPENDENT DIRECTOR

BOARD COMMITTEES

HUANG SHI CHIN ● ● ●

WONG PING ENG ● ● ●

SHERMAN LAM YUEN SUEN ● ● ●

- Audit Committee
- Nomination & Remuneration Committee
- Board Risk & Sustainability Committee

TAN SRI DATO' SERI DR MOHAMED ISMAIL BIN MERICAN

Chairman, Independent Non-Executive Director

75 years

Malaysian

Male

Date of Appointment
1 December 2016

Membership of Board Committees
Nil

Length of Service (as at 31 Aug 2023)
6 years 9 months

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

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

Other Directorship(s)

Listed Entities	Public Companies
• Nil	• Nil

Board Meeting Attendance in financial year 2023
6/6

TAN SRI DATO' KOK ONN
Group Managing Director

72 years

Malaysian

Male

Date of Appointment
- 10 March 1997 as Joint Managing Director
- 2 September 1997 as Managing Director cum Chief Executive Officer
- 1 November 2022 designated as Group Managing Director

Membership of Board Committees
Nil

Length of Service (as at 31 Aug 2023)
26 years 6 months

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

His exposure in the construction industry began in 1972 and has been involved in the industry for more than 51 years. He has gained extensive knowledge and experience in most aspects of civil and structural engineering schemes with various projects in Malaysia, China, Middle East and South Africa.

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

Other Directorship(s)

Listed Entities	Public Companies
• Nil	• Nil

Board Meeting Attendance in financial year 2023
6/6

KOK PEI LING
Executive Director, Chief Financial Officer

41 years

Malaysian

Female

Date of Appointment
2 January 2013

Membership of Board Committees
Nil

Length of Service (as at 31 Aug 2023)
10 years 8 months

Academic/Professional Qualification(s)
- Bachelor of Commerce (Finance and Management), University of Melbourne, Australia

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

Other Directorship(s)

Listed Entities	Public Companies
• Nil	• Nil

Board Meeting Attendance in financial year 2023
6/6

PROFILE OF DIRECTORS

HUANG SHI CHIN
Senior Independent Non-Executive Director

65 years

Malaysian

Male

Date of Appointment
1 August 2017

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

Length of Service (as at 31 Aug 2023)
6 years 1 month

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

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

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

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

Other Directorship(s)

Listed Entities	Public Companies
• Nil	• Nil

Board Meeting Attendance in financial year 2023
6/6

WONG PING ENG
Independent Non-Executive Director

50 years

Malaysian

Female

Date of Appointment
25 May 2022

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

Length of Service (as at 31 Aug 2023)
1 year 3 months

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

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

In July 2008, she was promoted as Vice President – Finance and Accounts to oversee the Group Finance and Accounts Division. She was subsequently promoted as Deputy Director – Finance & IT Division in July 2010 and in September 2021, she was promoted to Senior Director for Naim's Group Support Division comprising Finance & Accounts, Administration, Human Resources and Information Technology. She was appointed as an Executive Director of Naim Holdings Berhad on 29 November 2012 and on 9 January 2013, she was redesignated as the Deputy Managing Director of Naim Holdings Berhad, a position that she held until her early retirement on 1 January 2021.

Other Directorship(s)

Listed Entities	Public Companies
• CCK Consolidated Holdings Berhad	• Nil

Board Meeting Attendance in financial year 2023
6/6

SHERMAN LAM YUEN SUEN

Independent Non-Executive Director

50 years

Malaysian

Male

Date of Appointment

16 August 2021

Membership of Board Committees

- Audit Committee (Chairman)
- Nomination & Remuneration Committee
- Board Risk & Sustainability Committee

Length of Service (as at 31 Aug 2023)

2 years 1/2 month

Academic/Professional Qualification(s)

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

Working Experience

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

Since 2002, Mr Sherman has been the Managing Director of Cirrus Ventures group, a regional private equity/venture capital investments and corporate strategic consulting services firm. He has more than 25 years of broad-based senior management experience in corporate advisory, treasury management, capital markets, corporate finance and investments with financial institutions as well as corporate board experience in listed public and privately held entities in Malaysia, Singapore, Indonesia and China. He is also the Managing Partner of Sherman Lam & Co, a Chartered Accountant firm and the current Deputy Secretary of the China-ASEAN (Malaysia) Entrepreneurs Association.

Other Directorship(s)

Listed Entities	Public Companies
• Hiap Teck Venture Berhad	• Nil

Board Meeting Attendance in financial year 2023

6/6

Other Information on Directors

Save as disclosed, none of the Directors has:-

1. any family relationship with any Director and/or major shareholder of the Company, except for Tan Sri Dato' Kok Onn who is the father of Kok Pei Ling, the Executive Director and spouse of Puan Sri Datin Chan Ngan Thai, a major shareholder of the Company;
2. any conflict of interest with the Company;
3. any conviction for offences within the past five years; and
4. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2023.

PROFILE OF KEY SENIOR MANAGEMENT

DATO' CHAN AH KAM

Head of Group Legal & Contract, Gadang Holdings Berhad

70 years	Malaysian	Male

Date Appointed as Key Senior Management

15 December 1997

Academic/Professional Qualification(s)

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

Working Experience

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

KHEW CHECK KIET

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

63 years	Malaysian	Male

Date Appointed as Key Senior Management

13 June 2011

Academic/Professional Qualification(s)

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

Working Experience

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

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

SAW CHEE HOAY

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

69 years	Malaysian	Male

Date Appointed as Key Senior Management

2 August 2000

Academic/Professional Qualification(s)

- Bachelor of Science in Civil Engineering, National Taiwan University, Republic of China

Working Experience

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

He has extensive pre-contract and post-contract experience in costing and contract administration in highways, bridges, dams, power stations and also commercial and residential building construction.

PROFILE OF KEY SENIOR MANAGEMENT

YU KANG HUAI
Managing Director,
Gadang Land Sdn Bhd
(Property Division)

51 years	Malaysian	Male

Date Appointed as Key Senior Management
1 September 2020

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

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

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

LIEW SWEE KONG
Managing Director,
Datapuri Sdn Bhd
(Mechanical & Electrical Division)

51 years	Malaysian	Male

Date Appointed as Key Senior Management
1 November 2012

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

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

FOO MIENG YONG
Managing Director,
Regional Utilities Sdn Bhd
(Utility Division)

70 years	Malaysian	Male

Date Appointed as Key Senior Management
1 March 2016

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

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

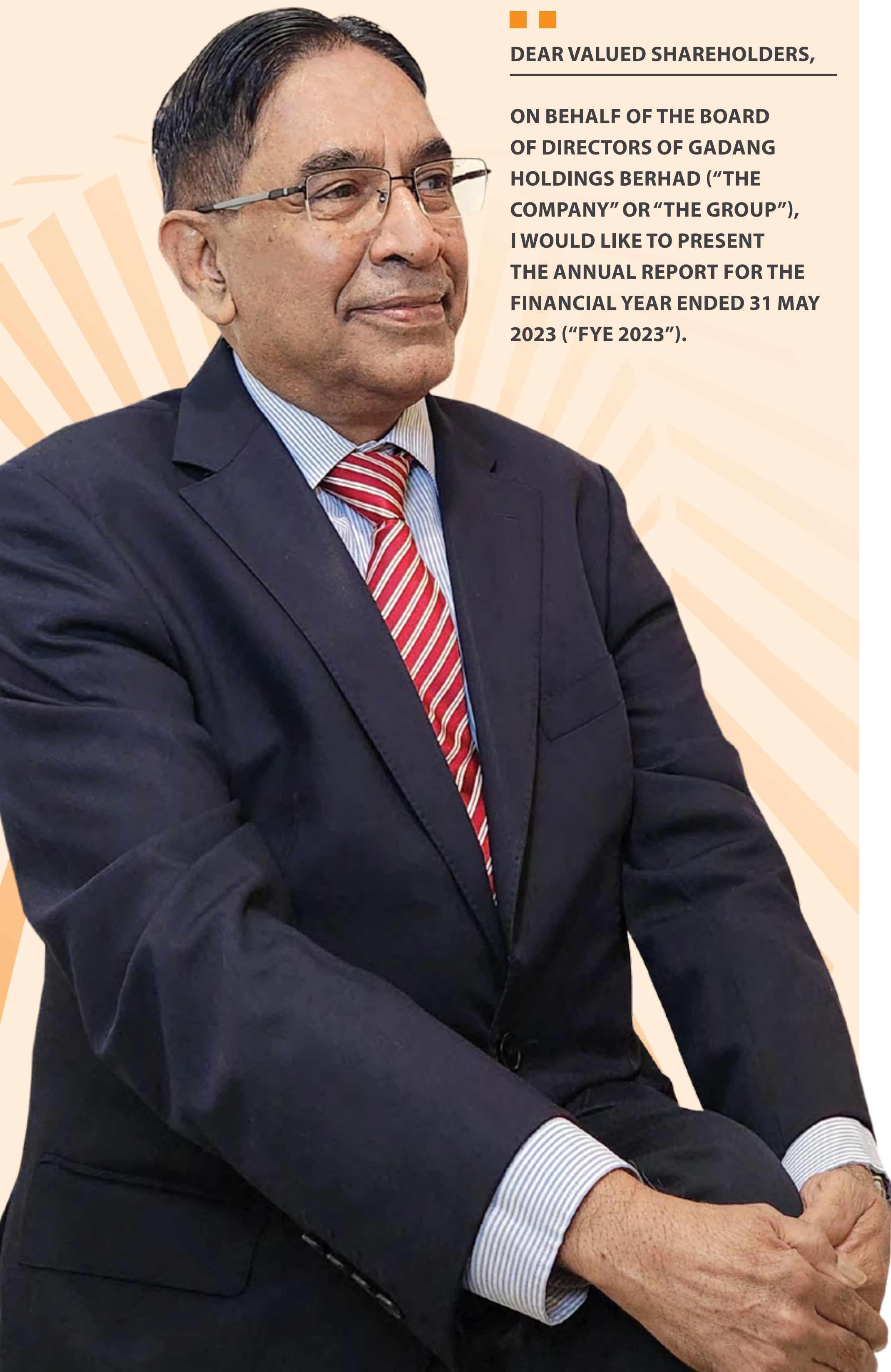
He joined Regional Utilities Sdn Bhd as Project Director from March 2009 to December 2012. In December 2012, he was appointed Executive Vice President (Power Division) in Genting Sanyen. He then joined Engineering and Environmental Consultants Sdn Bhd, a consulting firm in 2014 as Project Director in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

Other Information on Key Senior Management
Save as disclosed, none of the Key Senior Management has:-
1. any directorship in public companies and listed issuers;
2. any family relationship with any Directors and/or major shareholders of the Company, except for Liew Swee Kong who is the nephew of Tan Sri Dato' Kok Onn and cousin of Kok Pei Ling who are members of the Board of the Company;
3. any conflict of interest with the Company;
4. any conviction for offences within the past five years; and
5. any public sanction or penalty imposed by the relevant regulatory bodies during the financial year 2023.

CHAIRMAN'S STATEMENT

TAN SRI DATO' SERI DR MOHAMED ISMAIL BIN MERICAN

Chairman



DEAR VALUED SHAREHOLDERS,

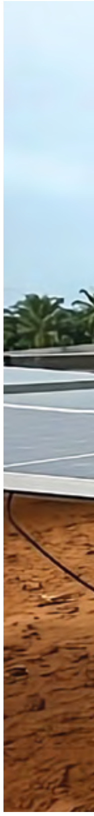
ON BEHALF OF THE BOARD OF DIRECTORS OF GADANG HOLDINGS BERHAD ("THE COMPANY" OR "THE GROUP"), I WOULD LIKE TO PRESENT THE ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED 31 MAY 2023 ("FYE 2023").

ECONOMIC LANDSCAPE

Despite the fact that Malaysia began the transition to the endemic phase of Covid-19 in April 2022, the lingering effects of the pandemic were still a significant economic disruptor well into FYE 2023. These effects, coupled with the prolonged geopolitical tensions in Ukraine and China, supply chain disruptions, tighter global monetary policies and rising global inflationary pressures had dampened global and local sentiments.

On the local front, Malaysia was also not spared from such inflationary pressures. The Malaysian government reported an inflation rate of 3.3% in FYE 2022, which was higher than the 2.5% recorded in FYE 2021. As a result, cooling measures were implemented, including the raising of the overnight policy rate ("OPR") by Bank Negara Malaysia to as high as 3.00%, a cumulative 125-basis-point hike since May 2022.

Besides the OPR hike, the operating environment was made even more challenging by global logistical and material supply issues. A combination of these factors had led to higher construction costs and delays in project progress, and ultimately, suppressed project profit margins.



FINANCIAL PERFORMANCE

In FYE 2023, the Group posted a revenue of RM496.1 million, a decrease of 23.9% compared with RM652.0 million achieved in the preceding year. The higher revenue recorded in the preceding year was primarily due to a non-recurring transaction, disposal of development lands and the completion of certain construction projects during the year.

Vicinity view on installation of mock-up solar panel, 5.9MWa.c. Large Scale Solar Photovoltaic Plant in Tawau

The Group reported a loss before tax of RM27.9 million compared with a profit before tax of RM70.1 million in the preceding year, mainly due to lower contribution from construction activities impacted by the lingering challenges caused by the Covid-19 pandemic, as well as accounting provisions on potential liabilities arising from liquidated ascertained damages ("LAD") attributable to delays in an existing project, a one-off impairment loss on goodwill in the Group's Singapore and Indonesia subsidiaries, impairment of outstanding receivables and contract assets for construction projects, and the impairment of the mini-hydro power concession in Indonesia arising from cost escalations due to construction issues, local land matters and the pandemic.

The preceding year's upside in profit was partially due to a non-recurring transaction and the disposal of development lands in that year.

Further details of the Group's financial performance are contained in the Management Discussion & Analysis section of this Annual Report.

SUSTAINABILITY

As a responsible corporate citizen, we continue to take cognisance of the importance of conducting our business in a sustainable and responsible manner, focusing on material sustainability matters under the Economic, Environmental and Social pillars.

Despite a challenging year for the construction sector, we have nevertheless persevered with our sustainability efforts and are proud to highlight that our Cyberjaya Hospital project obtained the Green Building Index ("GBI") Platinum rating in June 2023. This is the first government health facility to have achieved a GBI Platinum rating.

In response to climate change, we were in full compliance with the requirements of the Department of Environment ("DOE") during the year. Our mini-hydro power plant in Lintau, Indonesia, commenced operations in July 2023 and will generate clean and renewable energy to the local community for the next 15 years.

Recognising that employees as our most valuable asset, their well-being is uppermost in our mind. Hence, the Group takes safety and health at the workplace seriously and provides continuous training to our employees. We are proud to maintain our zero-fatality record for the past six years. Our continuous efforts in upholding and improving Safety, Health and Environment ("SHE") practices at our project sites have earned us numerous awards and accolades and they are a testament to our SHE compliance with regulations and industry standards.

With regards to human rights and labour practices, we believe that everyone has the right to be treated equally with fairness, respect and dignity at the workplace. Hence, we established a Human Rights Policy that serves as a guiding principle for the Group and its stakeholders to ensure protection of fundamental human rights. During the year, we did not receive any complaint on human rights violation.

Moving forward, in line with Bursa Malaysia's Enhanced Sustainability Reporting Framework ("ESRF") that was issued in September 2022, we will commence the tracking of waste and Scope 1 and Scope 2 emissions from our operations, with the ultimate objective of making TCFD-aligned disclosures according to the time line stipulated in the ESRF. We are committed to do our part to align with the government's Net-Zero aspiration by year 2050.

Full details of the Group's sustainability initiatives and achievements during the year are included in the Sustainability Statement contained in this Annual Report.

PROPOSED DIVIDEND

Due to the challenging business environment, the Group registered a net loss after tax attributable to owners of the Company of RM29.3 million in FYE 2023 compared with net profit after tax attributable to owners of the Company of RM41.7 million in the previous year. Whilst the Group's cash generated from operations remain positive, the Board is of the view that it would be prudent not to recommend any dividend this year.

CORPORATE AND BUSINESS DEVELOPMENTS

a) On 29 September 2022, Achwell Property Sdn Bhd ("APSB"), a wholly-owned subsidiary of the Company, served a written notice to Capital City Property Sdn Bhd ("CCPSB") to notify CCPSB that an event of default had occurred due CCPSB's failure to remedy the non-payment of Tranches 1 and 2 of the Settlement Sum amounting to RM10.0 million in aggregate, together with the late payment interest at the rate of 5% per annum (calculated on a daily basis).

   On 10 February 2023, APSB entered into a Supplementary Settlement Agreement ("SSA") with CCPSB to vary certain terms and conditions in the Settlement Agreement including revised schedule of payment for the Settlement Sum. As of to-date, CCPSB has paid Tranches 1 and 2 totalling RM10.0 million together with the late payment interest. APSB collected another RM10.0 million for Tranche 3 in July 2023.

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1. *RTS Package 4 - Aerial view of Bukit Chagar Station construction*
2. *Artist Impression of Institut Perubatan Forensik Negara (IPFN)*

b) On 29 September 2022, Gadang Engineering (M) Sdn Bhd, a wholly-owned subsidiary of the Company, had accepted a Letter of Acceptance dated 28 September 2022 from Jabatan Kerja Raya to undertake a project known as "Institut Perubatan Forensik Negara (IPFN), Hospital Kuala Lumpur (Reka dan Bina)" for a contract sum of RM188.8 million.

BUSINESS OUTLOOK

Despite the various global challenges, the Malaysian economy is projected to grow between 4.0% and 5.0% in 2023, supported by firm domestic demand. This is mainly due to the Malaysian Government's renewed focus on economic growth and its target to reduce income inequality through the revised expansionary Budget 2023, which, at RM388.1 billion, is the largest budget in the nation's history.

However, the current market landscape is fraught with uncertainties, including ongoing supply chain disruptions, labour shortages and tighter monetary policies, which many opined, may prevail for sometime. Nevertheless, we remain cautiously optimistic on our growth prospects and will continue to explore new markets to expand our revenue and client base, focus on project execution to ensure timely completion of all our on-going projects, exercise prudence in business dealings and manage operational efficiency to achieve long-term sustainable growth.

ACKNOWLEDGEMENT

The Board of Directors wishes to thank all our employees for their contribution, perseverance and hard work in the past year, in what was a very difficult time. We also wish to thank all our shareholders and stakeholders for their patience, confidence and unwavering support, during this challenging period.

We will continue to work hard to create greater value for our shareholders and stakeholders and we look forward to your continuing support and co-operation in the years ahead.

Tan Sri Dato' Seri Dr Mohamed Ismail bin Merican
Chairman

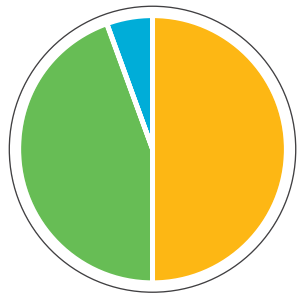
MANAGEMENT DISCUSSION & ANALYSIS

Group Earnings Performance

Revenue:
RM496.1 million
(FYE 2022: RM652.0 million)

(Loss)/Profit Before Tax:
RM(27.9) million
(FYE 2022: RM70.1 million)

Revenue Contributors by Division



50%
Construction (RM249.1 million)

45%
Property (RM220.4 million)

5%
Utility (RM26.6 million)

REVIEW OF FINANCIAL RESULTS

FINANCIAL PERFORMANCE OVERVIEW

During the year, the Group operated within a very challenging environment, impacted by market uncertainties and evolving macroeconomic conditions exacerbated by post Covid-19 pandemic. Factors such as supply chain disruptions, increased cost of operations stemming from global inflation, building material price escalation and labour shortages had severely affected productivity and cost in all our divisions; construction, property and utility.

As a result, the Group recorded a revenue of RM496.1 million and a loss before tax of RM27.9 million for FYE 2023 compared with the previous year's revenue and profit before tax of RM652.0 million and RM70.1 million respectively. The lower performance is mainly due to the following:

a) lower contribution from construction projects taking into consideration the prolongation costs to complete the projects due to Covid-19 related disruptions;
b) a one-off impairment loss on goodwill in relation to the Group's Singapore and Indonesia subsidiaries;
c) impairment of concession assets, investment in joint venture, receivables and contract assets; and
d) provision for potential liability arising from liquidated ascertained damages ("LAD") due to delays and prolongation costs to complete an existing construction project.

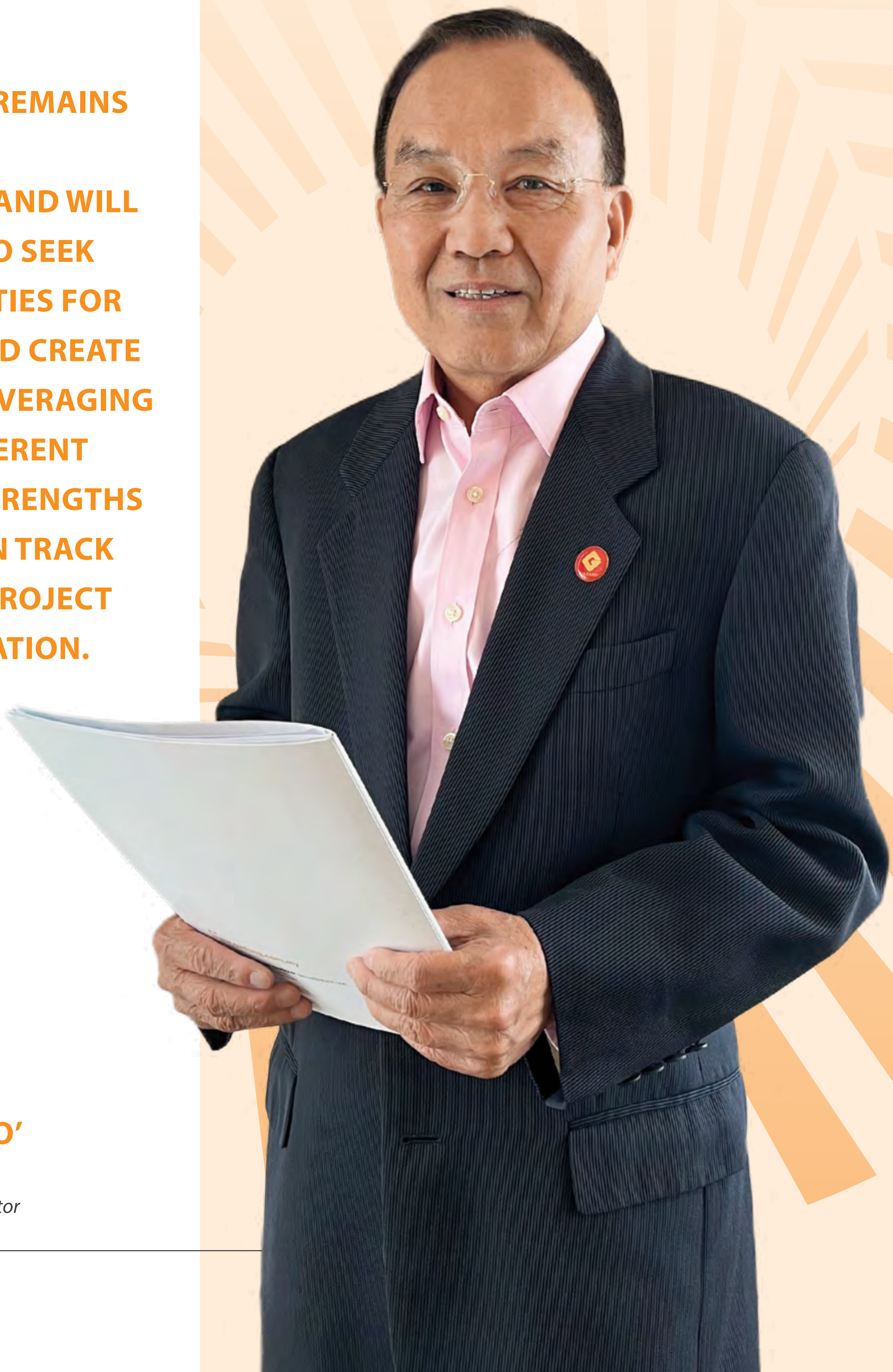
The preceding year's gain was partially due to a non-recurring transaction and the disposal of development lands, which contributed to an upside in revenue and profit for that year.

With regards to the impairments, they were made following a rigorous review by the Group over all its assets. In addition to impairments, the Group had taken a prudent stance in making provisions for LAD whilst concurrently pursuing the extension of time ("EOT") claims with the respective clients.

The Construction Division continued to be the main revenue contributor for the Group, recording a revenue of RM249.1 million (FYE 2022: RM319.9 million), a decline of 22.1% compared with the previous financial year, mainly due to the completion of major projects in the previous financial year and lower contribution from most of the newly secured projects, which were still at the initial stages of construction progress. The Division recorded a loss before tax of RM41.0 million compared with a profit before tax of RM4.2 million in the preceding year mainly due to:

a) a one-off impairment loss on goodwill of RM5.8 million in relation to a Singapore subsidiary company;
b) prolongation costs due to the extension of time in existing construction projects. In light of further prolongation in one project due to continued delays in site possession, there are on-going discussions with the client to review the balance of the contract and provision for Loss and Expenses claim to mitigate the expected increase in construction cost;
c) higher share of loss in a joint venture company due to the provision for LAD of RM3.2 million. Whilst the Group had taken a prudent stance in providing for LAD, it will continue to pursue an EOT with its client; and
d) impairment of investment in and amount owing by a joint venture company of RM3.7 million due to negative shareholders' fund as a result of the provision for LAD mentioned in (c) above.

THE GROUP REMAINS CAUTIOUSLY OPTIMISTIC AND WILL CONTINUE TO SEEK OPPORTUNITIES FOR GROWTH AND CREATE VALUE BY LEVERAGING ON OUR INHERENT BUSINESS STRENGTHS AND PROVEN TRACK RECORD IN PROJECT IMPLEMENTATION.



TAN SRI DATO' KOK ONN

Group Managing Director

The Property Division's revenue for the current year decreased to RM220.4 million (FYE 2022: RM304.9 million), while the profit before tax decreased to RM33.2 million (FYE 2022: RM69.0 million). The higher revenue and profit before tax in the preceding year were mainly attributed to the fulfillment of the conditions precedent in the settlement agreement between Achwell Property Sdn Bhd and Capital City Property Sdn Bhd, coupled with the disposal of development lands.

The Utility Division registered a loss before tax of RM10.3 million (FYE 2022: profit before tax RM6.7 million), on the back of revenue of RM26.6 million (FYE 2022: RM27.2 million). The loss before tax was mainly attributed to a one-off impairment loss on goodwill of RM4.8 million, the loss on disposal of a subsidiary in the sum of RM0.6 million and impairment of concession asset of RM9.4 million for the 9MW mini-hydro power plant in Lintau, Indonesia, in compliance with accounting standard MFRS136.

ECRL Section 6 (CH409+250 to CH409+570): Removal of soil and rock

FINANCIAL POSITION OVERVIEW

The Group's financial position remained stable in FYE 2023 as shown below:

Financial Ratio	FYE 2023	FYE 2022
Current ratio	**3.27 times**	3.26 times
Total equity	**RM787.0 million**	RM832.1 million
Net assets per share	**RM1.09**	RM1.13

Current Ratio (Current Assets/Current Liabilities)

The Group's current ratio, a yardstick that measures the state of the Group's financial liquidity, improved marginally to 3.27 times (FYE 2022: 3.26 times). The healthy current ratio indicates that the Group has adequate liquidity to meet its short-term commitments and working capital requirements.

Total Equity

Total equity dipped marginally by 5.4% to RM787.0 million on the reduction in retained earnings.

STATEMENT OF CASH FLOWS

RM'million	FYE 2023	FYE 2022
Net cash generated from operating activities	**33.7**	139.7
Net cash used in investing activities	**(18.6)**	(6.6)
Net cash used in financing activities	**(91.0)**	(86.7)

Net cash generated from operating activities

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

Net cash used in investing activities

The net investing cash outflow arose mainly from the construction of our mini-hydro power plant in Indonesia and purchase of machineries for construction projects.

Net cash used in financing activities

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

CAPITAL MANAGEMENT

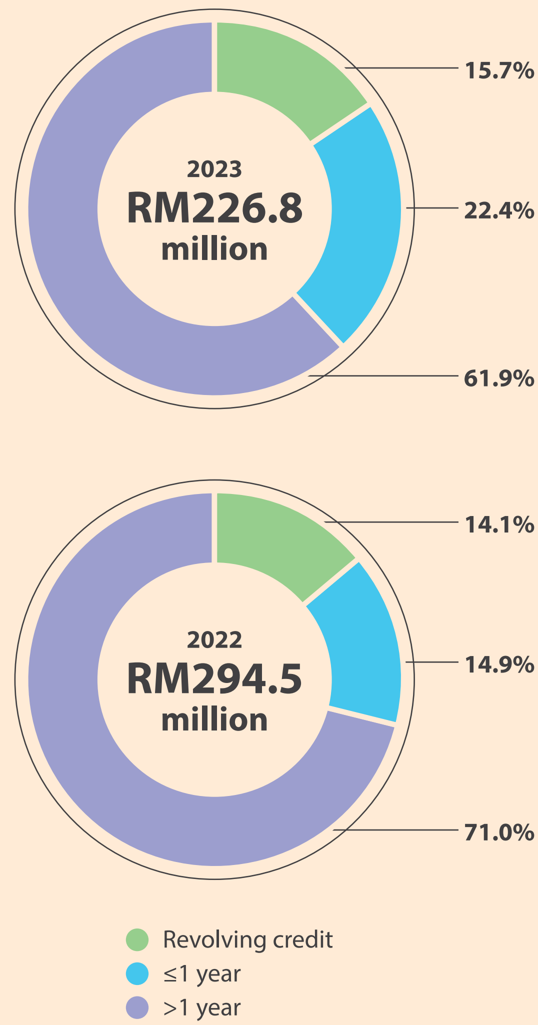
RM'million	FYE 2023	FYE 2022
Total borrowings	**226.8**	294.5
Total cash & bank balances, and investment securities	**218.4**	289.0
Net borrowings	**8.4**	5.5
Total equity	**787.0**	832.1
Net gearing ratio (times)	**0.01**	0.01

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

The Group's total borrowings decreased to RM226.8 million (FYE 2022: RM294.5 million). As a result of continued efforts, the Group's net gearing ratio at the end of FYE 2023 was maintained at 0.01 times (FYE 2022: 0.01 times). The Group continuously works towards improving the gearing level through various initiatives such as assets monetisation, disposal of the land bank which are not for immediate development, and intensifying the sales of the Group's existing inventories under the Property Division.

The debt maturity profile of the Group is managed to ensure optimal repayment spread to alleviate high cashflow requirements in any given period, as well as to reduce both concentration and refinancing risks. 61.9% of the Group's total borrowings has a maturity of more than a year, while 22.4% of the borrowings is due in less than a year. The 15.7% balance comprises borrowings under revolving credit which can be rolled over periodically.

THE GROUP'S TOTAL BORROWINGS



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

Total capital expenditure incurred in FYE 2023 was RM23.3 million, comprising mainly the construction of the mini-hydro power plant in Indonesia amounting to RM16.3 million and the acquisition of property plant and equipment, and motor vehicles amounting to RM6.8 million.

BUSINESS OPERATIONS REVIEW

Construction Division

The Construction Division successfully secured contracts amounting to approximately RM1.0 billion in FYE 2023. Among the notable projects secured were the construction of station and depot for the Rapid Transit System Link between Johor Bahru and Singapore, and the design and build of Institut Perubatan Forensik Negara (IPFN), Hospital Kuala Lumpur.

In spite of the pandemic-related challenges in the operating environment, we are pleased to advise that the Division had successfully retained the ISO 45001 and ISO 14001 certifications in FYE 2023, which are the internationally and locally recognised management system standards for occupational health, safety and environmental management systems respectively.

Moving forward, the Construction Division's outlook is supported by an outstanding order book of RM1.2 billion, providing the Group with stable earnings visibility over the next few years. The Division will be focusing on the execution and the timely completion of all on-going projects in order to improve overall cost efficiencies of its operation.

Nevertheless, the Group takes cognisant of the multiple challenges in the construction sector. The Division aims to tender for new projects from different segments to improve its order book. The Division is also looking into opportunities in East Malaysia as the Division recognises the region's potential for new construction job opportunities in the near to medium term, based on the state and national development policies as announced under Budget 2023.

In addition, the Division is cautiously optimistic on the outlook for national infrastructure projects with the expected roll-out of large-scale public infrastructure projects such as the MRT 3 and flood mitigation projects by the Government. However, project availability in the local market remains limited and project margins are expected to be influenced by highly competitive tender prices and increased cost pressures.

Property Division

The property sector was constrained by strict bank lending policies and unfavourable home buying sentiments post Covid-19. Nevertheless, the Property Division triumphed over these challenges by achieving an average of 98% take-up rate, as the properties launched comprised those in the landed residential segment which enjoyed robust demand, in good locations with excellent connectivity, and with practical layout designs.

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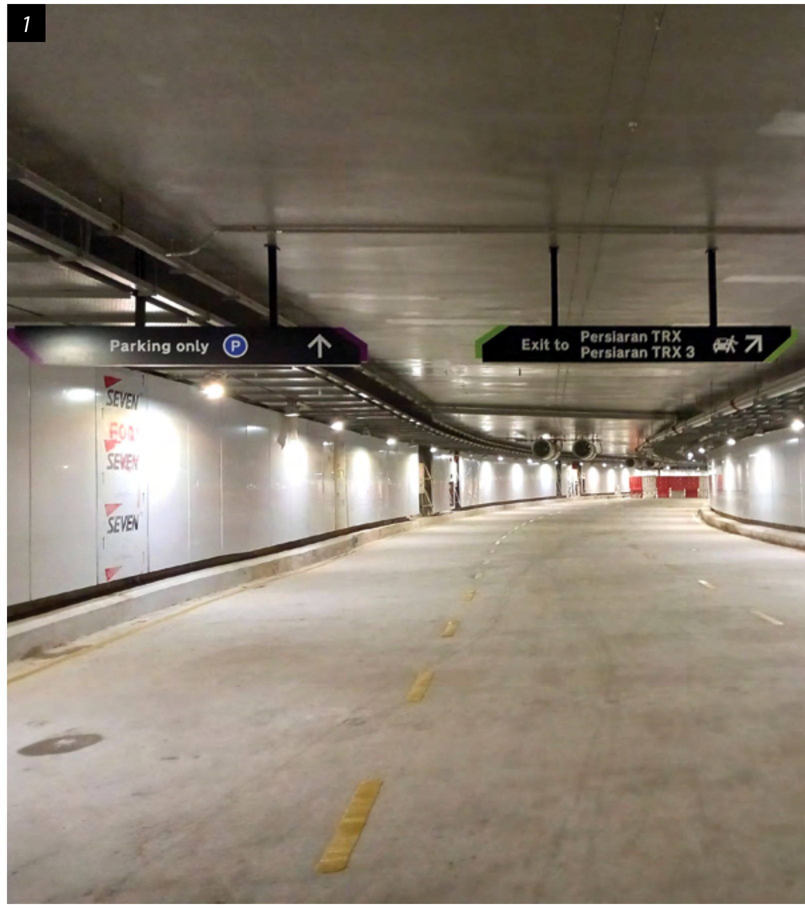
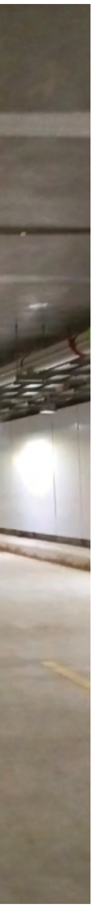


1. TRX Ingress Tunnel from Jalan Tun Razak to TRX City main land lot and car park

The Property Division's performance for FYE 2023 was mainly derived from Cyberjaya, Sungai Besi, Semenyih, Puchong and Gelang Patah property development projects.

The Division had recorded lower sales of RM203.6 million in FYE 2023 compared with RM265.0 million recorded in FYE 2022. The lower sales were mainly due to the deferment of certain scheduled project launches.

In moving forward, the Group expects the property market to grow in line with the moderately lower economic growth projected for 2023/2024 given the unpredictable external environment. Property market will continue its recovery in 2023, but its momentum is likely to taper off, owing to the strong economic headwinds that the country is likely to face in the coming year. These include the high overnight policy rate ("OPR") since May 2022, increase in construction materials and labour costs, labour shortages and overall inflationary pressures which affect the buying sentiment.



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

Leveraging on the Government's measures to revitalise the property sector through stamp duty exemptions for housing loans and/or Memorandum of Transfer ("MOT") for properties priced below RM500,000 for first time home buyers, and 75% stamp duty exemption for properties priced between RM500,000 to RM1 million, the Division will focus on affordable residential developments in FYE 2024.

With a landbank of 179 acres (estimated gross development value: RM2.8 billion), unbilled sales of RM187.9 million and improvement plans, the Division is confident that the upcoming launches will continue be well-received by homebuyers as property investment is still an effective hedge against inflation and the demand for affordably priced properties remains resilient.

The Division is also on the lookout for new landbank and, if the opportunity arises, it may consider new land acquisitions to enhance the Group's future development portfolio.

Utility Division

The Utility Division's water business operations in Indonesia continued to deliver consistent revenue in FYE 2023. As Southeast Asia's largest economy, Indonesia experienced significant industrial and infrastructure development over the past five years, leading to an increase in demand for water supply. The Group's water treatment business in Indonesia remained stable throughout the FYE 2023, as the Division was able to meet the demand for water supply.

Meanwhile, the Division successfully commissioned the first of two units of turbines for its 9MW mini-hydro power project at Lintau, Indonesia on 7 July 2023. This signaled the commencement of the Division's first renewable energy project in Indonesia.

The Division expects the second turbine unit for its 9MW mini-hydro power plant to be commissioned by the third quarter of 2023. This plant will generate stable earnings for the Group over the 15-year concession period. Another power producing project, the 5.9MWa.c. solar photovoltaic energy generating facility located in Tawau, Sabah, is currently under construction and is expected to be commissioned in the second half of 2024.

While the outlook is promising, the Division acknowledges the market's potential risks and uncertainties. We will continue to explore the water and power businesses for future growth.

OUTLOOK

The global economy is anticipated to moderate in 2023, as elevated inflation and tighter monetary policy in the past year have adversely affected consumption and investment activities. The Malaysian economy expanded moderately by 2.9% in the second quarter of 2023, with the projection of growth of 4.0% to 5.0% for the full year of 2023. Domestic demand remains the anchor of growth for the Malaysian economy while external trade is projected to moderate in line with the expected global growth.

With our plans in place, albeit operating within the uncertain economic environment, the Group remains cautiously optimistic and will continue to seek opportunities for growth and create value by leveraging on our inherent business strengths and proven track record in project implementation.

Tan Sri Dato' Kok Onn
Group Managing Director

CORPORATE GOVERNANCE

UTILITY

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

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

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

Aerial view of 9MW Mini-hydro Power Plant Headpond

CORPORA
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2023 HIGHLIGHTS

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1. *Clarifier and Rapid Sand Filters view of PT Dewata Bangun Tirta*
2. *Aerial view of 9MW Mini-hydro Power Plant Waterway and Sand Trap in Lintau*

UTILITY REVENUE (RM'million) FYE 2023

RM26.6

2023	26.6
2022	27.2
2021	25.6


Aerial view of 9MW Mini-hydro Power Plant Headpond

CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors ("**the Board**") of Gadang Holdings Berhad ("**Gadang**" or "**Company**") is committed to ensuring a high standard of corporate governance is practised throughout the Company and its subsidiaries ("**the Group**") in discharging its responsibilities with integrity, transparency, and professionalism to protect and enhance shareholders' value and the financial position of the Group.

This Corporate Governance Overview Statement outlines the corporate governance practices of the Company that are in place during the financial year ended 31 May 2023 ("**FYE 2023**") and is prepared in compliance with the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**"). Essentially, this statement takes guidance from the following three (3) key corporate governance principles as set out in the Malaysian Code on Corporate Governance 2021 ("**MCCG**"):-

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

The Company has applied all applicable Practices set out in the MCCG for the FYE 2023 except for:

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

The explanation for the departure from Practice 8.2 and the measures to be taken are provided in the Corporate Governance Report 2023 of the Company ("CG Report 2023").

This statement is to be read together with the CG Report 2023 which is available on the Company's website at www.gadang.com.my. The CG Report 2023 provides the details on how the Company has applied each Practice as set out in the MCCG during the FYE 2023.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I Board Responsibilities

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

The principal duties and responsibilities of the Board include:-

a) Reviewing and adopting strategic plans for the Group.
b) Overseeing the conduct of business and performance of the Company and its subsidiaries to ensure they are properly and appropriately managed.
c) Identifying principal risks and ensuring the implementation of appropriate internal control systems to manage the identified risks.
d) Ensuring the establishment of succession planning, including processes for recruiting senior management with high standards of integrity and competence and providing training, development and retention programmes.
e) Reviewing the adequacy and integrity of the internal control system of the Group, including systems for compliance with applicable laws, regulations, rules, directives and guidelines.
f) Overseeing the development and implementation of an effective communication policy for the Group.
g) Overseeing the Sustainability Risks and Opportunities.

To ensure effective governance, the Board confers specific powers to relevant Board Committees and delegates the day-to-day operation of the businesses to the Group Managing Director ("**Group MD**"), with support from the Management team.

The Board Committees are established to assist the Board in overseeing specific responsibility areas, each operates within defined terms of reference and provides summaries of key deliberations and decisions to the Board for monitoring. While the Board Committees may examine issues and provide recommendations, the ultimate responsibility for all matters lies with the Board.

Leadership Structure and Governance Framework

The Board has put in place a leadership structure and governance framework, as presented below, to ensure effective demarcation and discharge of duties amongst the Directors and the management team:

The Board

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

Chairman

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

Independent Non-Executive Directors

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

Senior Independent Non-Executive Director

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

Board Committees

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

Audit Committee

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

Board Risk & Sustainability Committee

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

Nomination & Remuneration Committee

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

Executive Directors

Group Managing Director

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

Chief Financial Officer

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

Management

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

Board Charter

The Board has a formalised Board Charter that outlines the roles, responsibilities, functions and authority of the Board, Board Committees, Chairman, Group MD, Independent Non-Executive Directors ("**INEDs**") and Individual Directors, ensuring they fulfil their fiduciary duties to the Group. The Charter also covers corporate governance principles and practices, board size and composition, processes for convening Board meetings, evaluation procedures and key matters reserved for the Board's decision and approval. The Board Charter is reviewed regularly to ensure it remains aligned with the Board's objectives, current law and best practices.

The Board Charter was reviewed and updated in April 2023 to be in line with the requirements and recommendations outlined in the MCCG and the MMLR of Bursa Securities. It is accessible on the Company's website at www.gadang.com.my.

Separation of the Roles of Chairman and Group MD

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

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

Senior Independent Non-Executive Director

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

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

Company Secretaries

The Board members have full access to the Company Secretaries, who are Associate Members of the Malaysian Institute of Chartered Secretaries and Administrators and are qualified to act as company secretaries under Section 235(2) of the Companies Act, 2016. The Company Secretaries are responsible for advising the Board on matters related to compliance with the Company's constitution, applicable laws, rules, procedures and regulations affecting the Group, as well as the principles of best corporate governance practices. In addition, they handle corporate secretarial matters and represent the Company, liaising with the Companies Commission of Malaysia, Bursa Securities and when necessary, its shareholders.

To facilitate Directors' planning for attendance at Board and Board Committees meetings as well as the Annual General Meeting ("**AGM**"), an annual meeting calendar with scheduled dates is prepared and confirmed in advance at the beginning of each year. The Company Secretaries consult with each director to ensure their availability before finalising the meeting dates. The Board meets at least five times a year and ad hoc meetings are also convened to deliberate on urgent substantive matters.

Timely Information

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

There were six (6) Board meetings, five (5) Audit Committee ("**AC**") meetings, four (4) Board Risk & Sustainability Committee ("**BRSC**") meetings, two (2) Nomination & Remuneration Committee ("**NRC**") meetings and one (1) general meeting held during the FYE 2023. The Board is satisfied with the level of time commitment given by the Directors toward fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board meetings and Board Committees meetings during the FYE 2023 as set out in the table below:-

Name of Directors	Board meetings	AC meetings	BRSC meetings	NRC meetings	General meeting
Tan Sri Dato' Seri Dr Mohamed Ismail bin Merican *(Chairman of the Board)*	6/6 (100%)	N/A	N/A	N/A	1/1 (100%)
Tan Sri Dato' Kok Onn	6/6 (100%)	N/A	N/A	N/A	1/1 (100%)
Kok Pei Ling	6/6 (100%)	N/A	N/A	N/A	1/1 (100%)
Huang Shi Chin	6/6 (100%)	5/5 (100%)	4/4 (100%)	2/2 (100%)	1/1 (100%)
Sherman Lam Yuen Suen	6/6 (100%)	5/5 (100%)	4/4 (100%)	2/2 (100%)	1/1 (100%)
Wong Ping Eng	6/6 (100%)	5/5 (100%)	4/4 (100%)	2/2 (100%)	1/1 (100%)

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

The Board has established a Code of Ethics and Conduct ("**Code**") for all Directors and employees of the Group, emphasising high ethical and professional standards in their roles. The Code sets out the principles and standards of business ethics and conduct.

Furthermore, the Company is committed to maintaining openness, ethics, and accountability and has implemented a Whistleblowing Policy & Procedure ("**WPP**"). The WPP provides a formal mechanism for employees, external stakeholders and the public to report possible malpractices without fear of reprisal. The Whistleblowing Committee, comprising the Chairman of Audit Committee, the Chief Financial Officer ("**CFO**") and the Head - Group Internal Audit, oversees the WPP's implementation. There were no major concerns reported to the Whistleblowing Committee in FYE 2023 and during the period from 1 June 2023 up to the last practical date before the printing of this statement.

In addition, the Company has a standalone Anti-Bribery & Corruption ("**ABC**") Policy, which applies to Directors, employees and associated persons, and strictly prohibits bribery and corruption. This policy reaffirms the Company's unwavering commitment to comply fully with the Malaysian Anti-Corruption Commission (MACC) Act 2009, the MACC (Amendment) Act 2018 and all other relevant local anti-bribery or anti-corruption laws. The ABC Policy is complementary and should be read in conjunction with the Code and WPP.

The Company believes that everyone has the right to be treated equally with fairness, respect and dignity in the workplace. Hence, in FYE 2023, we established a Human Rights Policy that serves as a guiding principle for the Group and its stakeholders to ensure the protection of fundamental human rights which covers Diversity & Inclusion, Freedom of Association, No Child Labour/No Forced Labour/No Human Trafficking, Minimum Wages, Working Hours & Benefits, Health & Safety, Women's Rights and Prohibition of Inhumane Treatment.

All four (4) policies, the Code, WPP, ABC Policy and Human Rights Policy, are available on the Company's website at www.gadang.com.my.

Sustainability

The Company is committed to sustainability, as evidenced by its well-defined priorities and targets aligned with the business plan and stakeholder value creation. Supported by a robust governance structure, the Board maintains oversight of sustainability direction and approves strategic plans, taking into account Environmental, Social and Governance ("**ESG**") aspects. The formulation of sustainability strategies, policies, and targets for the Group is entrusted to the Board Risk & Sustainability Committee ("**BRSC**").

To drive this commitment, the Risk Management & Sustainability Committee ("**RMSC**"), chaired by the Group MD, is responsible for developing and implementing sustainability strategies, seamlessly integrating sustainability risks into day-to-day operations. Regular updates on ESG aspects of the Group are provided to the Board, ensuring their awareness of ESG-related issues and achievements.

The collaborative efforts of the Sustainability Working Group, led by the CFO, extend across business divisions to ensure the effective implementation and monitoring of sustainability measures, fostering interdepartmental collaboration.

For more information on sustainability, please refer to the Sustainability Statement section in this Annual Report.

II Board Composition

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

Based on the above, the current Board complies with Paragraph 15.02 of MMLR of Bursa Securities, which requires at least one-third (1/3) of the Board to be independent directors and also meets the Practice 5.2 of the MCCG of having more than half of the Board composed of independent directors. This ensures objectivity in issues deliberated and impartiality in the decision-making process.

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

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

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

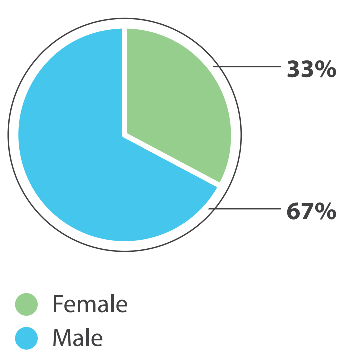
Board Diversity

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

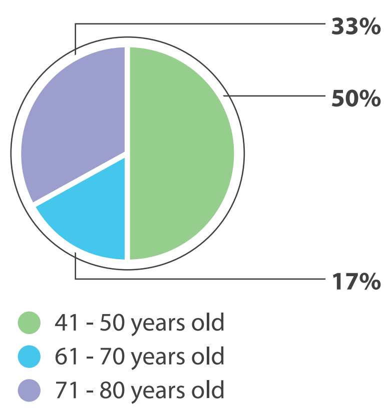
The Board currently has two (2) female Directors out of six (6) Directors. Female representation as a percentage of the full Board is 33%, which is in line with the 30% recommended under Practice 5.9 of the MCCG.

The Board composition in terms of gender, age and ethnicity is as follows:

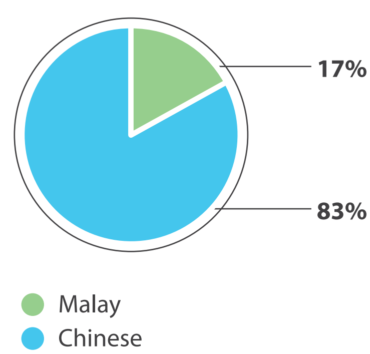
GENDER



AGE GROUP



ETHNICITY



Nomination & Remuneration Committee

The Nomination & Remuneration Committee ("**NRC**") currently comprises three (3) members, all of whom are INEDs. Mr Huang Shi Chin, the Senior Independent Non-Executive Director, is the Chairman of the NRC, and the other members are Mr Sherman Lam Yuen Suen and Ms Wong Ping Eng.

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

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

During the FYE 2023, the activities of the NRC included the following:-

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

(ii) Board Effectiveness Evaluation
- Conducted an annual assessment of the Board as a whole, the Committees and the contribution of each Individual Director.
- Conducted an annual assessment of the independence status of INEDs.
- Evaluated and determined the training needs of the Directors.

(iii) Appointment of Directors and Senior Officers
- Reviewed and made recommendations to the Board on the re-election of Directors at the 30th Annual General Meeting ("**30th AGM**").
- Considered proposals to renew the employment contract of senior officers of the Group.
- Reviewed the succession plan for the senior leadership critical positions of its subsidiaries.

(iv) Remuneration for the Group
- Reviewed the benefits and terms & conditions of employment of the Executive Directors and Senior Management.
- Reviewed the annual salary increments and bonuses of the Executive Directors and Senior Management of the Group.
- Reviewed the remuneration framework for INEDs and recommended a revision to the Director fees of the AC Chairman and SINED.

Board Appointment Process

The Company practices a rigorous process for the appointment of new Directors. The NRC is entrusted with the role of identifying, assessing and nominating candidates to fill Board vacancies and for succession planning. The search for potential INED is normally conducted through recommendations from existing Directors or external parties, including the Company's business contacts in related industries as well as utilising independent sources to fill vacant positions based on the identified search criteria under the Directors' Fit & Proper Policy, approved by the NRC.

All potential candidates are first considered by the NRC, taking into account the mix of skills, character, competencies, qualifications, experience, integrity, and time commitment to effectively discharge their roles and responsibilities. Diversity in terms of age and gender is also considered during the selection criteria. The aim is to have a Board composition with the right balance to realise the Group's strategic objectives, with fresh input and thinking while maintaining cohesiveness. The NRC then shortlists candidates for interviews to review the suitability of the candidate before recommending them to the Board for approval.

Re-election of Directors

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

The Board's support for a Director's re-election is not automatic and is subject to a satisfactory assessment of performance and contribution. In ensuring the Directors to be re-elected are fit and capable to continue their position as a Director, the NRC assesses the retiring Directors in accordance with the Directors' Fit & Proper Policy of the Company, their contribution to the Board through their skills, experience, strengths and qualities, level of independence and ability to act in the best interests of the Group in the decision-making process, and then submit its recommendation to the Board for deliberation and approval.

The Board, with the recommendations of the NRC, collectively resolved to recommend to the shareholders to vote in favour of the re-election of the following Directors who would be retiring pursuant to Clause 108 of the Company's Constitution at the 30th AGM of the Company:

a) Re-election of Tan Sri Dato' Kok Onn

b) Re-election of Mr Huang Shi Chin

Review of Directors' Independence and Tenure of Independent Non-Executive Directors

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

In 2023, all the INEDs declared themselves to be independent. The Board also assessed their independence and considered them to be independent in character and judgement.

In line with the exemplary practice recommended by the MCCG, the Company has adopted a policy that limits the tenure of its Independent Directors to nine (9) years without further extension to ensure continued effective functioning and progressive refreshing of the Board. None of the INEDs of the Company has served the Board for nine (9) years.

Annual Board Evaluation

The Board, through its NRC, conducts an annual review of the Board and Board Committees' effectiveness as well as the performance, fitness and propriety of Individual Directors. For the FYE 2023, the evaluation which was conducted internally, involved Individual Directors and Committee members completing separate evaluation questionnaires regarding the Board and the Committees processes, their effectiveness and areas for potential improvements. They also undertook a self-review and peer review, assessing their fellow Directors' performance. The results were compiled and analysed by the Company Secretaries and presented at the board meeting.

Based on the 2023 Board evaluation findings, the Board has the required mix of skill sets, experience and other core competencies to enable the Board to discharge its duties more effectively, given the challenging economic and operating environment in which the Group operates. In addition, the Board continues to review its size and composition emphasising its impact on the effective functioning of the Board.

The Board is satisfied and acknowledged that it has continued to perform effectively in discharging its responsibilities, with most areas rated in the range of "4" (Good/Competent) to "5" (Strong/Outstanding). The Board Committees have adequately fulfilled their functions and duties under their respective terms of reference. The Individual Directors have also met the fit and proper criteria and standards expected of them, with each making strong contributions, both generally and through the knowledge derived from their specialised areas of expertise, skills and experience.

Continuing Development Programme for Directors

All Directors have completed the Mandatory Accreditation Programme Part 1 (MAP Part 1) and they will attend MAP Part II to equip themselves with the necessary knowledge on sustainability matters and enhance their collective understanding in this area, as required by Bursa Securities within the stipulated timeframe. The Directors are mindful that they should receive appropriate continuous training by attending seminars and courses to keep themselves abreast of matters relating to their duties and responsibilities as Directors. The Board delegates its role to the NRC, which, in turn, assesses the training needs of the Directors.

Directors receive regular business briefings at Board meetings. These briefings provide insights into each aspect of the Group's business covering, business and financial performance, key issues, risks and growth strategies. In addition, INEDs are also encouraged to visit the Group's operations to familiarise and understand the business environment.

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

The Company Secretaries also facilitate in organising internal and external programmes, training sessions, workshops and seminars for Directors and maintain a complete record of the training received and attended by the Directors.

Below are the details of the seminars and training programmes attended by the Directors during the FYE 2023:-

Name of Director	Training Programme/Conference/Seminar
Tan Sri Dato' Seri Dr Mohamed Ismail bin Merican	• Webinar on the Audit Committee - Unpacking the roles of the Committee & honing its effectiveness in discharging its responsibilities holistically • Sustainability / ESG Awareness talk for Directors and Senior Management
Tan Sri Dato' Kok Onn	• Sustainability / ESG Awareness talk for Directors and Senior Management
Kok Pei Ling	• Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • Sustainability / ESG Awareness talk for Directors and Senior Management
Huang Shi Chin	• Advocacy Sessions for Directors and Senior Management of Main Market Listed Issuers • Sustainability / ESG Awareness talk for Directors and Senior Management
Sherman Lam Yuen Suen	• MIA International Accountants Conference 2022: Leading ESG, Charting Sustainability • CPA Australia: The Future Enterprise • CIMA: Change Management in the New Normal • CPA Australia: Rethinking Corporate Governance for the ESG World • Sustainability / ESG Awareness talk for Directors and Senior Management • CPA Australia: Strategic Finance Business Partnering: Strategic Communication and Influence (116523509) – Online • ICDM Corporate Members' Exclusive: A 60-minute Crisis Management Guide for Boards • CIMA: Disrupting the Way Businesses are Run: The Management Accountant's Role in Sustainable Finance • Distressed Restructuring & Rescue M&A webinar
Wong Ping Eng	• Webinar on the Audit Committee - Unpacking the roles of the Committee & honing its effectiveness in discharging its responsibilities holistically • Conduct of Directors and common breaches of Listing Requirements • Sustainability / ESG Awareness talk for Directors and Senior Management • MIA: Board of Director Leadership – ESG Essentials • MIA: 2023 Budget

III Remuneration of Directors and Senior Management

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

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

The NRC is responsible for overseeing the implementation of the remuneration policy and structure. It reviews and recommends matters related to the terms of employment and remuneration for Directors and Senior Management to the Board.

For the financial year 2024, the Board has approved the NRC's recommendation to increase the Director's fees of the AC Chairman and SINED, taking into consideration the level of added responsibilities of the AC Chairman and the SINED. The review of Director's fees aims to ensure that the Company can attract and retain the right Board talent as well as motivate the Directors to drive the Company's long-term objectives.

The Board collectively determines the remuneration for the INED based on the NRC's recommendation. Each INED abstains from deliberating and voting on their own remuneration.

In addition, the Company also reimburses all expenses incurred by the Directors, where relevant, in the course of carrying out their duties as Directors.

The breakdown of the detailed Directors' remuneration paid to the Directors by the Company for the FYE 2023 is disclosed in the Corporate Governance Report 2023 which is accessible to the public on Gadang's website at www.gadang.com.my.

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

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I Audit Committee

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

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

External Auditors

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

It is the policy of the AC to meet with the external auditors three (3) times a year to discuss their audit plan, audit findings and the Company's financial statements. At least two (2) of these meetings are held without the presence of the Executive Directors and Management. The AC also meets with the external auditors whenever it deems necessary. In addition, the external auditors are also invited to attend the AGM of the Company and are available to answer shareholders' questions on the conduct of the statutory audit and the preparation and content of their audit report.

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

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

II Risk Management and Internal Control Framework

The Board holds the responsibility of maintaining a robust system of risk management and internal controls to safeguard the interests of shareholders and protect the Group's assets. During the year under review, the BRSC consisting of three (3) INEDs has diligently overseen the Company's risk management framework and policies, ensuring their adequacy and effectiveness, while also closely monitoring the risk exposure.

The Group has implemented a Risk Management Policy, subject to annual review to ensure it remains relevant and up-to-date. Following this policy, Management conducts a comprehensive risk management process, which involves identifying, evaluating, managing and reporting on how significant risks are being addressed within the business. These risks are thoroughly examined through various reviews and consolidated into risk registers, which are then monitored across the entire Group. The risk register comprises details regarding the risk area, probability of occurrence, potential impact and the actions taken to mitigate risks to acceptable levels. A summarised report of the key risks is presented quarterly to the RMSC (comprising heads from each business function) and subsequently to the BRSC for review and evaluation. Thereafter, the BRSC provides a concise summary of its deliberations and decisions to the Board.

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

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

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

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

I Communication with Stakeholders

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

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

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

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

II Conduct of General Meetings

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

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

The Company conducted its 29th AGM as a fully virtual meeting through live streaming to allow easier and more efficient access to its shareholders by participating remotely from any location. All members participated in the AGM online and voted electronically using the Remote Participation and Voting ("**RPV**") facilities. The shareholders and proxies of the Company were also able to submit their questions electronically via the virtual event platform before and during the AGM.

During the virtual AGM, the CFO presented a comprehensive review of the Group's performance for the year and its business outlook. All the Directors, Senior Management and external auditors were present virtually at the AGM to provide answers and clarifications to shareholders.

The proceedings of the AGM were recorded in the minutes of the meeting and made available on the Company's website within three weeks after the meeting.

The Corporate Governance Overview Statement and the CG Report were approved by the Board on 4 September 2023.

AUDIT COMMITTEE REPORT

The Board of Directors ("**the Board**") of Gadang Holdings Berhad ("**Gadang**" or "**Company**") is pleased to present the Audit Committee ("**AC**") Report for the financial year ended 31 May 2023 ("**FYE 2023**").

A. COMPOSITION

The current Audit Committee ("**AC**") comprises the following three (3) members who are all Independent Non-Executive Directors:-

Mr Sherman Lam Yuen Suen - Chairman/Independent Non-Executive Director

Mr Huang Shi Chin - Independent Non-Executive Director

Ms Wong Ping Eng - Independent Non-Executive Director

The current composition meets the requirements of paragraph 15.09(1)(a) and (b) of the Main Market Listing Requirements ("**MMLR**") of Bursa Malaysia Securities Berhad ("**Bursa Securities**") and Practice 9.4 (Step Up) of the MCCG where the AC comprises solely of Independent Directors. None of the AC members has appointed alternate directors.

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

B. TERMS OF REFERENCE

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

C. MEETINGS AND ATTENDANCE

The AC met five (5) times during the financial year as part of its standard schedule of meetings. No supplementary meetings were necessary in the year. The details of AC members' attendance records can be found under the Corporate Governance Overview Statement on page 35 of the Company's Annual Report 2023.

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

The AC meetings were always attended by the Chief Financial Officer ("**CFO**"), General Manager, Group Finance & Accounts, Senior Manager, Group Finance & Accounts, Head - Risk, Sustainability & Compliance and Head - Group Internal Audit, who provided relevant briefings to the AC. The Group Managing Director ("**Group MD**") was also invited to attend the AC meetings to facilitate direct communication and to provide clarification on audit issues and the Group's operations. Other members of Senior Management also joined the meetings for specific topics as requested. The representatives of the External Auditors attended three (3) of the AC's regular meetings and had private sessions with the AC twice in the absence of Management. The AC chairman maintained continuous engagement with Senior Management, External Auditors and Internal Auditors to stay updated on the Group's matters.

Minutes of each AC meeting were recorded and confirmed at subsequent AC meetings before being presented to the Board for notation.

D. TRAINING

For the year under review, the members of the AC have attended various trainings and the details of the trainings attended are reported under the Corporate Governance Overview Statement on page 40 of the Company's Annual Report 2023.

E. SUMMARY OF WORK

Among the five (5) meetings held during the year, the AC had two (2) separate meetings for reviewing the annual results. Four (4) meetings concentrated on internal control and internal audit related items while five (5) meetings focused on accounting and financial reporting matters.

The work performed by the AC during the FYE 2023 included:-

1. Financial Reporting

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

a) The Company's quarterly financial statements including the draft announcements pertaining thereto for the 4th quarter 2022, 1st quarter 2023, 2nd quarter 2023 and 3rd quarter 2023 were deliberated at the AC meetings held on 27 July 2022, 26 October 2022, 18 January 2023 and 26 April 2023 respectively.

b) The audited financial statements of the Company and the Group for the FYE 2022 were deliberated at the AC meeting held on 7 September 2022.

The reviews focused particularly on significant changes to accounting policies and practices, adjustments arising from the audits, compliance with relevant accounting standards and MMLR of Bursa Securities and other legal and regulatory requirements to ensure that the financial statements presented a true and fair view of the Group's financial performance.

To safeguard the integrity of the financial information, the AC considered reports from the CFO and the Divisional Heads on the scope and outcome of their quarterly review and liaised with the Internal Auditors, External Auditors and Management to keep abreast with matters affecting the Group, as and when required.

2. Annual Reporting

The AC Report, Corporate Governance Overview Statement and Statement on Risk Management and Internal Control for insertion into the Company's 2022 Annual Report were reviewed and deliberated at its meeting held on 7 September 2022 before their release to ensure that they were prepared in compliance with the relevant regulatory requirements and guidelines.

3. External Audit

a. On 27 July 2022 and 7 September 2022, the AC reviewed the findings of the External Auditors' reports for the financial year ended 31 May 2022, particularly the issues raised on impairment assessment of goodwill, concession assets and investments in subsidiaries, revenue recognition, progress billings and liquidated ascertained damages ("LAD") exposure for construction contracts, and revenue recognition for property development activities together with Management's response to their findings, including the key audit matters.

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

b. The AC had two (2) private sessions on 27 July 2022 and 7 September 2022 with the representatives of Crowe Malaysia PLT without the presence of Management to discuss all major issues arising from the audit and any other matters the External Auditors might wish to raise. No major concerns were highlighted and the External Auditors had confirmed that they received full co-operation from the Management and staff during the audit and there was also timeliness of information requested.

c. To assess the effectiveness of the External Auditors, the AC on 7 September 2022 undertook an annual assessment of the suitability and the independence of the External Auditors for the financial year ended 31 May 2022 based on the following four (4) key areas:-

i) quality of service provided;
ii) sufficiency of audit firm resources;
iii) quality of communication and interaction; and
iv) independence, objectivity and professional scepticism.

Having carried out the review described above, and having satisfied with the External Auditors remain independent and effective, the AC recommended to the Board that Crowe Malaysia PLT be reappointed for the ensuing financial year 2023.

d. To fulfil its responsibility for oversight of the external audit process, the AC on 26 April 2023 reviewed and discussed with the External Auditors, the audit plan of the Company and the Group for the FYE 2023 (covering their audit approach, the scope of work and the external auditors' fee proposal) before the commencement of the annual audit. After some deliberations, the AC approved the Audit Planning Memorandum for the FYE 2023 for implementation following the audit timeline.

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

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

	2023	
	Group RM	Company RM
Statutory audit fees	645,737	82,700
Non-audit fees	168,564	13,300
Total	**814,301**	**96,000**

The nature of the non-audit fees incurred by the Group and the Company are services rendered for reviewing risk management and internal control statement and tax services.

4. Internal Audit Function

a. On 27 July 2022, 26 October 2022, 18 January 2023 and 26 April 2023, the AC reviewed the internal audit reports presented by the Internal Auditors which encompass the results of the internal audit assessments, recommendations and proposed enhancements suggested by the Internal Auditors, the respective management personnel's responses and corrective actions taken by Management in addressing and resolving issues and ensuring that all issues were adequately addressed in a timely manner.

b. On 18 January 2023, the AC reviewed and approved the 2023 internal audit plan based on the approved 2022 to 2024 audit risk heat map to ensure adequate audit scope and coverage of the key risk areas of business operations of the Group are carried out.

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

5. Related Party Transactions

a. On 7 September 2022, the AC reviewed and deliberated on the proposed renewal of the Shareholders' Mandate in respect of recurrent related party transactions of a revenue or trading nature for the Board's approval.

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

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

F. SUMMARY OF WORK OF THE INTERNAL AUDIT FUNCTION

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

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

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

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

During the FYE 2023, the GIA undertook the following audit activities:-

(a) prepared the internal audit plan 2023, which was reviewed and approved by the AC, and updated where necessary.

(b) completed a total of seven (7) audit engagements and one (1) management request (June 2022 to May 2023) covering the following processes:

i) Business process review – Regional Utilities Sdn Bhd (Water Division) covering the following internal control framework:
- Timeliness of financial reporting.
- Completeness of payment documentation and approval.
- Completeness and compliance of human resources operations.
- Compliance with plant operations procedures and water quality management.
- Compliance with Indonesia and Gadang's anti-bribery & corruption policy.

ii) A. Business process review – Gadang Engineering Sdn Bhd's ("**GESB's**") plant and machinery covering the following audit scope:
- Completeness and compliance of plant and machinery purchases/disposals documentation and approval as per SOPP.
- Completeness of asset and maintenance.
- Optimal usage of assets & resources.

B. Business process improvement – GESB's construction materials management covering the following:
- Accountability of construction material.
- Adequate material usage processes and management.

iii) Business process review – Gadang Land Sdn Bhd's sales admin & finance operations management covering the following:
- Completeness of sales processes and 3rd party appointment management.
- Compliance with related Housing Development Act and Group Accounting Policies.
- Compliance with Gadang's anti-bribery & corruption policy.
- Adequate sales collection and billing management.

iv) Management request – Recurrent Related Party Transactions (RRPT) review covering the following:
- Policy, roles and responsibilities.
- Completeness of transaction documentation and reporting.
- Compliance with mandate.
- Completeness of tender process and management.

v) Business process improvement – GESB's (RTS [Rapid Transit System] project) construction material usage management covering the following:
- Policy, roles and responsibilities.
- Material requisition, purchasing cycle and approval matrix.
- Material management and documentation.

vi) Business process improvement – GESB's spare parts & material management – control sustainability covering the following:
- Policy, roles and responsibilities.
- Adequate spare-part inventory records and inventory movement and usage.
- Safeguarding assets and accountability.

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

viii) Internal control assessment – GESB's spare parts accountability and documentation covering the following:
- Accountability and safeguarding of assets.
- Completeness of purchasing/disposal documentation and approval.
- Completeness of documentation and management.
- Compliance with Gadang's anti-bribery & corruption policy.

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

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

A total cost of approximately RM400,000 was incurred by the Company for maintaining the internal audit function for the year under review.

The Audit Committee Report was approved by the Board on 4 September 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

INTRODUCTION

The Board of Directors ("**the Board**") is pleased to present the Statement on Risk Management and Internal Control of Gadang Holdings Berhad ("**Gadang**" or "**Company**") and its subsidiaries ("**the Group**"), comprising the Company, its subsidiary companies and joint ventures, excluding its associated company.

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

BOARD'S RESPONSIBILITY

The Board affirms its overall responsibility for maintaining a robust risk management framework and internal control system that safeguards shareholders' investments and the Group's assets. It also sets the tone at the top and fosters a culture of effective risk management and internal control.

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

The Board confirms the existence of an ongoing process to identify, analyse, evaluate, treat and monitor significant risks faced by the Group. This process has been in place for the financial year and up to the date of approval of this Statement for inclusion in the Annual Report. The Board conducts quarterly reviews of this process to ensure its alignment with the guidelines outlined in the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

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

KEY FEATURES OF RISK MANAGEMENT AND INTERNAL CONTROL

1. Risk Management

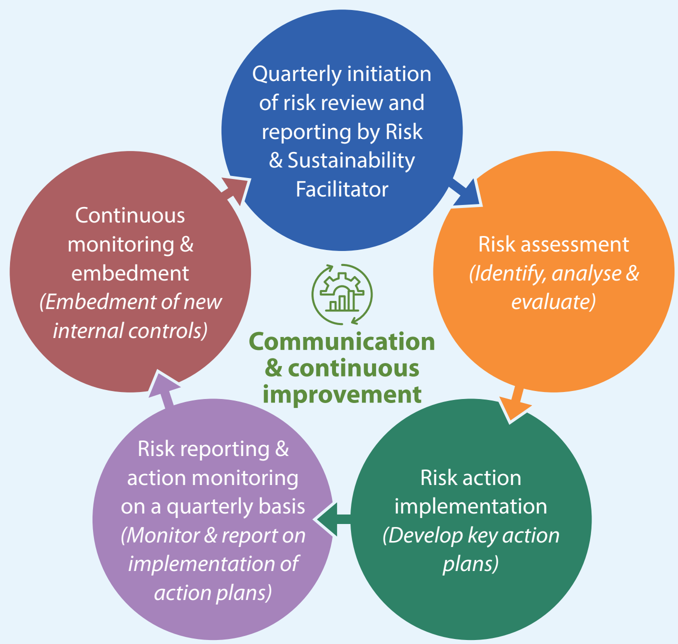
The Company's Enterprise Risk Management framework is illustrated below:

ENTERPRISE RISK MANAGEMENT FRAMEWORK

ERM Infrastructure

1. Vision/Mission/Goals
2. Governance Structure
3. Board/Management Mandate
4. ERM Policy & Procedures (ISO 31000:2018)
5. Anti-Bribery & Corruption Policy
6. Whistleblowing Policy & Procedures
7. Sustainability Reporting Framework

ERM Process



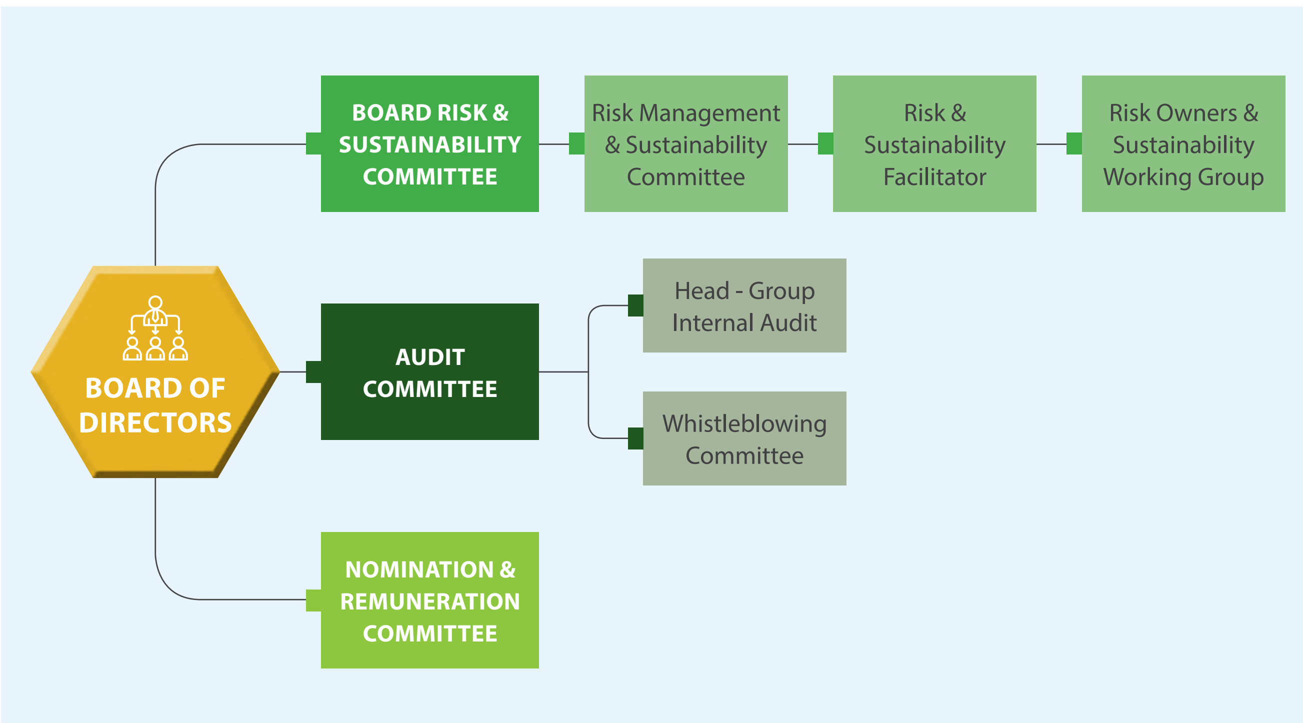
ERM Integration

1. Code of Ethics & Conduct
2. Business Planning
3. Standard Operating Policies & Procedures
4. Investment/Divestment/Joint Venture
5. Decision Making
6. Sustainability Targets
7. Performance Management
8. Internal Audit
9. ISO 9001:2015 Quality Management System
10. ISO 45001:2018 Occupational Health & Safety Management System
11. ISO 14001:2015 Environmental Management System

The Enterprise Risk Management ("**ERM**") framework is benchmarked against the ISO 31000:2018 Risk Management – Guidelines. The ERM framework is specifically designed to integrate ERM into key activities, initiatives and processes of the Group. The Board conducts an annual review of the ERM framework to ensure its effectiveness.

To ensure compliance with paragraph 15.29 of the MMLR of Bursa Securities, the Board ensures that the Group's Anti-Bribery & Corruption Policy and Whistleblowing Policy & Procedures are reviewed annually to assess their effectiveness and make necessary changes as required. These policies are integral parts of the Group's publicly available Code of Ethics & Conduct, accessible on the Group's website. At the end of the financial year, an annual corruption risk assessment is conducted to identify potential corruption risks across the Group's operations. This assessment facilitates the implementation of preventive controls and ensures their continued relevance. The results of the corruption risk assessment, along with the conflict-of-interest assessment are presented to the Board for deliberation. No significant issues or concerns were reported.

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



At the management level, the Risk Management & Sustainability Committee ("**RMSC**") is responsible for implementing the Group's risk and internal control policies and procedures. Its main objectives include identifying, analysing, evaluating, treating, monitoring and reporting risks, as well as taking appropriate remedial actions when needed. The RMSC meets quarterly to review significant risks faced by the Group and reports to the Board Risk & Sustainability Committee ("**BRSC**"), which consists of Independent Non-Executive Directors. The BRSC also meets quarterly to review significant risks and provides a summary of their discussions and decisions to the Board. The Board evaluates the adequacy and effectiveness of the risk management system.

a. Operating risk

The Group actively manages both strategic and day-to-day operational risks. Day-to-day risks encompass the supply chain, sales, project completion, health and safety, human capital and regulatory compliance. Each business unit effectively manages these risks by adhering to standard operating policies and procedures. For operational risks that affect the entire organisation, such as treasury management, transfer pricing and group sustainability, a centralised coordination approach is adopted. These risks are managed across the organisation in a coordinated manner to ensure consistency and effectiveness.

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

(i) Project completion

The progress of the Group's projects has been and continues to be impacted by various industry-wide challenges. These challenges include a shortage of skilled foreign workers, delayed raw material supply, heavy rainfall and frequent design changes. These factors have the potential to cause project implementation delays, which could adversely affect the Group's reputation and financial stability.

To address these challenges, the Group is actively fostering collaboration with contractors and suppliers while implementing effective project management practices. This includes meticulous planning and regular monitoring of project activities. In situations where unforeseen obstacles arise, such as delays in obtaining site possession or design changes, the Group has established a robust system to request an Extension of Time ("**EOT**"), supported by the submission of all necessary documentation.

(ii) Increasing cost of construction

The Group is currently facing a significant rise in construction costs, which directly impact its desired profitability. This increase can be attributed to several factors, including disruptions and shortages in the supply chain, which have led to higher prices for essential raw materials such as diesel, cement and crusher run. In addition, labour costs have increased significantly due to an increase in the minimum wage plus the increase in the salary threshold that qualifies for overtime pay. The scarcity of skilled labour has also resulted in increased wage demands from workers.

To mitigate the impact of rising construction costs, the Group can take various steps. Cultivating cordial relationships with contractors and suppliers can help in negotiating better pricing and favourable terms. In addition, exploring options such as pursuing Variation of Price ("**VOP**") and loss and expense claims from clients, as per contract provisions, can be considered. It is also important for the project team to stay informed about the price changes in crucial materials to make well informed decisions.

(iii) Regulatory compliance

The Group's businesses are governed by relevant laws and regulations, standards, licenses and concession agreements. Unfavourable changes in regulatory policies can adversely affect the business. The Group manages these regulatory risks by:

- Staying abreast of new laws and regulations through active participation in seminars, conferences and training programmes organised by the authorities or external training providers.
- Initiating and implementing appropriate policies and procedures to mitigate non-compliance risks.
- Engaging with various regulatory authorities to stay updated on the latest developments in legislations and regulatory requirements that impact the Group's businesses.

b. Cyber & Information Technology ("IT") security risk

The Group's businesses have become increasingly reliant on IT systems to manage our operations. However, this reliance also exposes us to the risk of cyberattacks and IT security breaches. The loss or corruption of data can result in significant disruptions, financial and reputational losses, as well as legal and regulatory liabilities associated with data privacy and protection. To mitigate these risks, the Group has implemented various measures to enhance its infrastructure and security. These measures include the use of firewall and antivirus software to prevent unauthorised access and malware attacks. The Group's IT Department also provides security awareness training to employees through email communications and monitors networks and systems for any unusual activity. In addition, the IT Department enforces a policy against illegal software downloads and conducts random audits to ensure compliance with IT security policies.

c. Economic/Market risk

The Construction Division is currently facing challenges in replenishing its order book due to the decreasing availability of infrastructure jobs in Malaysia. This is primarily due to the Malaysian government's fiscal constraints and its allocation of resources toward the welfare of the people and economic recovery. These factors have resulted in the ongoing supply-demand imbalances and inflation, leading to monetary policy tightening. In addition, the division faces stiff competition from local companies competing for the same projects. Moreover, there have been surges in implementation costs, which have suppressed project margins and hindered the sector's recovery efforts.

Despite having an existing order book of RM1.2 billion, the Construction Division is exploring opportunities in the private sector for projects in both Malaysia and Singapore. The division aims to augment its order book by maintaining trust with existing customers, attracting new customers through successful project track records and improving operational efficiency. Periodic reviews of the Group's cost structure via the Executive Committee ("**EXCO**") are conducted to enhance operational effectiveness.

Meanwhile, weakened economic performance in Malaysia and the property markets as a whole have resulted in reduced income generation and spending power. As a result, property sales have slowed down, leading to an increase in property overhang. To address these challenges, the Property Division has implemented strategies focusing on pricing and location to ensure successful property launches. This is particularly important given the increase in interest rates, which has further affected purchasers' sentiment.

Currently, the Property Division has unbilled sales of RM187.9 million, which will generate revenue and earnings over the next two years. To prioritise more resilient demand, the division plans to focus on landed properties and affordable housing. In addition, the division carries out regular review of product pricing to align with market demand.

d. Sustainability

Sustainability risk refers to environmental, social or governance events or issues that could potentially have a negative impact on the Group's operations, reputation and cost of doing business. The Group has a sustainability governance structure in place, as described in the Sustainability Statement, along with details regarding the Economic, Environmental and Social sustainability risks and rewards on page 60.

e. Liquidity

The Group has financial obligations that involve large or periodic payments, including project financing repayments, joint venture land milestone payments, landbank acquisition installments and ongoing construction project funding. Inadequate cash flow leading to delays in making these payments can result in liquidity constraints, particularly if projects are delayed or if there is a poor take up rate of property launches. The Group strengthens its treasury function by monitoring the Group's cash flow requirements and ensuring adequate financial facilities to support the Group's current and future needs. The Group also maintains engagement with key bankers to explore funding opportunities and regularly monitors financial covenants and gearing levels to ensure they remain within acceptable limits.

2. Internal Control

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

a. Organisation structure and limits of authority

The Group maintains a clearly defined organisation structure outlining the staff reporting hierarchy and has in place Authority Limit Charts. They ensure clear lines of authority and accountability throughout various levels of management, facilitating the segregation of duties and ensuring accountability. Terms of reference are in place for Board and Management Committees.

b. Management meetings

The Group Management Committee ("**GMC**") convenes bi-monthly to address and resolve key operational, corporate, financial, legal and regulatory matters. The minutes of GMC meetings are included in the papers for quarterly Board meetings. This ensures that the Board is kept informed about operational progress, issues and the corresponding mitigation plans.

c. Planning, monitoring and reporting

i. The Group has implemented an annual business plan policy, requiring all business divisions to develop their respective plans for the upcoming year. These plans are presented to the Board by the Heads of Divisions before the start of the new financial year. The Board engages in an interactive discussion on risks, challenges, and assumptions before approving the plans for execution. A comparison of the quarterly actual performance against the forecasted budget from the business plan, including explanations for the variances, is presented to the Board for review.

ii. The Key Performance Indicators ("**KPIs**") are established by the Operating Divisions based on the approved business plans. These KPIs are then cascaded down to subordinates to ensure alignment with the strategic objectives of the Group. The Head of Human Capital & Support Services tracks the progress of KPI achievement by the Heads of Divisions on a half-yearly basis and reports them to the RMSC, followed by the BRSC.

d. Policies and procedures

The Group has established and documented internal control policies and procedures to enhance financial management and operational controls. These policies and procedures serve as a comprehensive guide for employees in their daily work activities. Clear accountability and responsibility for key processes are defined within these policies and procedures. The Group's policies and procedures are regularly reviewed, at least once a year, to ensure their effectiveness and relevance. Any necessary updates are promptly made and employees are informed of any changes to maintain awareness and compliance.

e. Financial reporting

The Group has implemented robust processes and controls to ensure accurate and timely financial reporting. These processes encompass the proper recording of financial information and the generation of up-to-date financial statements and key performance results. On a quarterly basis, the Group Finance & Accounts personnel present the actual financial performance of each Operating Division against the budget to the Audit Committee ("**AC**"), providing explanations for any variances. The AC reviews and deliberates on the financial performance, which is subsequently approved by the Board. The CFO also oversees the preparation of a monthly rolling cash flow forecast for ongoing review and monitoring.

f. Whistleblowing

The Company has implemented a Whistleblowing Policy and Procedures, which is easily accessible on its website. The policy provides a framework for individuals to report any instances of suspected or known misconduct, wrongdoing or inappropriate behaviour related to corrupt practices, fraud or abuse involving the Company's resources. It ensures that appropriate channels are in place for individuals to confidentially and securely report such incidents.

3. Audits

a. Internal audit

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

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

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

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

A total cost of approximately RM400,000 was incurred by the Company for maintaining the internal audit function for the year under review.

b. External audit

The AC has reviewed and approved the annual audit planning memorandum prepared by the External Auditors for the Group's financial statements. The External Auditors, who report directly to the AC, provide limited assurance on observations that are generally limited to risk and controls related to the financial statements. This assurance is communicated through their report on deficiencies in internal control. The report also includes Management's response to the observations.

REVIEW OF ADEQUACY AND EFFECTIVENESS

The Board affirms that the Group's risk management and internal control system has operated adequately and effectively throughout the year under review and up to the date of approval of this Statement. The internal controls in place are sound and sufficient to safeguard the interests of shareholders, customers, regulators, employees and other stakeholders, as well as to protect the Group's assets.

REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

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

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

This Statement on Risk Management and Internal Control was approved by the Board on 4 September 2023.

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

The Company did not raise any funds through any corporate proposals during the financial year ended 31 May 2023 ("FYE 2023").

- **Material Contracts**

There were no material contracts other than those in the ordinary course of business entered into by the Company or its subsidiary companies involving Directors' and major shareholders' interests during FYE 2023.

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

At the last Annual General Meeting held on 9 November 2022, the Company obtained a mandate from its shareholders to allow the Company and/or its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature ("Recurrent Transactions") with related parties.

In accordance with Paragraph 10.09(2)(b) of Bursa Malaysia Securities Berhad Main Market Listing Requirements, details of the Recurrent Transactions conducted during the FYE 2023 pursuant to the said shareholders' mandate are as follows:-

Name of Related Party	Relationship	Nature of Transactions	The Company	Aggregate Value RM
Boon Builder	Boon Builder is a sole proprietorship owned by Mr Kok Khim Boon, the brother of Tan Sri Dato' Kok Onn who is the Group Managing Director and a major shareholder of Gadang.	Provision of sub-contract works	Gadang Group	6,637,783

SUSTAINABILITY STATEMENT

PROPERTY DEVELOPMENT

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

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

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

The overall view of Elegan Residensi, Phase 2 @ Taman Putra Perdana, Puchong

SUSTAIN
STATEME

2023 HIGHLIGHTS

1

2

1. *Aerial view of Akasia @ Semenyih Land, Selangor*
2. *Aerial view of Laman Citra (Phase 2) @ Gelang Patah Land, Johor*

PROPERTY DEVELOPMENT REVENUE (RM'MILLION) FYE 2023

RM220.4

2023	220.4
2022	304.9
2021	183.1

The overall view of Elegan Residensi, Phase 2 @ Taman Putra Perdana, Puchong

Gadang Holdings Berhad ("Gadang") is pleased to present its Sustainability Statement for the financial year ended 31 May 2023.

This report provides an overview of our sustainability initiatives, showcasing our efforts to create long-term value while minimising negative impacts on the environment, promoting social well-being and upholding good governance practices. We recognise the importance of responsibility, transparency and disclosure in addressing the Environmental, Social and Governance ("ESG") aspects of our operations.

Throughout the report, we provide insights into our sustainability strategy, objectives, targets and achievements. We also share our engagement with various stakeholders, our collaborative efforts and our contributions towards the United Nations Sustainable Development Goals ("UNSDG").

We believe that sustainable practices not only benefit our company but also contribute to the well-being of the communities we operate in and more importantly the preservation of our planet. By integrating sustainability into our business operations, we aim to generate positive economic, environmental and social outcomes that can sustain beyond short-term gains.

GADANG SUSTAINABILITY FRAMEWORK

OUR VISION

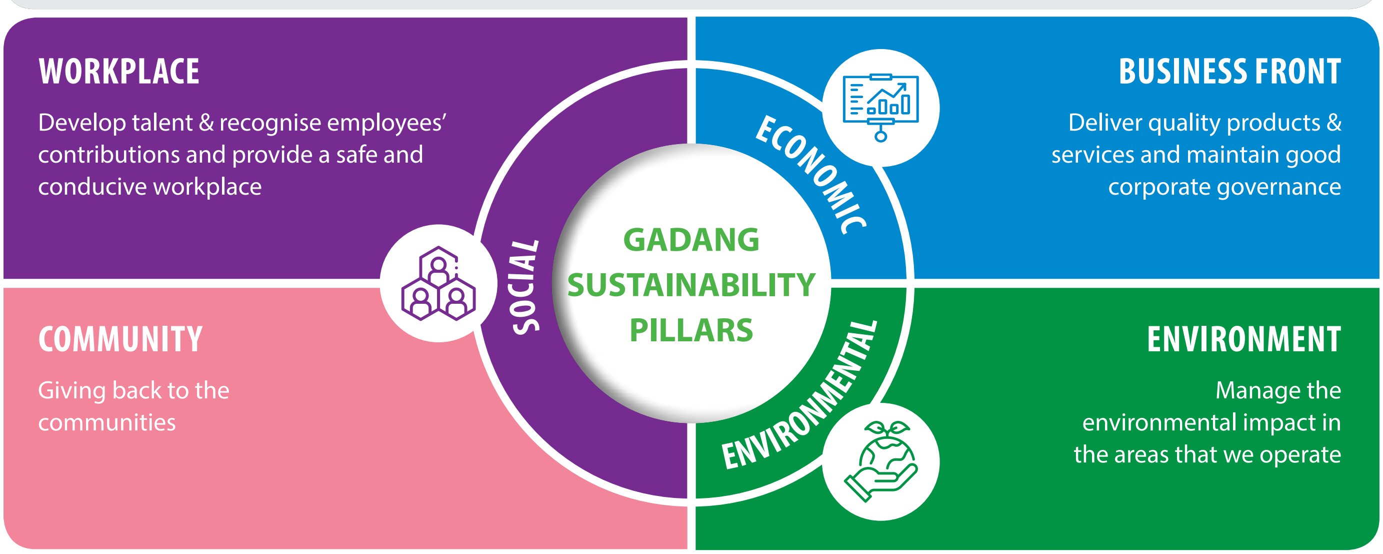
To be the preferred leader in all our core businesses, recognised for our high standards and commitment to excellence

OUR MISSION

To perpetually pursue value for all our stakeholders

To build an effective management team that emphasises on productivity and innovation

To drive a holistic approach to business management, incorporating Economic, Environment, Social and Governance considerations alongside financial ones, to support business continuity and competitiveness over the long term



In alignment to:

ECONOMIC

ENVIRONMENTAL

SOCIAL

Reporting Period

THIS STATEMENT COVERS THE GROUP'S SUSTAINABILITY MANAGEMENT AND PERFORMANCE DATA FROM 1 JUNE 2022 TO 31 MAY 2023 AND THE COMPARATIVE DATA WHERE APPLICABLE.

Reporting Cycle

Annually

Reporting Guide

- Bursa Malaysia's Main Market Listing Requirements
- Bursa Malaysia's Sustainability Reporting Guide – 3rd Edition
- United Nations Sustainable Development Goals

Feedback

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

WHERE WE OPERATE

MALAYSIA

Revenue: RM456 Million
Employees: 458
Key Location: Kuala Lumpur, Selangor, Johor, Kelantan, Pahang

SINGAPORE

Revenue: RM13 Million
Employees: 22
Key Location: Bukit Batok

INDONESIA

Revenue: RM27 Million
Employees: 95
Key Location:
Gresik, Sidoarjo - East Java,
Tanah Datar - West Sumatera

Legend:

- Engineering & Construction
- Property Development
- Utility

Total Revenue
RM496 Million

Total Employees
575

REPORTING SCOPE

The reporting scope encompasses Gadang and our active subsidiaries operating in Malaysia, Indonesia and Singapore. They are collectively referred to as the "Company" or "Group".

GADANG HOLDINGS BERHAD

ENGINEERING & CONSTRUCTION

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

Datapuri Sdn Bhd ("DSB")

KEY PROJECTS

- Rapid Transit System Link ("RTS Link")
- Institut Perubatan Forensik Negara ("IPFN")
- Bridge & Tunnelling Works for TRX City Sdn Bhd ("TRX Package C3")
- Public Realm Works at Tun Razak Exchange ("TRX Package C6")
- Central Spine Road Section 2B ("CSR2B")
- East Coast Rail Link Section 5 ("ECRL S5")
- East Coast Rail Link Section 6 ("ECRL S6")
- Cyberjaya Hospital
- Mass Rapid Transit Line 2: Package V206 ("MRT Line 2 – V206")

PROPERTY DEVELOPMENT

Mandy Corporation Sdn Bhd ("MCSB")

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

KEY PROJECTS

- Maple Residence (Phase 3B), Cyberjaya
- Cassia Residence (Phase 3C), Cyberjaya
- Elegan Residensi (Phase 2), Taman Putra Perdana, Puchong
- The Vyne (Phase 3), Sungai Besi
- Akasia (Phase 1A & 2A), Semenyih
- Laman Citra (Phase 1), Gelang Patah

UTILITY

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

KEY PRODUCTS

Water Concession
- Water Treatment Plant (Jawa Timur, Indonesia)

Power Concession
- Mini-hydro Power Plant (West Sumatera, Indonesia)

Diagram 1 – Reporting Scope

STATEMENT OF ASSURANCE

We did not seek independent assurance for this Sustainability Statement. However, moving forward, our Group Internal Audit will undertake assurance reviews of our annual Sustainability Statements.

SUSTAINABILITY GOVERNANCE

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

In line with Bursa Malaysia Securities Berhad ("Bursa Malaysia")'s enhanced sustainability reporting requirements to elevate the sustainability practices and disclosures of listed issuers, the Board established the Board Risk & Sustainability Committee ("BRSC"), supported by the Risk Management & Sustainability Committee ("RMSC") at the key management level. To enhance accountability and ownership of ESG, the Executive Directors and senior management team's performance appraisal includes Key Performance Indicators ("KPIs") for ESG elements.

The sustainability governance structure is depicted in Diagram 2 with clear lines of responsibility and accountability for each layer of the hierarchy that is involved in managing the material sustainability matters in the Company.

SUSTAINABILITY GOVERNANCE STRUCTURE

Board of Directors ("Board")

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

Board Risk & Sustainability Committee ("BRSC")

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

Risk Management & Sustainability Committee ("RMSC")

- Chaired by the Group Managing Director
- Supported by the respective Heads of Business Divisions to achieve the Group's sustainability objectives
- Accountable for the development and implementation of sustainability strategies
- Provides status updates on sustainability performance
- Reviews the sustainability statement prior to approval by the Board

Risk & Sustainability Facilitator ("RSF")

- Supports the RO & SWG

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

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

***Diagram 2** – Sustainability Governance Structure*

STAKEHOLDER ENGAGEMENT

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

Stakeholder Group	Form of Engagement	Area of Interest	Outcome
Board of Directors	• Board Meetings • Board Sub-committees Meetings • Annual General Meeting • Corporate/Company Events • Stakeholder Engagement Surveys	• Business Strategy • Financial Performance • Environmental Practices • Human Capital Management • Client Satisfaction • Occupational Health & Safety	Aligned strategic plans that maximise shareholders' value
Investors/ Shareholders	• Annual General Meeting • Investor Relation Activities • Public Announcements • Corporate Website • Annual Report	• Financial Performance • Corporate Developments • Timely & Transparent Disclosure • Business Ethics & Compliance • Sustainability Matters	Positive reputation amongst investors/shareholders
Employees	• Performance Review • Learning & Development Programme • Employee Handbook • Code of Ethics & Conduct • Sports Club Activities • Stakeholder Engagement Surveys	• Fair Employment Practices • Staff Development & Training • Occupational Health & Safety • Information Security • Anti-Bribery and Corruption • Human Rights	Improved staff engagement and satisfaction
Clients/ Customers	• Client/Customer Satisfaction Surveys • Sales & Marketing Channels • Exhibitions • Corporate Website • Stakeholder Engagement Surveys	• Product Quality • Design and Features • Support Services • Timely Delivery • Personal Data Protection • Sustainability Matters	Recurring business opportunities
Government/ Regulatory Authorities	• Ad Hoc Public Invitations • Site Visits • Conferences • Participation in Organised Programmes • Stakeholder Engagement Surveys	• Information Security • Compliance to Regulatory Requirements • Business Ethics & Compliance	Better understanding of Company's sustainability commitment Compliance with laws & regulations

Stakeholder Group	Form of Engagement	Area of Interest	Outcome
Contractors, Vendors, Suppliers	• Supplier/Subcontractor Evaluations • Regular Meetings • Stakeholder Engagement Surveys	• Good Governance Practices • Ethical Business Conduct • Client Satisfaction • Occupational Health & Safety • Human Rights • Sustainable Procurement	Better understanding of Company's sustainability commitment
Business Partners	• On-going Communication & Visits	• Collaboration & Market Synergy • Ethical Business Conduct • Occupational Health & Safety • Staff Development & Training	Recurring business opportunities
Media/Analyst	• Press Conferences • Media Releases/Interviews • Ad Hoc Meetings	• Timely & Transparent Disclosure • Environmental Practices	Better understanding of Company's financial & sustainability performance
Local Communities/ NGOs	• Meetings & Visits • Community Development Programmes	• Accessible & Affordable Housing • Environmental Practices • Community Development • Contribution to Society	Better social relationship

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

MATERIALITY ASSESSMENT

A materiality assessment exercise is carried out annually with our Sustainability Working Group ("SWG") from all business divisions. The exercise is to validate the relevancy of the previous year's material sustainability matters, identify new material matters, assess the materiality of those matters by benchmarking against the Company's risk matrix and to identify and prioritise stakeholders. Our structured materiality assessment process is detailed in Diagram 3.

REVIEW

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

PRIORITISE

We prioritised matters based on the significance of Gadang's ESG impacts & identified material expectations of stakeholders. Based on a structured stakeholder prioritisation exercise, we have identified our key stakeholders – with high level of influence & dependence, who were subsequently engaged to rank the list of sustainability matters & provide feedback on issues which they deemed important to our business.

INTEGRATE

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

UPDATE

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

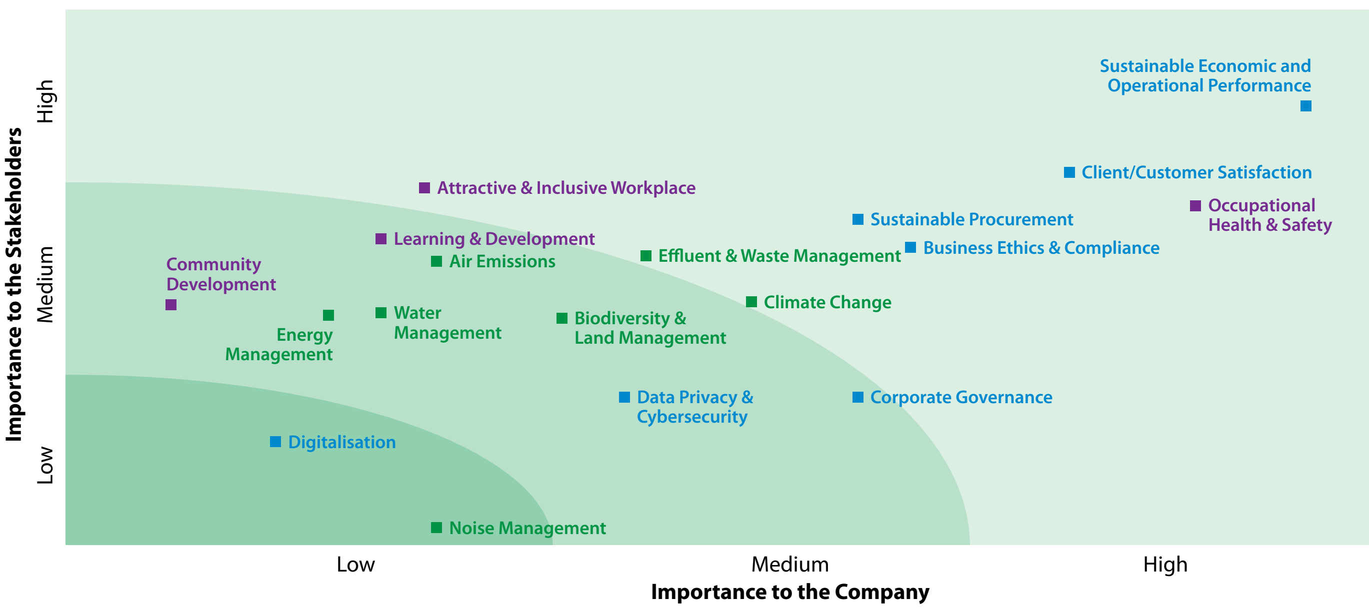
***Diagram 3** – Materiality Assessment Process*

During the materiality assessment process, we have reviewed 18 matters deemed material to us. This year, we have included an additional sustainability matter, specifically "Climate Change" in order to tackle the pressing issue of global warming.

Stakeholder engagement surveys were used to collect data from both our internal and external stakeholders. A total of 80 stakeholder engagement survey responses were received from the Board of Directors, employees, shareholders, regulatory authorities, clients, subcontractors, suppliers and business partners.

The results from the materiality assessment exercise and data collected from the stakeholder engagement surveys were used to update the materiality matrix and was presented to the RMSC for review and to the Board for approval.

MATERIALITY MATRIX



Economic
- → Sustainable Economic and Operational Performance*
- → Client/Customer Satisfaction*
- → Business Ethics & Compliance*
- → Sustainable Procurement*
- → Corporate Governance
- → Data Privacy & Cybersecurity
- → Digitalisation

Environmental
- → Effluent & Waste Management*
- → Climate Change*
- → Biodiversity & Land Management
- → Air Emissions
- → Water Management
- → Energy Management
- → Noise Management

Social
- → Occupational Health & Safety*
- → Attractive & Inclusive Workplace
- → Learning & Development
- → Community Development

* *high priority matters*

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

Compared to the previous year, we have seen an increase in our high priority matters from four (4) to seven (7). Business Ethics & Compliance, Effluent & Waste Management and Climate Change were identified as high-priority areas.

To address the importance of "Business Ethics and Compliance", we have established policies such as the Code of Ethics and Conduct, No Gift Policy, and Anti-Bribery and Corruption measures. These policies serve as guidelines for our employees, promoting ethical behaviour and fostering trust with our business partners.

In line with the global trend and Bursa's Enhanced Sustainability Reporting Framework ("ESRF"), our stakeholders emphasised the significance of Effluent & Waste Management, as well as Climate Change. To address waste and emissions, we have developed a TCFD roadmap that starts with the tracking of the waste and Scope 1 and Scope 2 emissions from our operations and manage them progressively with the goal of making TCFD-aligned disclosures as required under the ESRF.

FYE 2023 AWARDS & RECOGNITION

In FYE 2023, we have obtained the following awards & recognition; they are a testament to our safety compliance with best practice and industry standards.

1

2

1. MSOSH GOLD CLASS 1 AWARD – ECRL SECTION 6
2. MOSHPA GOLD AWARD – ECRL
3. SHASSIC 5 STAR – RTS Link
4. QA/QC Certificate of Appreciation – KVMRT V206
5. Safety Certificate of Appreciation – RTS Link

3

4

5

FYE 2023 SUSTAINABILITY TARGETS & PERFORMANCE

ECONOMIC

Category	Sustainability Targets FYE 2023	Achievement
Quality	Quality Assessment System in Construction ("QLASSIC") Average >75% score	**75.5%**
Operational Excellence	Yi Sheng Foundation Pte Ltd To upgrade construction grade from L4 to L5 which allows tender of project from SGD 6.5 Million to SGD 13 Million	**L4**
	To maintain CIDB SCORE rating - 5 Star	**4 Star**
Corporate Governance	To have 30% women directors in the Board	**33% women directors**
Anti-Corruption	100% employees trained on anti-bribery and corruption	**100% trained**
	Zero corruption incident	**Zero corruption**
ISO Standards	To renew ISO 9001:2015 Quality Management System - Datapuri (M&E Division) - Utility, DBT (Water Concession)	**ISO renewed**
Data Privacy & Cybersecurity	Zero data breaches	**Zero breaches**
	Enhancement through: - Fire wall upgrade for project site - Endpoint sanitisation screening	**Data security enhanced**
	IT audit with no major exceptions noted	
Digitisation	To increase server storage capacity in transition towards greater digitisation	**Increased server storage by 600%**
Client/Customer Satisfaction	Client/Customer satisfaction Target to achieve 75% and above	**E&C (78%)** **Utility (87%)** **Property (73%)**
Diversification	To commence operations of mini-hydro power plant in Lintau, Indonesia	**7 July 2023**

ENVIRONMENTAL

Category	Sustainability Targets FYE 2023	Achievement
Waste Management	To recycle 4000 kg of waste at Gadang HQ	**4,606 kg waste recycled**
Energy Management	Solar Renewable Energy at Gadang HQ	**95,818 kWh clean energy**
	95,818 kWh generated from solar which contributed 17.3% of energy savings amounting to RM49,000	**RM49,000 savings**
Environment Management	Zero summons from Departmental of Environment	**Zero summons**
Climate Change	Plant 1800 trees to offset carbon footprint	**1,895 trees planted**
Green Building	To achieve GBI Platinum rating for Cyberjaya Hospital	**Obtained GBI Platinum in June 2023**

SOCIAL

Category	Sustainability Targets FYE 2023	Achievement
Health and Safety	Zero fatality	**Zero fatality**
	Incident Rate < 4 per 1,000 workers	**4.52**
	Loss Time Injury Frequency Rate ("LTIFR") < 8	**1.42**
	Health and Safety: 1 environmental and 1 safety campaigns to be conducted	**3 Campaigns conducted**
Attractive & Inclusive Workplace	School aid support to employees' children. Target 150 students	**RM37,600 contributed to 188 children**
	To provide average 10 training hours per employee	**14 hours**
Community Development	Supporting at least two needy scholars for college/university education	**2 students awarded scholarship** **Contributed RM51,000**
	Supporting Corporate Social Responsibility ("CSR") activities amounting to RM100,000	**Contributed RM219,000**

BUSINESS FRONT

SUSTAINING BUSINESS PERFORMANCE

To sustain revenue and profit

Financial Performance	FYE 2023 (RM'000)	FYE 2022 (RM'000)	FYE 2021 (RM'000)
Revenue	496,073	651,993	574,768
(Loss)/Profit Before Tax	(27,897)	70,148	21,956
(Loss)/Profit After Tax	(41,196)	43,168	13,264
Shareholders' Funds	792,452	825,399	782,119
Total Assets	1,389,173	1,562,707	1,721,524
Cash and Bank Balance	218,390	289,009	286,109
Share Price (RM)	0.29	0.38	0.39
Net Assets Per Share (RM)	1.09	1.13	1.07

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

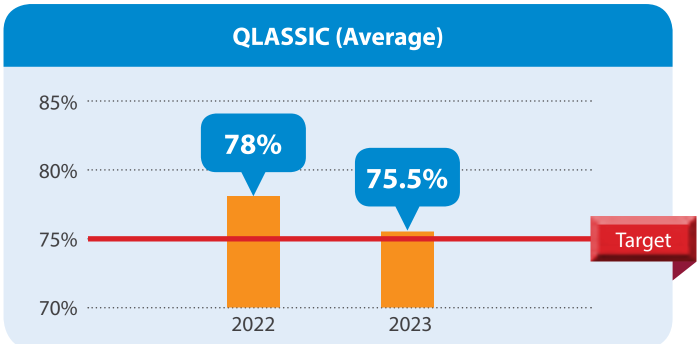
QUALITY ASSURANCE

To score above 75% for QLASSIC assessments

To maintain CIDB SCORE rating – 5 STAR

To maintain ISO certifications

Project quality and workmanship are always our top priorities. We strive to deliver high quality building and infrastructure construction.



QLASSIC (QUALITY ASSESSMENT SYSTEM IN CONSTRUCTION)

In FYE 2023, we participated in two QLASSIC assessments for our property projects, namely Maple Residence and The Vyne Phase 3. Our targeted QLASSIC score was set at a minimum of 75% and we successfully attained an average score of 75.5%.

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

ISO QUALITY STANDARDS

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

This year two of our subsidiaries, namely Datapuri and DBT, have successfully renewed their ISO 9001:2015 Quality Management System certification.


Bureau Veritas Certification

DATAPURI SDN BHD

ISO 9001:2015

PROVISION OF ELECTRICAL ENGINEERING SERVICES


Bureau Veritas Certification

PT DEWATA BANGUN TIRTA

ISO 9001:2015

PROVISION OF WATER TREATMENT

Current ISO Management System held by Gadang

GESB, DSB, YSF, Utility (TTS, HTB, DBT)	ISO 9001:2015	Quality Management System
GESB	ISO 14001:2015	Environmental Management System
GESB & YSF	ISO 45001:2018	Occupational Health & Safety Management System

CIDB SCORE RATING

We achieved our five-star SCORE rating (also known as "Penilaian Keupayaan dan Kemampuan Kontraktor") in 2019, awarded by the Construction Industry Development Board ("CIDB"). A minimum score of 85 points and 15 points for each parameter are the criteria to obtain five-star SCORE. This SCORE rating has to be renewed every two years.

This year, our CIDB assessment has dropped from a 5-star rating to 4-star as we did not score enough points for the financial parameter due to challenges faced by the construction industry vis-à-vis the Covid-19 pandemic which caused work disruptions, global supply chain interruptions leading to increase in prices of raw materials as well as a lack of foreign labour coupled with increased minimum wage introduced by the government. Whilst the construction sector remains challenging amidst a lack of projects in the market and profit margins remain thin, we are nevertheless committed to optimise our cost in order to improve our financial performance to at least maintain the 4-star rating.


SMECORP MALAYSIA CIDB MALAYSIA

Certificate of Achievement

This is to Certify that

GADANG ENGINEERING (M) SDN. BHD.

1960426-WP001223

Grade Registered : G7

has been evaluated according to the SCORE criterias set by the Board and has achieved the rating of

(4 Star)

for the year

2023

(Valid until 02/02/2025)

Ketua Eksekutif

Lembaga Pembangunan Industri Pembinaan Malaysia

SB077760

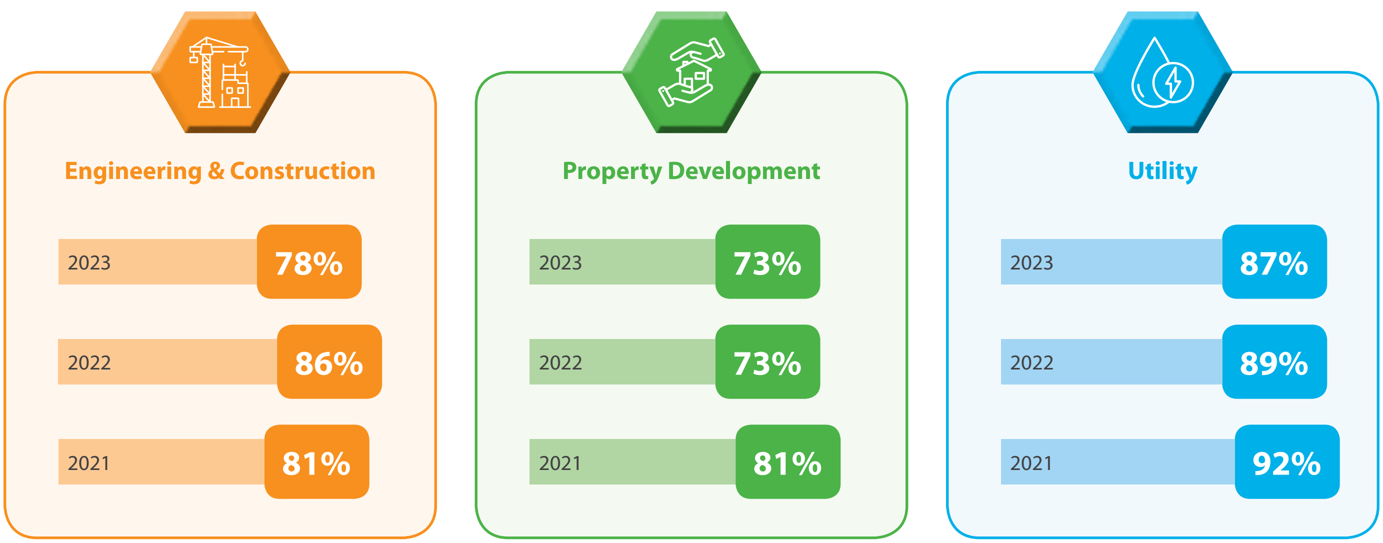
HANDLING CLIENT/CUSTOMER EXPECTATIONS

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

We engage our clients/customers frequently through meetings, incorporating feedbacks, site visits, surveys and other platforms to gauge the level of satisfaction. We are committed to be more proactive with our response when issues are raised by them.

Based on the analysis of data collected from client satisfaction surveys, Utility, Engineering & Construction projects have consistently exceeded the target of 75% for the past three years.

As for the Property division, we scored 73% which is below our target of 75%. This is due to prolonged rectification of defects caused by a general shortage of workers in the construction industry, brought about by the government's policies.



CORPORATE GOVERNANCE

To uphold ethical business conduct and corporate integrity

Sustainability Indicator	Metric	Target	2023 KPI Achievement
Anti-Corruption	Employees trained for anti-bribery & corruption	100%	**100%**
	Annual corruption risk assessment	Annually	**Achieved**
	Zero corruption incident	0	**Zero corruption**

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

Governance Policies for the Directors and Employees

1 Board Charter	2 Code of Ethics and Conduct	3 Health and Safety Policy	4 Sustainable Procurement Policy
5 Remuneration Policy of Directors and Senior Management	6 Anti-Bribery and Corruption Policy	7 No Gift Policy	8 Human Rights Policy
9 External Auditor Policy	10 Risk Management Policy	11 Sustainability Reporting Framework	12 Directors' Fit and Proper Policy
13 Business Continuity Plan	14 Whistleblowing Policy and Procedure	15 ISO Standards	16 Board Diversity Policy

Annually, we review the Standard Operating Policy and Procedures ("SOPPs") of the entire group to ensure that they remain relevant and are updated where necessary. This ensures the efficiency of performance and quality output while reducing miscommunication and failure to comply with rules and regulations.

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

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

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

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

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

We provide whistleblowing platform for our stakeholders to report unethical or unlawful matters via our whistleblowing reporting procedures which is available at www.gadang.com.my. In FYE 2023, there were no whistleblowing or corruption incident.

PROTECTING DATA PRIVACY AND ENHANCING OUR CYBERSECURITY

Protect company's data from cyberattack

To uphold Personal Data Protection Act 2010 ("PDPA") rules and regulations

Sustainability Indicator	Metric	Target	2023 KPI Achievement
Data Privacy & Security	Data breaches, complaints concerning breaches of customer data and privacy	0	**Zero data breaches**

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

- Upgraded the firewall system for project site
- Implemented endpoint sanitisation screening procedures

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

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

In FYE 2023, there were no cases of cyberattack nor data breach incident.

SUSTAINABLE PROCUREMENT

To support local suppliers and subcontractors

To prioritise suppliers and subcontractors that embeds sustainable practices within their own supply chain

Sustainability Indicator	Metric	Target	2023 KPI Achievement
Supply Chain Management	Proportion of spending on local suppliers	95%	**99%**

Sourcing of construction related materials, machinery and equipment through the local supply chains reduces environmental footprint whilst supporting local employment and local entrepreneurship.

The advantages of local procurement encompass cost reduction, shorter lead time for fulfillment of supplies and reduced environmental impact resulting from shorter logistic distance. Additionally, local procurement also generates a wide range of job opportunities and promotes the growth and development of local businesses leading to economic multiplier effects that benefit the local communities.

We strive to source our raw materials and services locally, adhering to our evaluation criteria in our procurement practices. These criteria include quality, delivery lead time, competitive pricing, credit terms, technical advice, workmanship, after-sales service, experience and material sources.

In FYE 2023, we formalised a Sustainable Procurement Policy emphasising our commitment to ESG and engaging third-parties that embed sustainability practices within their own supply chain. This initiative aims to promote ESG principles not only within our operations but the entire supply chain.

ENVIRONMENT

RESPONDING TO CLIMATE CHANGE

Minimising the Environmental Impact

Managing and reducing environmental impact is a key focus to environmental sustainability. In FYE 2023, we continued to reduce the environmental impact from our business through the following initiatives.

ENERGY MANAGEMENT

In all our operations, we have implemented energy-saving initiatives to reduce energy consumption to combat climate change.

Energy Saving Methods:
- Using energy-efficient lighting ("LED") lights and equipments
- Switching off electronics, lights and air conditioners when not in use
- Increasing air conditioner temperature to 24 degrees Celsius
- Periodic maintenance on air conditioners and equipments
- Educating staff on energy conservation

Group Energy Consumption in FYE 2023:

Engineering	Property	Utility	HQ	Total
214,435 Electricity (kWh)	412,908 Electricity (kWh)	4,527,465 Electricity (kWh)	553,929 Electricity (kWh)	5,708,737 Electricity (kWh)

SOLAR ENERGY

Our solar panel installation at Gadang HQ since March 2020 has helped reduce our consumption of grid energy and reduced our carbon footprint. By harnessing solar energy, we have saved RM49,000. We are committed to building a cleaner and greener future albeit starting on a small scale.

GADANG HQ Solar PV Generation in FYE 2023:

Target Savings	Solar PV Generation	Energy Savings
20%	95,818 kWh	17.3%

WATER MANAGEMENT

We monitor our water consumption to identify any abnormalities and to ensure efficient usage. Staff are educated to use the water sparingly to avoid water wastage.

Group Water Consumption in FYE 2023:

Engineering	Property	Utility	HQ	Total
19,703 Water (m^3)	**52,101** Water (m^3)	**1,200** Water (m^3)	**4,713** Water (m^3)	**77,717** Water (m^3)

In FYE 2023, we have installed rainwater harvesting system at our RTS Link project site as part of our sustainability initiatives by using the rainwater for trucks washing and general cleaning purposes. Rainwater was also harvested in The Vyne and Cyberjaya Hospital projects as we moved towards Green Buildings.

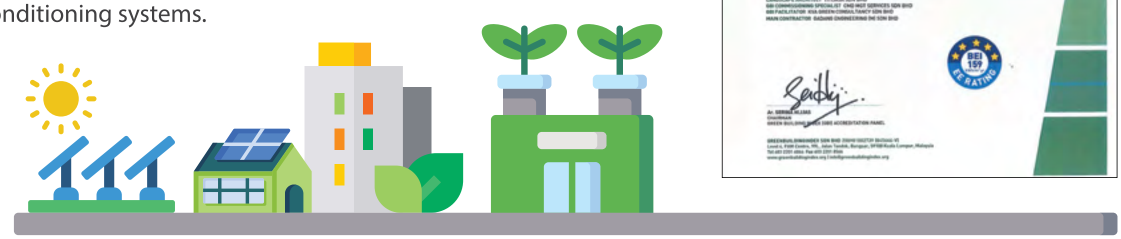


Rainwater harvesting system installed at RTS Link

GREEN BUILDING INDEX ("GBI")

The hospital we constructed in Cyberjaya was recognised as the **first government health facility to achieve a GBI Platinum rating**. This rating is the highest possible achievement for environmental performance, further emphasising our commitment to sustainable building practices.

We achieved this through several initiatives, including the use of renewable energy sources, such as a 210 kWp rooftop solar system. We also incorporated green roofs, rainwater harvesting systems, sustainable building materials and an industrialised building system ("IBS"). Additionally, we diverted 83% of construction waste from landfills, utilised energy-efficient lighting, implemented naturally ventilated architecture and employed Variable Air Volume ("VAV") air-conditioning systems.



ENVIRONMENTAL MANAGEMENT SYSTEM

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

We continue to maintain our ISO 14001:2015 Environmental Management System ("EMS") and ensure compliance with the Environmental Quality Act 1974 and other legislations throughout all stages of our construction and property development projects. We protect the environment by following a set of guidelines specified in the Environmental Management Plan of respective projects and are committed to meet the requirements provided in GESB's Health, Safety and Environment ("HSE") Manual.

As a construction company, we are not the project owner of the project sites where we operate. The responsibility of conducting Environmental Impact Assessments ("EIA") lies with the project owners. Nevertheless, we have environmental personnel at the sites to put in place necessary measures to protect and preserve the environment. In addition, our in-house ISO 14001:2015 auditors carry out periodic audits at the project sites.

Besides that, we carry out periodic monitoring for air, noise and water quality at the project sites.

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

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

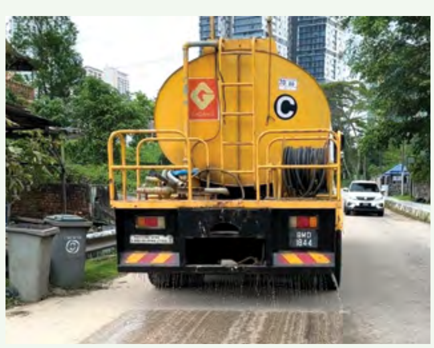
In FYE 2023, there was no summons from DOE from any of our project sites.

Case Study RTS Link Project

Air Monitoring

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

The air quality is monitored and the results are in compliance to Malaysia Ambient Air Quality Standard 2020 ("MAAQS").



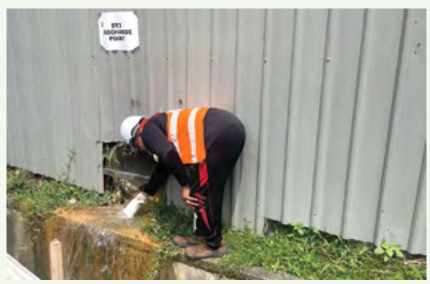
Noise Monitoring

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

The noise levels have slightly exceeded the recommended limit. This is attributable to the movement of external vehicles along the public roads.

Water Monitoring

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


Erosion & Sediment Control

We implemented Best Management Practices ("BMPs") to manage Erosion and Sediment Controls ("ESCs"), which included the use of silt fences, silt traps, perimeter and slope protection measures. These measures were aimed at preventing surface runoff and sediments from entering water bodies that are adjacent to or in close proximity to our construction site.





WASTE MANAGEMENT

To reduce environmental pollution

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

Waste generated at construction sites are categorised into hazardous and non-hazardous waste. Hazardous waste refers to scheduled waste that are regulated under the Environmental Quality (Scheduled Wastes) Regulations 2007, non-hazardous waste are mainly construction waste and domestic waste.

We are committed to divert our construction waste such as timber, concrete, steel waste and domestic waste such as food waste, paper, plastic and aluminium from the landfills. The 3R approach of solid waste management i.e. reduce, reuse and recycle remains the key to sustainable waste management where disposal is carried out in an environmentally responsible manner and to conserve natural resources.

Engineering & Construction

Types of waste in Construction in FYE 2023:

Domestic & Construction Waste	Scheduled Waste	Recycled Waste
445.2 Tonne	**1.08** Tonne	**247.83** Tonne

Sustainability Indicator	Metric	Target	2023 KPI Achievement
Waste Management	Waste diverted from disposal (Recycle)	25%	**36%**

1. *Dedicated domestic and construction waste bins at site*
2. *Scheduled waste disposed to licensed vendor*

E-Waste

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

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

Recycling

Recycling at Gadang HQ:

Recycling Target

4,000 KG

2023 KPI Achievement

4,606 KG

We have embedded Office Recycling Culture in Gadang HQ to recycle the waste generated by employees. Recycle bins are provided on each floor for recycling of papers, plastics, aluminium etc. The recycled items will be sold to licensed recycle vendor on a periodic basis. As at May 2023, we managed to collect miscellaneous recyclable items amounting to 4,606 kilograms.

Papers	Carton Box	Plastics	Aluminium	Metals	Others
3,785 kg	355 kg	61 kg	8 kg	362 kg	35 kg

BIODIVERSITY & CLIMATE CHANGE

To combat climate change, global warming

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

Trees play a crucial role in our ecosystem by offering numerous benefits such as purifying the air, preserving soil quality, attracting diverse bird and wildlife species, preventing pollution from entering rivers, and maintaining stable weather patterns.

The Group's core operation is in construction and it is inevitable that trees are felled to make way for development, whether building or infrastructure. We are mindful of the impact to biodiversity and ecosystems. To mitigate the impact, we plant trees to landscape the walkways, parks and communal spaces in our property developments. Besides that, the percentage of greenery over the total development area for each of our property development have complied with the ratio stipulated by the local authorities.

In our tree planting activities, we have collaborated with the Forestry Department, NGOs and the Police Training Centre. We planted trees in various locations to foster a greener environment and inspire positive action towards addressing biodiversity & climate change.

Types of plants	Target	2023 KPI Achievements
Trees	**Plant 1,800 trees**	1,895
Shrubs		40,267
Turf		17,248m^2
Creepers		16,800

FYE 2023 Trees Planted

1,895

Tree planting collaboration with NGO farmers




Tree planting collaboration with Forestry Department


Tree planting collaboration with Police Training Centre

SUPPLYING POTABLE WATER TO INDONESIA COMMUNITIES

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

Entities	Supply Areas	Percentage of Coverage
TTS and HTB	Kabupaten Sidoarjo	More than 50%
DBT	Kabupaten Gresik	11%

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

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

WORKPLACE

OCCUPATIONAL HEALTH & SAFETY ("OHS")

To prevent and reduce workplace accidents and illness

Zero fatality

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

We recognise the importance of developing safety and health knowledge and competencies among our people. Hence, we carry out various OHS activities such as regular meetings, daily toolbox briefings, safety induction courses and refresher trainings to foster the safety awareness culture across the Group.

In FYE 2023, we have maintained our ISO 45001:2018 and achieved numerous awards in recognition of health and safety excellence at our project sites. More importantly, we are proud to maintain a zero-fatality record.

OHS Awareness and Trainings

In FYE 2023, trainings were conducted for a total of 803 workers, including employees, site workers and contractors.

Some of the OHS training programmes are listed below:

- Basic Occupational First Aider
- Indoor Air Quality Management
- Occupational Noise Management
- Road Transport Awareness
- Effective Safety & Health Committee
- ISO 45001:2018 & ISO 14001:2015
- Occupational Safety & Health (Amendment) Act 2022
- Ergonomic Risk Assessor
- ERP & Procedures Training
- Machinery Handling
- Hazard Identification Risk Assessment and Risk Control (HIRARC)
- Scaffold Awareness
- Lifting Awareness
- Defensive Driving Training
- Crane & Lifting awareness

CSR2B – Safety Week Campaign with DOSH Kelantan

During the OSH Week in July 2022, DOSH Kelantan, Binary Vista, and Gadang jointly organised an Occupational Safety and Health Week. The objective of this initiative was to enhance staff awareness regarding safety and health precautions while performing their daily tasks.

RTS Link – Mass Toolbox

In May 2023, MRTS and Gadang conducted a mass toolbox talk to reinforce safety protocols and procedures and to educate employees on best practices for avoiding accidents and injuries in the workplace. These toolbox talks promote a culture of safety and awareness, which reduces the risk of workplace accidents. MRTS took the opportunity to present certificates of appreciation to Gadang employees for our commitment to safety and health in the workplace.

First AID, CPR, AED Training

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


CERT ACADEMY
Certified Emergency Response Training Academy

CERTIFICATE OF ACHIEVEMENT

GADANG ENGINEERING (M) SDN BHD
has demonstrated
outstanding commitment
to Safety & Health Compliance
by establishing

First Aid Team
on
03 & 04 January 2023

Renewal date: 03 January 2026

Training Manager
CERT Academy Sdn Bhd

Fire Evacuation Drills

We have established a comprehensive Emergency Response Team ("ERT") consisting First Aiders at Gadang HQ, Fire Fighting Team, Floor Marshals and Search & Rescue Team. This proactive measure ensures the safety of our employees in the event of emergencies within the building. Respective project sites have their own ERT.

Every year, we conduct a fire drill simulation to provide employees with refresher training on building evacuation procedures. This practice ensures that our employees remain well-prepared for emergencies.

HSE Internal Audit

Annual compliance audits are conducted by our in-house internal auditors for our construction projects. For FYE 2023, our HSE internal auditors conducted seven audits for ISO 14001:2015 and ISO 45001:2018. 13 Non-Conformance Reports ("NCRs") and 38 observations were issued by our HSE internal auditors out of which 11 NCRs and 31 observations have been closed. The remaining 2 NCRs and 7 observations will be closely monitored for closure. Proactive measures in response to the HSE internal audits have been taken by the relevant sites to further improve the HSE Management System.

Health and Safety Performance

Safety Trainings

Indicator	Target	FYE 2023
Number of staff trained for Health and Safety (including daily workers)	500 employees	803 employees

Safety Statistics

Engineering & Construction

Target	FYE 2023	FYE 2022	FYE 2021
Zero life loss	No fatalities	No fatalities	No fatalities
Incident rate of less than 4 per 1000 workers	4.52*	3.64	3.07
LTI frequency rate of less than 8	1.42	1.56	1.40

Property Development

Target	FYE 2023	FYE 2022	FYE 2021
Zero life loss	No fatalities	No fatalities	No fatalities
Incident rate of less than 4 per 1000 workers	0	0	0
LTI frequency rate of less than 8	0	0	0

Utility

Target	FYE 2023	FYE 2022	FYE 2021
Zero life loss	No fatalities	No fatalities	No fatalities
Incident rate of less than 4 per 1000 workers	0	0	0
LTI frequency rate of less than 8	0	0	0

Gadang HQ

Target	FYE 2023	FYE 2022	FYE 2021
Zero life loss	No fatalities	No fatalities	No fatalities
Incident rate of less than 4 per 1000 workers	0	0	0
LTI frequency rate of less than 8	0	0	0

* The incident rate of 4.52 for Engineering & Construction is higher than our intended outcome of less than 4 per 1000 workers. We take note of this and will strive to do better.

HUMAN CAPITAL DEVELOPMENT

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

TALENT DEVELOPMENT AND TRAINING

We value our staff as they are our greatest assets. Having the right people with the right skills and knowledge is important for the success of the Group. On a yearly basis, the Group Human Capital as well as respective superiors will identify trainings to upskill our employees for personal development and career progression.

In FYE 2023, our contribution to HRDF funds has enabled us to significantly increase our training hours.

	FYE 2023	FYE 2022	FYE 2021
Total number of training hours	8,039	1,704	1,664
Average training hours per employee	14	4	3

Table 2 *– Total Training Hours and Average Training Hours per Employee*

KPI & Competency Development training attended by Gadang key management

SCHOLARSHIP

During the year, we provided two scholarships amounting to RM51,000 to help deserving students in their tertiary education as we believe the future generation holds the key to a progressive and successful nation.

HUMAN CAPITAL POLICIES

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

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

HUMAN RIGHTS AND LABOUR PRACTICES

Sustainability Indicator	Metric	Target	2023 KPI achievement
Human Rights	Zero complaint on human rights violation	0	**Zero human rights violation**

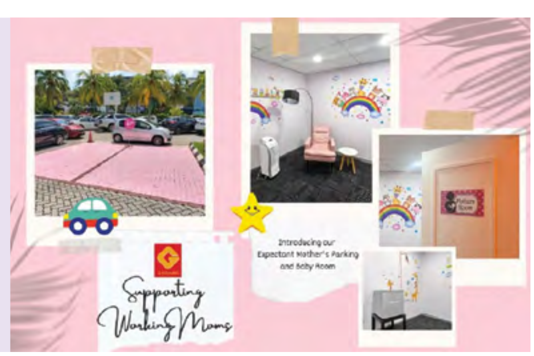
Gadang believes that everyone has the right to be treated equally with fairness, respect and dignity at the workplace. In FYE 2023, we established a Human Rights Policy that serves as a guiding principle for Gadang and its Third Parties to ensure protection of fundamental human rights, which include the following:

- Diversity and Inclusion
- Health and Safety
- Freedom of Association
- Women's Rights
- No Child Labour/No Forced Labour/ No Human Trafficking
- Prohibition of Inhumane Treatment
- Minimum Wages, Working Hours and Benefits

As for working conditions, we comply with Workers' Minimum Standards of Housing and Amenities Act, 1990 (Act 446).

In FYE 2023, there were no reported incidents pertaining to violation of human rights.

Gadang has established dedicated parking space for expectant mothers and mother's room for lactation, providing them more comfort and convenience.



DIVERSITY AND EQUAL OPPORTUNITY

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

For FYE 2023, 33% of our Board members were women.

Total Employees as at 31 May 2023	Number of New Hires	Retention Rate	Women Director
575 458 (Malaysia), 117 (Overseas)	173	73%	33%

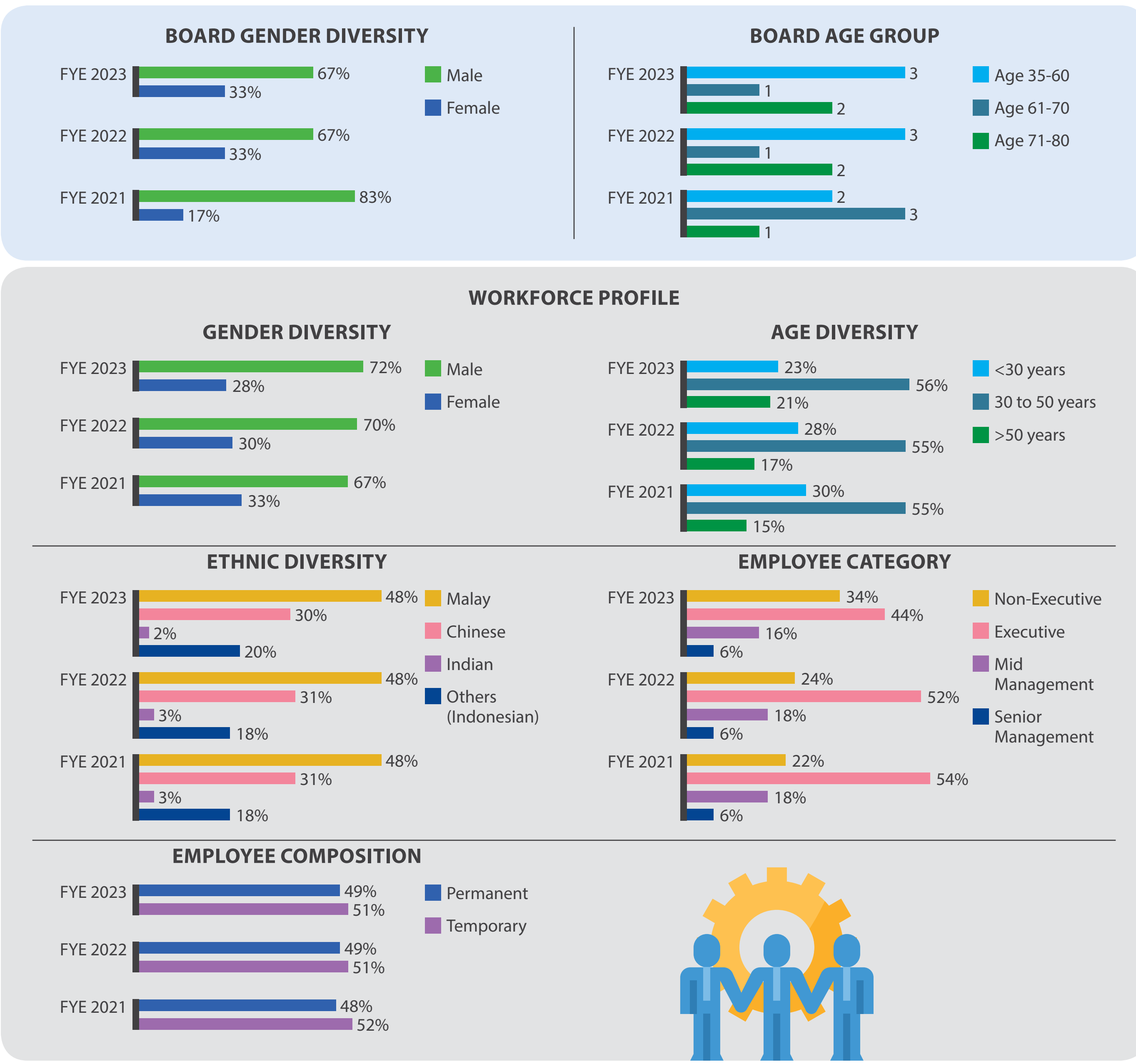


Diagram 4 – Directors and Employees Profiling

EMPLOYEE WELL BEING: CARING FOR OUR PEOPLE

To promote togetherness, diversity, equity & inclusion

To encourage healthy lifestyle

We recognise that our employees are our greatest assets and their wellbeing such as happiness, physical and mental health are the backbone contributing to the success of our Company.

We believe that in creating a culture of togetherness, diversity, equity and inclusion, we are able to bring a multitude of benefits.

Benefits	Expected Outcome
Positive workplace culture	Positive workplace culture where employees feel respected and valued
Improved communication	Employees communication becomes more effective which results in better collaboration and team work
Increased productivity	Happy employees are more productive which results to higher quality output
Improved retention	Employees feel valued resulting in lower turnover
Better client/ customer satisfaction	Provide better service, resulting in higher client/customer satisfaction rates and repeat business

In FYE 2023, a range of employee engagement activities were successfully carried out.

- Chinese New Year Gathering
- Football Tournament
- Hari Raya Gathering
- Christmas Celebration
- Gadang Movie Day
- FRIM Skywalk
- Durian Feast
- Cancer Awareness Talk
- Badminton Tournament
- Fitness Activities, Badminton, Yoga, Jazzercise & Gym

Chinese New Year Gathering

Gadang welcomed the Chinese New Year with open arms and togetherness

Hari Raya Gathering

Gadang joins in the celebration of Hari Raya with our Muslim colleagues, embracing the warmth and joy of this special occasion of togetherness

Gadang Movie Day

Gadang employees take a break from work and enjoy a fun-filled movie day together. #TeamBonding #EmployeeEngagement #WorkLifeBalance

Durian Feast

Getting ready to indulge in the king of fruits - it's Durian Day!

Badminton Tournament

Promoting happiness, togetherness and joy through friendly badminton tournament

Football Tournament

A tournament in collaboration with CIDB, DOSH and MEDIA to strengthen our bonding and engagement. It is not about winning or losing, it is about teamwork, camaraderie and enjoying the game

Christmas Celebration

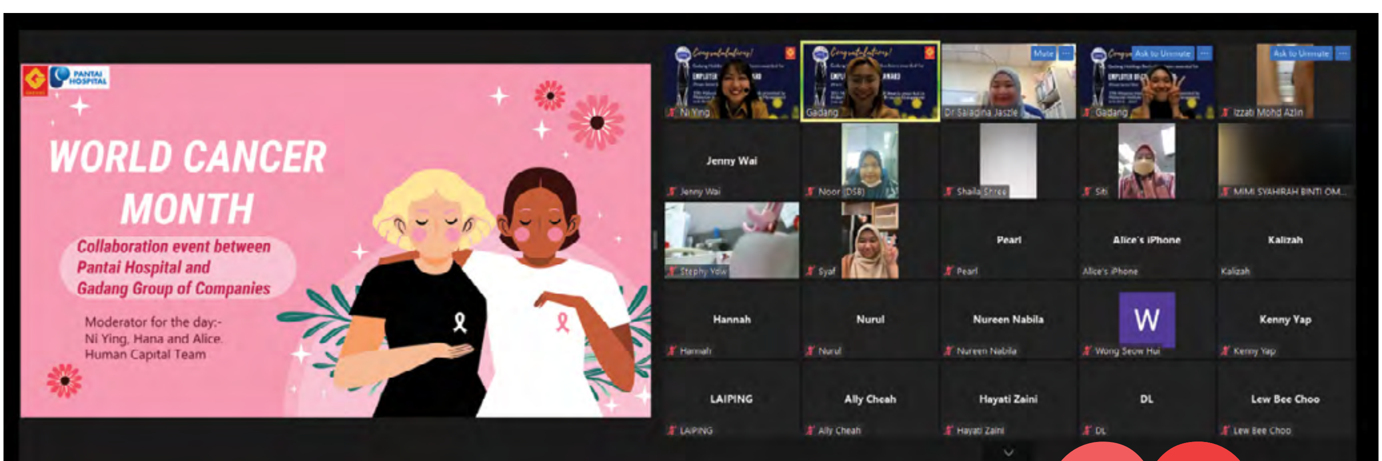
Gadang celebrate the joy of Christmas with our employees

FRIM Skywalk

Fresh air, adventure and lots of laughter – that was what our forest skywalk activity all about

Cancer Awareness Talk

Raising awareness and educating our employees on the importance of breast cancer prevention and early detection



Fitness Activities, Badminton, Yoga, Jazzercise & Gym

As the famous saying goes, "health is wealth." Hence, Gadang's regular activities, including badminton, yoga and jazzercise, serve to enhance our employees' health and fitness, increasing their energy levels, burn calories and promote overall well-being

COMMUNITY

TAKING CARE OF OUR COMMUNITIES

- To foster a caring community
- To help the needy

Safety and Health in School ("SHERO")

We are committed to investing in our community's future by dedicating time for safety and health education in schools, fostering the development of safety-conscious habits to prevent accidents and injuries. Additionally, we actively engage with the younger generation through tree-planting initiatives, working towards a greener future for all.

This year, we forged collaborations with various organisations, including Johor Youth, Sports, Entrepreneurial Development, Cooperatives, and Human Resources Committee, DOSH Johor, MiSHA and the school PIBG. Together, we have organised a SHERO campaign at SK Sri Tebrau in Johor, aimed at raising awareness and fostering a culture of safety and health from an early age.

Care for Mentally Challenged Children

We are wholeheartedly committed to provide support and empowerment to the mentally challenged children community, helping in whatever we can to enhance their quality of life and promote inclusivity.


Care for the Indigenous

We provide aid and support to the indigenous society, as part of our commitment towards uplifting their well-being and preserving their unique cultural heritage.



Batang Kali Landslide Aid

Gadang extended financial assistance to the victims affected by the Batang Kali landslide that occurred in December 2022, providing much needed relief during their challenging times.

Donation and Sponsorship

In FYE 2023, we have contributed a total of RM219,000 through our Corporate Social Responsibility ("CSR") program to help the community. This CSR programme is a continuous initiative with the goal to making a lasting and sustainable impact on the communities that we serve.

FINANCIAL & OTHERS

MECHANICAL & ELECTRICAL

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

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

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

Pelican F02C03: General Electrical System – Beta Site

FINANCIA
OTHERS

2023 HIGHLIGHTS

1

2

3

1. *Supply and install TNB manhole at RTS Project*
2. *Tunnel Ventilation System Damper Installation work at TRX C3*
3. *High Tension & Low Voltage electrical services for PNB 1194*

Pelican F02C03: General Electrical System – Beta Site

DIRECTORS' RESPONSIBILITY STATEMENT

IN RESPECT OF AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

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

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

In preparing the financial statements, the Directors have:

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

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

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

The directors hereby submit their report and the audited financial statements of the Group and of the Company for the financial year ended 31 May 2023.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and the provision of management services to the subsidiaries. The principal activities of the subsidiaries include earthworks, building and civil engineering construction works, bored pile works, hiring plant and machinery, provision of mechanical and electrical engineering services, property development, property management and maintenance, water concession, power concession, solar power concession and provision of management services.

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

RESULTS

	The Group RM'000	The Company RM'000
(Loss)/Profit after taxation for the financial year	(41,196)	9,529
Attributable to:-		
Owners of the Company	(29,324)	9,529
Non-controlling interests	(11,872)	-
	(41,196)	9,529

DIVIDENDS

The Company paid a first and final dividend of 0.7 sen per ordinary share amounting to RM5,097,000 for the financial year ended 31 May 2022 on 9 December 2022.

The directors do not recommend the payment of any further dividend for the current financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

(a) there were no changes in the issued and paid-up share capital of the Company; and

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

OPTIONS GRANTED OVER UNISSUED SHARES

During the financial year, no options were granted by the Company to any person to take up any unissued shares in the Company.

BAD AND DOUBTFUL DEBTS

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

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

The results of the operations of the Group and of the Company during the financial year were not, in the opinion of the directors, substantially affected by any item, transaction or event of a material and unusual nature other than the recognition of the impairment losses on concession assets and goodwill as disclosed in Notes 9 and 15 to the financial statements respectively.

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

DIRECTORS

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

Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican
Tan Sri Dato' Kok Onn
Kok Pei Ling
Huang Shi Chin
Sherman Lam Yuen Suen
Wong Ping Eng

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

Construction Division
Abdul Rizal Bin Abdul Rahim
Chan Chee Wai
Cheong Teng Yew
Choo Keng Loong
Dato' Chan Ah Kam @
Chan Ah Thoong
Hii Sing Wo
(Appointed on 9.6.2023)
Khew Check Kiet
Lee Yoke Koon
Liew Swee Kong
Ng Kok Leong
Saw Chee Hoay
Tan Cheng Chin

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

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

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
Shareholdings registered in the name of Directors:	**At 1.6.2022**	**Acquired**	**Disposed**	**At 31.5.2023**
Direct interests				
Tan Sri Dato' Kok Onn	14,377,300	-	-	14,377,300
Kok Pei Ling	1,304,400	-	-	1,304,400
Huang Shi Chin	196,800	-	-	196,800
Sherman Lam Yuen Suen	190,000	-	-	190,000
Deemed interest*				
Tan Sri Dato' Kok Onn	178,439,953	-	-	178,439,953

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

DIRECTORS' INTERESTS (CONT'D)

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

DIRECTORS' BENEFITS

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

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

DIRECTORS' REMUNERATION

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

	The Group/ The Company RM'000
Directors of the Company	
Executive:-	
Salaries and other emoluments	1,873
Defined contribution plan	65
	1,938
Non-executive:-	
Director fees	350
Other emoluments	61
	411
	2,349

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM138,000.

INDEMNITY AND INSURANCE COST

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

SUBSIDIARIES

The details of the subsidiary name, place of incorporation, principal activities and percentage of issued share capital held by the Company in each subsidiary are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2023 %	2022 %	Principal Activities
Gadang Engineering (M) Sdn Bhd and its subsidiaries	Malaysia	100	100	Earthworks, building and civil engineering construction works and investment holding
Bincon Sdn Bhd	Malaysia	100	100	Hire of plant and machinery, transportation agent
Era Berkat Sdn Bhd *	Malaysia	100	100	Earthwork contractors
Katah Realty Sdn Bhd	Malaysia	100	100	Building and civil engineering construction works
Kartamo Corporation Sdn Bhd	Malaysia	100	100	Building and civil engineering construction works
Gadang Construction Sdn Bhd	Malaysia	100	100	Earthwork, building and civil engineering construction works, provision of hospital and healthcare services
Yi Sheng Foundation Pte Ltd * and its subsidiaries	Singapore	100	100	Contractor of bored pile works
Usaha Pesona Sdn Bhd	Malaysia	100	100	Contractor of bored pile works
UA Foundation Pte Ltd *	Singapore	51	51	Contractor of bored pile works
Datapuri Sdn Bhd	Malaysia	100	100	Provision of mechanical and electrical engineering services

SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2023 %	2022 %	Principal Activities
Regional Utilities Sdn Bhd * and its subsidiaries	Malaysia	100	100	Investment holding
PT Asian Utilities Indonesia *	Indonesia	100	100	Management consulting services
Nusantara Suriamas Sdn Bhd *	Malaysia	70	70	Solar power concession
Asian Utilities Pte Ltd * and its subsidiaries	Singapore	100	100	Investment holding
PT Taman Tirta Sidoarjo *	Indonesia	95	95	Water concession
PT Bintang Hytien Jaya ^	Indonesia	-	95	Water concession
PT Hanarida Tirta Birawa *	Indonesia	95	95	Water concession
PT Ikhwan Mega Power *	Indonesia	60	60	Power concession
PT Dewata Bangun Tirta *	Indonesia	95	95	Water concession
PT Hidronusa Rawan Energi *	Indonesia	80	80	Power concession
Mandy Corporation Sdn Bhd	Malaysia	100	100	Property development, building and civil engineering contractor
Achwell Property Sdn Bhd	Malaysia	100	100	Property development
Gadang Land Sdn Bhd and its subsidiaries	Malaysia	100	100	Property development, provision of management services and investment holding
Magnaway Sdn Bhd *	Malaysia	100	100	Property management and maintenance
Noble Paradise Sdn Bhd *	Malaysia	100	100	Property development
Sama Pesona Sdn Bhd *	Malaysia	100	100	Property development
Damai Klasik Sdn Bhd *	Malaysia	100	100	Property development

SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2023 %	2022 %	Principal Activities
Gadang Land Sdn Bhd and its subsidiaries (Cont'd)				
City Version Sdn Bhd *	Malaysia	100	100	Property development
Splendid Pavilion Sdn Bhd	Malaysia	100	100	Property development
Natural Domain Sdn Bhd	Malaysia	100	100	Property development
Crimson Villa Sdn Bhd	Malaysia	100	100	Property development
Elegance Sonata Sdn Bhd	Malaysia	100	100	Property development
Hillstrand Development Sdn Bhd	Malaysia	100	100	Property development
Detik Tiara Sdn Bhd	Malaysia	100	100	Property development
Skyline Symphony Sdn Bhd *	Malaysia	100	100	Property development
Tema Warisan Sdn Bhd	Malaysia	100	100	Property development
Prelude Avenue Sdn Bhd *	Malaysia	100	100	Property development
Special Courtyard Sdn Bhd *	Malaysia	100	100	Property management and maintenance
Gadang Properties Sdn Bhd and its subsidiary	Malaysia	100	100	Property development and investment holding
Buildmark Sdn Bhd *	Malaysia	100	100	Property development
Flora Masyhur Sdn Bhd * and its subsidiary	Malaysia	100	100	Property development
Camar Ajaib Sdn Bhd	Malaysia	100	100	Property development
GLP Resources (M) Sdn Bhd *	Malaysia	100	100	Dormant
Gadang Plantations Holdings Sdn Bhd *	Malaysia	100	100	Investment holding

* *These subsidiaries were audited by other firms of chartered accountants.*
^ *The subsidiary has been disposed during the current financial year.*

The auditors' reports on the financial statements of the subsidiaries did not contain any qualification.

Significant Events During The Financial Year

(a) On 29 March 2019, the Company announced that Achwell Property Sdn Bhd ("APSB"), a wholly-owned subsidiary of the Company had entered into a Conditional Settlement Agreement, Put Option Agreement and Call Option Agreement with Capital City Property Sdn Bhd ("CCPSB") for the proposed variation to the terms of the Joint Venture Agreement between APSB and CCPSB for an integrated development in Bandar Johor Bahru, District of Johor Bahru, State of Johor Darul Takzim ("Proposed Variation").

The Proposed Variation is subject to the fulfilment of the conditions precedent as stipulated in the respective Agreements. On 26 September 2019, APSB and CCPSB mutually agreed to extend the conditional period, which will expire on 28 September 2019, for another six months to 28 March 2020, for CCPSB to fulfil the remaining conditions precedent as set out in the Settlement Agreement.

CCPSB failed to fulfil the remaining conditions precedent set out in the Settlement Agreement by 28 March 2020 hence, the Settlement Agreement lapsed on 28 March 2020 and became null and void, and the parties fall back to the original Joint Venture Agreement ("JVA") on their rights and obligations.

CCPSB has since applied for and obtained an ex-parte Judicial Management Order on 13 March 2020. This, coupled with several other factors, gives rise to default events under the JVA. APSB had, by a letter dated 15 May 2020 issued a Notice of Default under the JVA to CCPSB. The High Court had on 4 September 2020 given an order allowing APSB to intervene in the Judicial Management proceedings.

On 28 July 2021, APSB entered into a Conditional Settlement Agreement ("FSA") with CCPSB (through the Judicial Manager), which sets out the terms and conditions governing the payment of the final settlement sum and other matters relating to the settlement. Under the terms of the FSA, APSB's Entitlement Sum has been revised to RM190 million, of which a total of RM150 million has been paid to APSB to-date. In this regard, the Parties have agreed for CCPSB to settle and pay the final settlement sum of RM40 million as the full and final settlement (“FSS’’) of APSB's Entitlement Sum and all other rights, interests and/or benefits APSB may have under the JVA. The FSA was subject to the fulfilment of the conditions precedent within six (6) months from the date of the FSA.

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

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

On 29 September 2022, APSB served a written notice to CCPSB to notify CCPSB that an event of default has occurred. In this regard, the entire FSS together with the late interest thereon and all other sums due and payable by CCPSB under the FSA shall immediately become payable to APSB. APSB shall also be entitled to recover the aforesaid monies and to exercise its rights and powers under the FSA, the Debenture, and as provided by law, including to appoint any authorised person to take possession and control of the Collateral Units, and to appoint receiver(s) and/or manager(s) to deal with the Collateral Units in such manner that is in the best interest of APSB.

On 10 February 2023, APSB entered into a Supplementary Settlement Agreement (“SSA”) with CCPSB to vary certain terms and conditions of the FSA entered into between APSB and CCPSB. The FSA and SSA shall be construed as one, without prejudice to the generality of the foregoing. CCPSB has settled Tranches 1 and 2 of the FSS in accordance with the SSA, of which a total of RM10 million was paid on 13 February 2023 and 27 April 2023. Subsequently, APSB had collected another RM10 million on 27 July 2023 for Tranche 3.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(b) On 31 May 2022, the Company's wholly-owned subsidiary, Asian Utilities Pte Ltd, entered into a Conditional Sale and Purchase of Share Agreement with PT Bangun Karya Nusa to dispose of its entire 95% equity interest in PT Bintang Hytien Jaya ("PT BHJ") for a total consideration of IDR 2 billion (equivalent to approximately RM565,000). With the completion of the disposal on 1 July 2022, PT BHJ ceased to be a subsidiary of the Company.

(c) On 19 July 2022, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd accepted the Letter of Award from Adil Permata Sdn Bhd as a sub-contractor in the project known as "Projek Rapid Transit System Link (RTS Link) Antara Johor Bahru Dan Singapura" ("RTS Link Project") for Package 4: Bukit Chagar Station and Operation Control Centre ("Package 4") for a contract sum of RM370 million.

(d) On 19 July 2022, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd accepted the Letter of Award from Adil Permata Sdn Bhd as a sub-contractor in the project known as "Projek Rapid Transit System Link (RTS Link) Antara Johor Bahru Dan Singapura" ("RTS Link Project") for Package 6: Depot and Power Supply System ("Package 6") for a contract sum of RM310 million.

(e) On 29 September 2022, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd accepted the Letter of Award from Jabatan Kerja Raya to undertake a project known as "Institut Perubatan Forensik Negara (IPFN), Hospital Kuala Lumpur (Reka dan Bina)" for a contract sum of RM189 million.

(f) On 30 March 2023, the Company's wholly-owned subsidiary, Datapuri Sdn Bhd, entered into a Joint Venture Agreement with First CDK Resources Sdn Bhd and Voltonix Sdn Bhd for the supply, execution and completion of the mechanical and electrical project in Kawasan Perindustrian Bayan Lepas Pulau Pinang. In conjunction with the Joint Venture Agreement of Datapuri Sdn Bhd, First CDK Resources Sdn Bhd and Voltonix Sdn Bhd, this transaction will be accounted for as a business combination in accordance with MFRS 3 Business Combinations.

SUBSEQUENT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 9 June 2023, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd subscribed for 60% equity interest representing 60 ordinary shares in Borneo Engineering And Construction Sdn Bhd ("BEC") for a total purchase consideration of RM60. With this subscription, BEC became an indirect 60% owned subsidiary of the Company. The intended principal activity of BEC shall be a contractor of building and civil engineering construction works.

AUDITORS

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

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

	The Group 2023 RM'000	The Company 2023 RM'000
Audit fees	646	83
Non-audit fees	8	8
	654	91

Signed in accordance with a resolution of the directors dated 4 September 2023.

TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN

TAN SRI DATO' KOK ONN

STATEMENT BY DIRECTORS

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

We, Tan Sri Dato' Seri Dr. Mohamed Ismail bin Merican and Tan Sri Dato' Kok Onn, being two of the directors of Gadang Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 122 to 244 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 May 2023 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 4 September 2023.

TAN SRI DATO' SERI DR. MOHAMED ISMAIL BIN MERICAN

TAN SRI DATO' KOK ONN

STATUTORY DECLARATION

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

I, Kok Pei Ling, being the director primarily responsible for the financial management of Gadang Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 122 to 244 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Kok Pei Ling,
at Kuala Lumpur in the Federal Territory
on this 4 September 2023.

KOK PEI LING

Before me

Shaiful Hilmi Bin Halim (W-804)
Commissioner for Oaths

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GADANG HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Gadang Holdings Berhad, which comprise the statements of financial position as at 31 May 2023 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 122 to 244.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 May 2023, and of their financial performance and their cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Goodwill Impairment
Refer to Note 4.5 and Note 15 to the financial statements</td></tr>
<tr><td>Goodwill on consolidation as at 31 May 2023 amounted to RM6,522,000.

Management is required to conduct annual impairment assessment on the goodwill. For this purpose, Management has estimated the recoverable amount of the cash-generating unit in which the goodwill is attached to, using the value in use approach. This is derived from the present value of the future cash flows from the cash-generating unit.

This assessment is significant to our audit as it is highly subjective, involves significant judgement and is based on assumptions that may be affected by future market and economic conditions.

Further details are shown in Note 15 to the financial statements.</td><td>Our procedures included, amongst others:-
Reviewed management's estimates of the recoverable amount and tested the cash flows forecast for their accuracy.
Reviewed the key business drivers underpinning the cash flows forecast prepared to support the recoverable amount.
Evaluated the appropriateness and reasonableness of the key assumptions by considering prior budget accuracy, comparison to recent performance and our understanding of the business, trend analysis, and historical results.
Reviewed sensitivity analysis performed by management over the key assumptions to understand the impact of changes over the valuation model.
Reviewed the adequacy of the Group's disclosures.</td></tr>
</table>

Key Audit Matter	**How our audit addressed the Key Audit Matter**
Concession Assets Impairment Refer to Note 4.25(a) and Note 9 to the financial statements	
The carrying amount of the concession assets as at 31 May 2023 is approximately RM131,794,000. The Group has assessed it in accordance with MFRS 136 and concluded that there is indication of the impairment of concession assets in PT Ikhwan Mega Power ("PTIMP"). The Group has carried out the impairment assessment by comparing goodwill and concession assets with the recoverable amount (Value in use ("VIU")) of PTIMP, computed using the discounted cash flow model ("DCF"), derived from the profit and cash flow projection covering a period of 15 operating years. The Group has also engaged an independent valuer to assess the fair value of the concession assets. After the Group's and valuer's assessment, an impairment loss amounting to approximately RM9,436,000 is recognised during the current financial year. We determined the concession assets is considered a key audit matter due to the magnitude of the balances and the risk of material misstatement due to significant judgement being applied in its impairment assessment.	Our procedures included, amongst other:- • Assessed the objectivity, independence and expertise of the valuer. • Performed enquiry and obtained explanations from the management and the valuer to corroborate the audit evidence. • Reviewed management's estimates of the recoverable amount and tested the cash flows forecast for their accuracy. • Reviewed the key business drivers underpinning the cash flows forecast prepared to support the recoverable amount. • Evaluated the appropriateness and reasonableness of the key assumptions by considering prior budget accuracy, comparison to recent performance and our understanding of the business, trend analysis, and historical results. • Reviewed sensitivity analysis performed by management over the key assumptions to understand the impact of changes over the valuation model. • Reviewed the adequacy of the Group's disclosures.

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Revenue Recognition for Construction Contracts
Refer to Note 4.22(a) and Note 34 to the financial statements</td></tr>
<tr><td>Revenue recognition for construction contracts, due to the contracting nature of the business, involves significant judgments. This includes the determination of the total budgeted contract costs and the calculation of percentage of completion which affects the quantum of revenue to be recognised. In estimating the revenue to be recognised, the management considers past experience and certification by customers and independent third parties, where applicable.

We determined this to be a key audit matter due to the complexity and judgemental nature of the budgeting of contract costs and the determination of revenue recognised.</td><td>Our procedures included, amongst others:-

• Read key contracts and discussed with management to obtain full understanding of the terms and risks to assess our consideration of whether revenue was appropriately recognised.

• Assessed the management's assumptions in determining the percentage of completion of projects, estimations of revenue and costs, provisions for foreseeable losses, liquidated and ascertained damages as well as recoverability of billed receivables and contract assets.

• Assessed the reasonableness of percentage of completion by comparing to certification by external parties.

• Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses.

• Tested costs incurred to date to supporting documentation such as contractors' claim certificates.</td></tr>
</table>

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GADANG HOLDINGS BERHAD (INCORPORATED IN MALAYSIA)

<table>
<tr><th>Key Audit Matter</th><th>How our audit addressed the Key Audit Matter</th></tr>
<tr><td colspan="2">Revenue Recognition for Property Development Activities
Refer to Note 4.22(b) and Note 34 to the financial statements</td></tr>
<tr><td>The Group recognises property development revenue over the period of the contract by reference to the progress towards complete satisfaction of the performance obligation. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract.

Accounting for property development activities is inherently complex and there is judgement involved in the following areas:-

• determination of stage of completion
• estimated total property development costs and costs to be incurred to complete a project

We determined this to be a key audit matter given the complexity and judgmental nature of these activities.</td><td>Our procedures included, amongst others:-

• Reviewed estimated profit and costs to complete and adjustments for job costing and potential contract losses.

• For newly launched projects, assessed the reasonableness of the estimated total property development costs to supporting documentation such as contracts and quotations with contractors.

• For ongoing projects, checked for any variation orders and checked that changes to contracts and quotations with the contractors, if any, are properly supported.

• Tested costs incurred to date to supporting documentation such as contractors' claim certificates.

• Tested sales of properties to signed Sales and Purchase Agreements and billings raised to property buyers.

• Assessed the reasonableness of the percentage of completion by comparing to certification by external parties.

• Recomputed the stage of completion and checked the journal entries impacting revenue and cost of sales are recognised appropriately with reference to the computation of the stage of completion of the projects.</td></tr>
</table>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' Responsibility for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

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

Chin Kit Seong
03030/01/2025 J
Chartered Accountant

Kuala Lumpur

4 September 2023

STATEMENTS OF FINANCIAL POSITION

AS AT 31 MAY 2023

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
ASSETS					
Non-current assets					
Investments in subsidiaries	5	-	-	148,305	148,305
Investment in an associate	6	-	-	-	-
Investment in joint ventures	7	-	227	-	-
Intangible assets	8	27,511	31,827	-	-
Concession assets	9	131,794	122,005	-	-
Property, plant and equipment	10	32,077	34,348	549	670
Right-of-use assets	11	4,405	4,459	-	-
Investment properties	12	71,534	72,375	-	-
Trade and non-trade receivables	18	18,697	24,980	179,553	102,905
Other investments	14	719	1,798	719	1,798
Goodwill on consolidation	15	6,522	17,375	-	-
Deferred tax assets	16	23,394	22,069	-	-
		316,653	331,463	329,126	253,678
Current assets					
Inventories	13	566,274	631,665	-	-
Contract costs	17	5,906	6,586	-	-
Trade and non-trade receivables	18	117,039	126,866	91,936	149,773
Contract assets	21	160,011	174,283	-	-
Current tax assets		4,900	2,835	-	150
Short-term funds	22	67,845	111,997	8,447	19,967
Deposits with licensed banks	23	22,425	27,209	617	6,053
Cash and bank balances	24	128,120	149,803	5,000	4,093
		1,072,520	1,231,244	106,000	180,036
TOTAL ASSETS		1,389,173	1,562,707	435,126	433,714

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

AS AT 31 MAY 2023

	Note	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
EQUITY AND LIABILITIES					
Equity					
Share capital	25	389,521	389,521	389,521	389,521
Reserves	26	402,931	435,878	34,338	29,906
Equity attributable to owners of the Company		792,452	825,399	423,859	419,427
Non-controlling interests	27	(5,438)	6,694	-	-
Total equity		787,014	832,093	423,859	419,427
Non-current liabilities					
Investment in joint ventures	7	3,406	-	-	-
Bank borrowings	28	140,262	209,227	6,562	10,313
Deferred tax liabilities	16	2,531	2,204	587	36
Defined benefit obligations	31	2,228	2,178	-	-
Trade and non-trade payables	32	126,231	139,110	-	-
		274,658	352,719	7,149	10,349
Current liabilities					
Trade and non-trade payables	32	220,123	270,369	211	188
Contract liabilities	21	18,800	18,874	-	-
Bank borrowings	28	86,566	85,234	3,750	3,750
Current tax liabilities		2,012	3,418	157	-
		327,501	377,895	4,118	3,938
Total liabilities		602,159	730,614	11,267	14,287
TOTAL EQUITY AND LIABILITIES		1,389,173	1,562,707	435,126	433,714
NET ASSETS PER ORDINARY SHARE (RM)	33	1.09	1.13		

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

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
Revenue	34	496,073	651,993	11,941	13,894
Cost of sales	35	(433,376)	(518,840)	-	-
Gross profit		62,697	133,153	11,941	13,894
Other income	36	9,708	13,474	12,241	7,105
Administrative expenses		(29,376)	(27,482)	(8,097)	(7,525)
Depreciation and amortisation		(8,475)	(8,391)	(189)	(182)
Operating expenses		(16,920)	(18,853)	(3,022)	(2,422)
Other expenses		(27,013)	(7,775)	(1,083)	(1,618)
Net impairment losses on financial assets		(3,071)	(199)	-	-
(Loss)/Profit from operations		(12,450)	83,927	11,791	9,252
Finance costs	40	(12,324)	(12,432)	(548)	(549)
Share of results in joint ventures		(3,123)	(1,347)	-	-
(Loss)/Profit before taxation	37	(27,897)	70,148	11,243	8,703
Income tax expense	41	(13,299)	(26,980)	(1,714)	(843)
(Loss)/Profit after taxation		(41,196)	43,168	9,529	7,860
(Loss)/Profit after taxation attributable to:-					
Owners of the Company		(29,324)	41,655	9,529	7,860
Non-controlling interests		(11,872)	1,513	-	-
		(41,196)	43,168	9,529	7,860
(Loss)/Earnings per share (sen):	42				
- Basic		(4.03)	5.72		
- Diluted		(4.03)	5.72		

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

		The Group		The Company	
		2023	2022	2023	2022
	Note	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit after taxation		(41,196)	43,168	9,529	7,860
Other comprehensive (expenses)/income:-					
Items that will not be reclassified subsequently to profit or loss					
Actuarial gain on defined benefit obligations	31	(3)	183	-	-
Less: Deferred tax effect		1	(37)	-	-
		(2)	146	-	-
Item that will be reclassified subsequently to profit or loss					
Foreign currency translation		1,216	3,843	-	-
Total comprehensive (expenses)/income for the financial year		(39,982)	47,157	9,529	7,860
Total comprehensive (expenses)/income attributable to:-					
Owners of the Company		(27,850)	45,465	9,529	7,860
Non-controlling interests		(12,132)	1,692	-	-
		(39,982)	47,157	9,529	7,860

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

The Group	Note	Share Capital RM'000	Share Option Reserves RM'000	Capital Reserves RM'000	Foreign Exchange Translation Reserves RM'000	Retained Profits RM'000	Equity Attributable to Owners of Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 June 2021		389,521	5,529	1,347	(3,598)	389,320	**782,119**	4,997	**787,116**
Profit after taxation for the financial year		-	-	-	-	41,655	**41,655**	1,513	**43,168**
Other comprehensive income for the financial year:									
- Actuarial gain on defined benefit obligations		-	-	-	-	146	**146**	-	**146**
- Foreign currency translation differences		-	-	-	3,664	-	**3,664**	179	**3,843**
Total comprehensive income for the financial year		-	-	-	3,664	41,801	**45,465**	1,692	**47,157**
Balance carried forward		389,521	5,529	1,347	66	431,121	**827,584**	6,689	**834,273**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

The Group	Note	Share Capital RM'000	Share Option Reserves RM'000	Capital Reserves RM'000	Foreign Exchange Translation Reserves RM'000	Retained Profits RM'000	Equity Attributable to Owners of Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance brought forward		389,521	5,529	1,347	66	431,121	**827,584**	6,689	**834,273**
Contributions by and distribution to owners of the Company:									
- Dividend	45	-	-	-	-	(2,185)	**(2,185)**	-	**(2,185)**
- Issuance of shares upon exercise of warrants		*	-	-	-	-	*	-	*
- Acquisition of a subsidiary	43	-	-	-	-	-	**-**	5	**5**
- ESOS lapsed		-	(5,529)	-	-	5,529	**-**	-	**-**
Total transactions with owners		*	(5,529)	-	-	3,344	**(2,185)**	5	**(2,180)**
At 31 May 2022		**389,521**	**-**	**1,347**	**66**	**434,465**	**825,399**	**6,694**	**832,093**

Note:-
* Less than RM1,000.

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

The Group	Note	Share Capital RM'000	Capital Reserves RM'000	Foreign Exchange Translation Reserves RM'000	Retained Profits RM'000	Equity Attributable to Owners of Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
At 1 June 2022		**389,521**	**1,347**	**66**	**434,465**	**825,399**	**6,694**	**832,093**
Loss after taxation for the financial year		-	-	-	(29,324)	**(29,324)**	(11,872)	**(41,196)**
Other comprehensive income/(expenses) for the financial year:								
- Actuarial loss on defined benefit obligations		-	-	-	(2)	**(2)**	-	**(2)**
- Foreign currency translation differences		-	-	1,476	-	**1,476**	(260)	**1,216**
Total comprehensive income/(expenses) for the financial year		-	-	1,476	(29,326)	**(27,850)**	(12,132)	**(39,982)**
Balance carried forward		389,521	1,347	1,542	405,139	**797,549**	(5,438)	**792,111**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

The Group	Note	Share Capital RM'000	Capital Reserves RM'000	Foreign Exchange Translation Reserves RM'000	Retained Profits RM'000	Equity Attributable to Owners of Equity RM'000	Non-controlling Interests RM'000	Total Equity RM'000
Balance brought forward		389,521	1,347	1,542	405,139	**797,549**	(5,438)	**792,111**
Contributions by and distribution to owners of the Company:								
- Dividend	45	-	-	-	(5,097)	**(5,097)**	-	**(5,097)**
At 31 May 2023		**389,521**	**1,347**	**1,542**	**400,042**	**792,452**	**(5,438)**	**787,014**

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

The Company	Note	Share Capital RM'000	Share Option Reserves RM'000	Retained Profits RM'000	Total Equity RM'000
At 1 June 2021		**389,521**	**5,529**	**18,701**	**413,751**
Profit after taxation for the financial year		-	-	7,860	7,860
Contributions by and distribution to owners of the Company:					
- Issuance of shares upon exercise of warrant		*	-	-	*
- Dividend	45	-	-	(2,184)	(2,184)
- ESOS lapsed		-	(5,529)	5,529	-
Total transactions with owners		-	(5,529)	3,345	(2,184)
At 31 May/1 June 2022		**389,521**	**-**	**29,906**	**419,427**
Profit after taxation for the financial year		-	-	9,529	9,529
Contributions by and distribution to owners of the Company:					
- Dividend	45	-	-	(5,097)	(5,097)
At 31 May 2023		**389,521**	**-**	**34,338**	**423,859**

Note:-
* Less than RM1,000.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cash flows from/(for) operating activities				
(Loss)/Profit before tax	(27,897)	70,148	11,243	8,703
Adjustments for:-				
Accretion of interest on:				
- amount owing to a director	40	59	-	-
- trade and non-trade receivables	(450)	(198)	-	-
Bad debts recovered	-	(29)	-	-
Bad debts written off	10	20	-	-
Depreciation of:				
- intangible assets	3,571	4,824	-	-
- investment properties	841	837	-	-
- property, plant and equipment	9,113	9,769	189	182
- right-of-use assets	55	55	-	-
Fair value loss on quoted investments	1,079	1,618	1,079	1,618
Net impairment loss on:				
- amount owing by joint venture	3,234	-	-	-
- concession assets	9,436	-	-	-
- contract assets	907	-	-	-
- goodwill	10,633	5,939	-	-
- trade and non-trade receivables	2,005	199	-	-
- prepayment	1,066	-	-	-
- property, plant and equipment	306	-	-	-
- investment in joint venture	510	-	-	-
Intangible assets written off	-	7	-	-
Dividend received from				
- short-term funds	(158)	(1,321)	(32)	(176)
- subsidiaries	-	-	(3,200)	(6,000)
Interest expense on:				
- bank borrowings	12,426	13,238	548	549
- hire purchase interest	239	131	-	-
Interest income	(2,533)	(1,751)	(9,181)	(4,254)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash flows from/(for) operating activities (Cont'd)				
Adjustments for:- (Cont'd)				
Net (gain)/loss on disposal of:				
- property, plant and equipment	(1,242)	(4,262)	1	-
- subsidiary	636	-	-	-
Net increase in liability for defined benefit obligations	130	412	-	-
Net unrealised gain on foreign exchange	(2,128)	(1,903)	(2,601)	(2,463)
Property, plant and equipment written off	5	1	5	-
Share of results in joint ventures	3,123	1,347	-	-
Operating profit/(loss) before working capital changes	24,957	99,140	(1,949)	(1,841)
Changes in working capital:-				
Net decrease/(increase) in contract assets/(liabilities)	13,256	(31,725)	-	-
Decrease/(Increase) in contract costs	680	(2,829)	-	-
Increase in inter-company balances	-	-	(542)	(8,359)
Decrease in inventories	65,391	133,150	-	-
(Decrease)/Increase in payables	(62,715)	(49,124)	23	24
Decrease/(Increase) in receivables	9,831	2,577	(110)	(63)
Cash generated from/(used in) operations	51,400	151,189	(2,578)	(10,239)
Net income tax paid	(17,722)	(11,510)	(856)	(1,221)
Net Operating Cash Flows	33,678	139,679	(3,434)	(11,460)

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

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash flows (for)/from investing activities				
Acquisition of:				
- concession assets	(16,331)	(7,383)	-	-
- investment properties	-	(592)	-	-
- intangible assets	(100)	(473)	-	-
- property, plant and equipment (Note 46(a))	(6,819)	(5,539)	(74)	(64)
Dividends received from				
- subsidiaries	-	-	3,200	6,000
- short-term funds	158	1,321	32	176
Interest received	2,533	1,751	9,181	151
Investment in a new subsidiary (Note 43)	-	5	-	-
Proceeds from disposal of:				
- property, plant and equipment	1,408	4,358	*	-
- subsidiary	565	-	-	-
Net advances to subsidiaries	-	-	(15,558)	1,941
Net Investing Cash Flows	(18,586)	(6,552)	(3,219)	8,204

Note:-
* Less than RM1,000.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 MAY 2023

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash flows (for)/from financing activities				
Dividends paid	(5,097)	(2,184)	(5,097)	(2,184)
Drawdown of bank borrowings	26,986	50,315	-	-
Drawdown of hire purchase	7,894	4,171	-	-
Fixed deposits pledged as security	(4,122)	44,359	(8)	11,560
Interest expense on:				
- bank borrowings	(12,426)	(13,238)	(548)	(549)
- hire purchases	(239)	(131)	-	-
Proceeds from issuance of warrants exercised	-	*	-	*
Repayment of:				
- bank borrowings	(100,528)	(164,778)	(3,751)	(937)
- hire purchases payables	(3,440)	(5,232)	-	-
Net Financing Cash Flows	(90,972)	(86,718)	(9,404)	7,890
Net changes in cash and cash equivalents	(75,880)	46,409	(16,057)	4,634
Effect of exchange rate changes on cash and cash equivalents	900	877	-	11
Cash and cash equivalents at the beginning of the financial year	269,359	222,073	29,504	24,859
Cash and cash equivalents at the end of the financial year (Note 46(c))	194,379	269,359	13,447	29,504

Note:-
* Less than RM1,000.

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

1. General Information

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office, which is also the principal place of business, is at Wisma Gadang, No. 52, Jalan Tago 2, Off Jalan Persiaran Utama, Sri Damansara, 52200 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 4 September 2023.

2. Principal Activities

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

3. Basis Of Preparation

The financial statements of the Group are prepared under the historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

3.1 During the current financial year, the Group has adopted the following new accounting standards and/or interpretations (including the consequential amendments, if any):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
Amendments to MFRS 3: Reference to the Conceptual Framework
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 - 2020

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) did not have any material impact on the Group's financial statements.

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023

3. BASIS OF PREPARATION (CONT'D)

3.2 The Group has not applied in advance the following accounting standards and/or interpretations (including the consequential amendments, if any) that have been issued by the Malaysian Accounting Standards Board ("MASB") but are not yet effective for the current financial year:- (Cont'd)

MFRSs and/or IC Interpretations (Including the Consequential Amendments)	Effective Date
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 107 and MFRS 7: Supplier Finance Arrangements	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 112: International Tax Reform - Pillar Two Model Rules	1 January 2023

The adoption of the above accounting standards and/or interpretations (including the consequential amendments, if any) is expected to have no material impact on the financial statements of the Group upon their initial application.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Critical Accounting Estimates and Judgements

Key Sources of Estimation Uncertainty

Management believes that there are no key assumptions made concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year other than as disclosed below:-

(a) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and current tax liabilities as at the reporting date are RM4,900,000 (2022 - RM2,835,000) and RM2,012,000 (2022 - RM3,418,000) respectively.

(b) Impairment of Intangible Assets, Concession Assets, and Investment Properties

The Group determines whether an item of its intangible assets, concession assets and investment properties is impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amount of intangible assets, concession assets and investment properties as at the reporting date is disclosed in Notes 8, 9 and 12 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(c) Revenue and Cost Recognition of Property Development Activities

The Group recognises property development revenue as and when the control of the asset is transferred to a customer and it is probable that the Group will collect the consideration to which it will be entitled. The control of the asset may transfer over time or at a point in time depending on the terms of the contract with the customer and the applicable laws governing the contract.

When the control of the asset is transferred over time, the Group recognises property development revenue and costs by reference to the progress towards complete satisfaction of the performance obligation at the end of the reporting period. This is measured based on the Group's efforts or budgeted inputs to the satisfaction of the performance obligation. Significant judgement is required in determining the completeness and accuracy of the budgets and the extent of the costs incurred. Substantial changes in property development cost estimates in the future can have a significant effect on the Group's results. In making the judgement, the Group evaluates and relies on past experience and works of specialists. The carrying amount of property development costs as at the reporting date is disclosed in Note 13(b) to the financial statements.

(d) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 21 to the financial statements.

(e) Impairment of Goodwill

The assessment of whether goodwill is impaired requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating a value in use amount requires management to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill as at the reporting date and the key assumptions and sensitivity analysis are disclosed in Note 15 to the financial statements.

4. Significant Accounting Policies (Cont'd)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(f) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 18 and 21 to the financial statements respectively.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables, amounts owing by subsidiaries and amounts owing by joint ventures as at the reporting date are disclosed in Notes 18, 19 and 20 to the financial statements respectively.

(h) Write-down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow-moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories. The carrying amount of inventories as at the reporting date is disclosed in Note 13 to the financial statements.

(i) Deferred Tax Assets

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unabsorbed capital allowances to the extent that it is probable that future taxable profits would be available against which the deductible temporary differences, unused tax losses and unabsorbed capital allowances could be utilised. Management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the assessment of the probability of the future taxable profits. The carrying amounts of deferred tax assets and deferred tax liabilities as at the reporting date is disclosed in Note 16 to the financial statements.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 Critical Accounting Estimates and Judgements (Cont'd)

Key Sources of Estimation Uncertainty (Cont'd)

(j) Provision for Affordable Housing

The provision for affordable housing represents the shortfall between the cost of constructing affordable housing and the economic benefits expected to be received from the purchasers of affordable housing in the development of affordable housing on involuntary basis. This provision is capitalised in the form of common costs for the development of premium housing. In determining the provision for affordable housing, estimates and assumptions are made by the Group on the structure and construction costs in constructing the affordable housing. In making those judgements, the Group evaluates the provisions based on past experience.

Critical Judgements Made in Applying Accounting Policies

Management believes that there are no instances of application of critical judgement in applying the Group's accounting policies which will have a significant effect on the amounts recognised in the financial statements other than as disclosed below:-

(a) Classification between Investment Properties and Owner-occupied Properties

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

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

(b) Lease Terms

Some leases contain extension options exercisable by the Group before the end of the non-cancellable contract period. In determining the lease term, management considers all facts and circumstances including the past practice and any cost that will be incurred to change the asset if an option to extend is not taken. An extension option is only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

(c) Contingent Liabilities

The recognition and measurement for contingent liabilities are based on management's view of the expected outcome on contingencies after consulting legal counsel for litigation cases and experts, for matters in the ordinary course of business. Furthermore, management are of the view that the chances of the financial institutions to call upon the corporate guarantees issued by the Group and the Company are remote.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments

Financial assets and financial liabilities are recognised in the statements of financial position when the Group has become a party to the contractual provisions of the instruments.

Financial instruments are classified as financial assets, financial liabilities or equity instruments in accordance with the substance of the contractual arrangement and their definitions in MFRS 132. Interest, dividends, gains and losses relating to a financial instrument classified as liability are reported as an expense or income. Distributions to holders of financial instruments classified as equity are charged directly to equity.

Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

A financial instrument is recognised initially at its fair value (other than trade receivables without significant financing component which are measured at transaction price as defined in MFRS 15 at inception). Transaction costs that are directly attributable to the acquisition or issue of the financial instrument (other than a financial instrument at fair value through profit or loss) are added to/deducted from the fair value on initial recognition, as appropriate. Transaction costs on the financial instrument at fair value through profit or loss are recognised immediately in profit or loss.

Financial instruments recognised in the statements of financial position are disclosed in the individual policy statement associated with each item.

(a) Financial Assets

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value (through profit or loss, or other comprehensive income), depending on the classification of the financial assets.

Debt Instruments

(i) Amortised Cost

The financial asset is held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset. When the asset has subsequently become credit-impaired, the interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), excluding expected credit losses, through the expected life of the financial asset or a shorter period (where appropriate).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments (Cont'd)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(ii) *Fair Value through Other Comprehensive Income*

The financial asset is held for both collecting contractual cash flows and selling the financial asset, where the asset's cash flows represent solely payments of principal and interest. Movements in the carrying amount are taken through other comprehensive income and accumulated in the fair value reserve, except for the recognition of impairment, interest income and foreign exchange difference which are recognised directly in profit or loss. Interest income is calculated using the effective interest rate method.

(iii) *Fair Value through Profit or Loss*

All other financial assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss. The fair value changes do not include interest or dividend income.

The Group reclassifies debt instruments when and only when its business model for managing those assets change.

Equity Instruments

All equity investments are subsequently measured at fair value with gains and losses recognised in profit or loss except where the Group has elected to present the subsequent changes in fair value in other comprehensive income and accumulated in the fair value reserve at initial recognition.

The designation at fair value through other comprehensive income is not permitted if the equity investment is either held for trading or is designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise.

Dividend income from this category of financial assets is recognised in profit or loss when the Group's right to receive payment is established unless the dividends clearly represent a recovery of part of the cost of the equity investments.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments (Cont'd)

(b) Financial Liabilities

(i) Financial Liabilities at Fair Value through Profit or Loss

Fair value through profit or loss category comprises financial liabilities that are either held for trading or are designated to eliminate or significantly reduce a measurement or recognition inconsistency that would otherwise arise. The changes in fair value of these financial liabilities are recognised in profit or loss.

(ii) Other Financial Liabilities

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts), through the expected life of the financial liability or a shorter period (where appropriate).

(c) Equity Instruments

Equity instruments classified as equity are measured initially at cost and are not remeasured subsequently.

Ordinary shares are classified as equity and recorded at the proceeds received, net of directly attributable transaction costs.

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 Financial Instruments (Cont'd)

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specific debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Functional and Foreign Currencies

(a) Functional and Presentation Currency

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency and has been rounded to the nearest thousand, unless otherwise stated.

(b) Foreign Currency Transactions and Balances

Transactions in foreign currencies are converted into the respective functional currencies on initial recognition, using the exchange rates at the transaction dates. Monetary assets and liabilities at the end of the reporting period are translated at the exchange rates ruling as of that date. Non-monetary assets and liabilities are translated using exchange rates that existed when the values were determined. All exchange differences are recognised in profit or loss.

(c) Foreign Operations

Assets and liabilities of foreign operations (including any goodwill and fair value adjustments arising on acquisition) are translated to the Group's presentation currency at the exchange rates at the end of the reporting period. Income, expenses and other comprehensive income of foreign operations are translated at exchange rates at the dates of the transactions. All exchange differences arising from translation are taken directly to other comprehensive income and accumulated in equity; attributed to the owners of the Company and non-controlling interests, as appropriate.

Goodwill and fair value adjustments arising from the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing rate at the end of the reporting period.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign subsidiary, or a partial disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that foreign operation attributable to the owners of the Company are reclassified to profit or loss as part of the gain or loss on disposal. The portion related to non-controlling interests is derecognised but is not reclassified to profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.3 Functional and Foreign Currencies (Cont'd)

(c) Foreign Operations (Cont'd)

In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are reattributed to non-controlling interests and are not recognised in profit or loss. When the Group disposes of only part of its investment in an associate that includes a foreign operation while retaining significant influence, the proportionate share of the accumulative exchange differences is reclassified to profit or loss.

In the consolidated financial statements, when settlement of a monetary item receivable from or payable to foreign operation is neither planned nor likely to occur in the foreseeable future, the exchange differences arising from translating such monetary item are considered to form part of a net investment in the foreign operation and are recognised in other comprehensive income.

4.4 Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 Basis of Consolidation (Cont'd)

(a) Business Combinations (Cont'd)

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes in Ownership Interests in Subsidiaries without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

(i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and

(ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.5 Goodwill

Goodwill is measured at cost less accumulated impairment losses, if any. The carrying value of goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying amount may be impaired. The impairment value of goodwill is recognised immediately in profit or loss. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Under the acquisition method, any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interests recognised and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities at the date of acquisition is recorded as goodwill.

Where the latter amount exceeds the former, after reassessment, the excess represents a bargain purchase gain and is recognised in profit or loss immediately.

In respect of equity-accounted associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted associates and joint ventures.

4.6 Investments in Subsidiaries

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes the transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 Investments in Associates

An associate is an entity in which the Group has a long-term equity interest and where it exercises significant influence over the financial and operating policies.

The investment in an associate is accounted for in the consolidated financial statements using the equity method based on the financial statements of the associate made up to 31 May 2023. The Group's share of the post-acquisition profits and other comprehensive income of the associate is included in the consolidated statements of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that significant influence commences up to the effective date on which significant influence ceases or when the investment is classified as held for sale. The Group's investment in the associate is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in an associate, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the associate is the carrying amount of the investment in the associate determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate.

Unrealised gains or losses on transactions between the Group and the associate are eliminated to the extent of the Group's interest in the associate. Unrealised losses are eliminated unless cost cannot be recovered.

When the Group ceases to have significant influence over an associate and the retained interest in the former associate is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that associate to profit or loss when the equity method is discontinued.

4.8 Joint Arrangements

Joint arrangements are arrangements of which the Group has joint control, established by contracts requiring unanimous consent for decisions about the activities that significantly affect the arrangements returns.

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint operations and joint ventures.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 Joint Arrangements (Cont'd)

(a) Joint Operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, the obligations for the liabilities, relating to the arrangement. The Group accounts for each of its interest in the joint operations the assets, liabilities, revenue and expenses (including its share of those held or incurred jointly with the other investors) in accordance with the applicable accounting standards.

(b) Joint Ventures

A joint venture is a joint arrangement whereby the Group has rights only to the net assets of the arrangement.

The investment in a joint venture is accounted for in the consolidated financial statements using the equity method, based on the financial statements of the joint venture made up to 31 May 2023. The Group's share of the post-acquisition profits and other comprehensive income of the joint venture is included in the consolidated statements of profit or loss and other comprehensive income, after adjustment if any, to align the accounting policies with those of the Group, from the date that joint control commences up to the effective date when the investment ceases to be a joint venture or when the investment is classified as held for sale. The Group's investment in the joint venture is carried in the consolidated statement of financial position at cost plus the Group's share of the post-acquisition retained profits and reserves. The cost of investment includes transaction costs.

When the Group's share of losses exceeds its interest in a joint venture, the carrying amount of that interest is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation. The interest in the joint venture is the carrying amount of the investment in the joint venture determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the joint venture.

Unrealised gains on transactions between the Group and the joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are eliminated unless cost cannot be recovered.

The Group discontinues the use of the equity method from the date when the investment ceases to be a joint venture or when the investment is classified as held for sale. When the Group retains an interest in the former joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as the initial carrying amount of the financial asset in accordance with MFRS 9. Furthermore, the Group also reclassifies its share of the gain or loss previously recognised in other comprehensive income of that joint venture to profit or loss when the equity method is discontinued. However, the Group will continue to use the equity method when an investment in a joint venture becomes an investment in an associate. Under such change in ownership interest, the retained investment is not remeasured to fair value but a proportionate share of the amounts previously recognised in other comprehensive income of the joint venture will be reclassified to profit or loss where appropriate. All dilution gains or losses arising in investments in joint ventures are recognised in profit or loss.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.9 Property, Plant and Equipment

All items of property, plant and equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all property, plant and equipment, other than freehold land and buildings, are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on the straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated.

The principal annual rates used for this purpose are:-

Buildings	2% - 12.5%
Plant and machinery	10% - 20%
Tools and equipment	10% - 20%
Office equipment	10% - 33.3%
Furniture and fittings	10% - 20%
Motor vehicles	10% - 25%
Renovation	10% - 25%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment

(a) Impairment of Financial Assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at fair value through other comprehensive income, trade receivables and contract assets, as well as on financial guarantee contracts.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statements of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 Impairment (Cont'd)

(b) Impairment of Non-financial Assets (Cont'd)

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately, unless the asset is carried at its revalued amount, in which case, the reversal of the impairment loss is treated as a revaluation increase.

4.11 Investment Properties

Investment properties are properties which are owned or right-to-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and impairment losses, if any.

Depreciation is charged to profit or loss on the straight-line method over the estimated useful lives of the investment properties. The estimated useful lives of the investment properties range from 76 to 917 years.

Freehold land and investment property under construction is not depreciated.

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. All transfers do not change the carrying amount of the property reclassified.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Inventories

(a) Land Held for Property Development and Property Development Costs

(i) Land Held for Property Development

Land held for property development represents land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle.

Land held for property development is stated at the lower of cost and net realisable value.

The cost comprises cost associated with the purchase of land, conversion fees and other relevant levies, and an appropriate proportion of common infrastructure costs.

Net realisable value represents the estimated selling price of intended properties that to be developed less the estimated costs of completion and the estimated costs necessary in selling the properties. If future development layout plan is not available, the replacement cost of the land held for property development will be the best available measure of the net realisable value.

Land held for property development is transferred to property development cost category when development activities have commenced and are expected to be completed within the normal operating cycle.

(ii) Property Development Costs

Property development costs comprise costs associated with the acquisition of land and all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Property development costs that are not recognised as an expense are recognised as an asset and carried at the lower of cost and net realisable value.

When the financial outcome of a development activity can be reliably estimated, the amount of property revenue and expenses recognised in profit or loss are determined by reference to the stage of completion method. The stage of completion is determined based on the proportion that the property development costs incurred for work performed to date bear to the estimated total property development costs at the end of the reporting period.

When the financial outcome of a development activity cannot be reliably estimated, the property development revenue is recognised only to the extent of property development costs incurred that will be recoverable. The property development costs on the development units sold are recognised as an expense in the period in which they are incurred.

Where it is probable that property development costs will exceed property development revenue, any expected loss is recognised as an expense in profit or loss immediately, including costs to be incurred over the defects liability period.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 Inventories (Cont'd)

(a) Land Held for Property Development and Property Development Costs (Cont'd)

(ii) Property Development Costs (Cont'd)

The excess of revenue recognised in the profit or loss over billings to purchasers is shown as contract assets and the excess of billings to purchasers over revenue recognised in profit or loss is shown as contract liabilities.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling property.

(b) Completed Development Properties Held for Sales

Inventories, which consist of completed development properties held for sale, the cost of completed development properties are stated at the lower of historical cost and net realisable value. Historical cost includes, where relevant, cost associated with the acquisition of land, including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended case, related development costs to projects, direct building cost and other costs of bringing the inventories to their present location and condition.

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

(c) Other Inventories

Other inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out method and comprises the purchase price and incidentals incurred in bringing the inventories to their present location and condition.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary to make the sale.

4.13 Contract Costs

(a) Incremental Costs of Obtaining Contracts

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfil a Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract costs are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.13 Contract Costs (Cont'd)

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

4.14 Contract Assets and Contract Liabilities

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

4.15 Borrowing Costs

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.16 Income Taxes

(a) Current Tax

Current tax assets and liabilities are expected amount of income tax recoverable or payable to the tax authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.16 Income Taxes (Cont'd)

(b) Deferred Tax

Deferred tax is recognised using the liability method for all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

4.17 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts and fixed deposits pledged to financial institutions.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.18 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

Onerous Contracts

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Group recognises any impairment loss on the assets associated with that contract.

4.19 Employee Benefits

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss and included in the cost of sales and administrative expenses, where appropriate, in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to a defined contribution plans are recognised in profit or loss and included in the cost of sales and administrative expenses, where appropriate, in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans. Foreign subsidiaries of the Group makes contributions to its respective country's pension schemes. Such contributions are recognised as an expense in the profit or loss as incurred.

(c) Unfunded Defined Benefit Plan

Foreign subsidiaries in Indonesia operate an unfunded defined benefit plan ("the plan") for its eligible employees in accordance with the local labour law. The defined benefit obligations under the plan, calculated using the Projected Unit Credit Method, is determined based on actuarial computations by independent actuaries. That benefit is discounted to determine its present value.

The amount recognised in the statements of financial position represents the present value of the defined benefit obligations adjusted for unrecognised actuarial gains and losses and unrecognised past service costs.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.19 Employee Benefits (Cont'd)

(d) Termination Benefits

Termination benefits are payable when employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 month after the end of the reporting date are discounted to present value.

4.20 Earnings per Ordinary Share

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for the effects of all dilutive potential ordinary shares, which comprise share options granted to employees and the warrants.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. In estimating the fair value of an asset or a liability, the Group take into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the assets or liability at the measurement date. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical asset or liability that the entity can access at the measurement date;

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

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

The fair value for measurement and disclosure purposes in this financial statements is determined on such a basis, except for share-based payment transactions (MFRS 2), leasing transactions (MFRS 16) and measurement that have some similarities to fair value but are not fair value, such as net realisable value (MFRS 102) or value in use (MFRS 136).

4.22 Revenue from Contracts with Customers

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.22 Revenue from Contracts with Customers (Cont'd)

(a) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

(b) Revenue from Property Development

Revenue from property development is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. Otherwise, revenue is recognised at a point in time upon delivery of property and customer's acceptance, and the Group has a present right to payment for the property sold.

A receivable is recognised when the development activities are carried out as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

(c) Water Concession

Revenue from water concession is recognised upon transfer of treated water as measured by the meter reading in the water treatment plant.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.23 Revenue from Other Sources and Other Operating Income

(a) Management Fee and Administrative Charges

Management fee and administrative charges are recognised upon performance of services.

(b) Rental Income

Rental income is accounted for on a straight-line method over the lease term.

(c) Dividend Income

Dividend income from investments is recognised when the right to receive dividend payment is established.

(d) Interest Income

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

Interest income from financial assets at fair value through profit or loss is included in the net fair value gains/losses.

4.24 Operating Segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.25 Service Concession Assets

(a) Concession Assets Under Build, Operate And Own

Concession assets comprise cost associated with land and building, aggregate cost of development, mini hydro power treatment plants and electromechanical equipment, generator sets, turbine, transmission line and distribution mains constructed and maintained by the Group under the Concession Agreements entered into by the Group. The Group build, operate and own the concession assets.

Concession assets are amortised upon the commencement of the concession period on a straight-line method over the concession period of 15 - 21 years. The costs of day-to-day servicing of concession assets are recognised in profit or loss when incurred.

Where an indication of impairment exists, the carrying amount of the concession asset is assessed and written down immediately to its recoverable amount.

(b) Intangible Assets Under Build, Operate And Transfer, or Rehabilitate, Upgrade, Operate And Transfer

Intangible assets are measured on initial recognition at cost. The cost of intangible asset of the Group comprises cost incurred in relation to service concession arrangements which comprise structures, land and buildings, water treatment plants and equipment, reservoirs, dams and distribution pipes operated and maintained by the Group under the Concession Agreements. Under the agreements of Build, Operate and Transfer, or Rehabilitate, Upgrade, Operate and Transfer, the Group is required to hand over the facilities at end of the concession period to the concession providers.

Intangible assets are depreciated over the concession period with a finite useful life using a straight-line method.

During the financial year, the Group changed the depreciation from unit of water revenue method to straight-line method.

The change in the depreciation rate arose from a review of the useful lives of the assets concerned. The effect of the change in the depreciation rates increase the profit before taxation of the Group by RM308,000 for the current financial year.

At the end of each reporting date, the Group assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write-down is made if the carrying amount exceeds the recoverable amount.

The depreciation on intangible assets with finite lives is recognised in profit or loss in the expense category that is consistent with the function of the intangible assets.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in statements of profit or loss when the asset is derecognised.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.26 Leases

The Group assesses whether a contract is or contains a lease, at the inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjusted for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

5. Investments In Subsidiaries

	The Company 2023 RM'000	2022 RM'000
Unquoted shares, at cost	135,699	135,699
Amount owing by subsidiaries	14,373	14,373
Share options granted to employees of subsidiaries	6,943	6,943
	157,015	157,015
Allowance for impairment loss	(8,710)	(8,710)
	148,305	148,305
Allowance for impairment loss:-		
At 1 June/31 May	(8,710)	(8,710)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2023 %	2022 %	Principal Activities
Gadang Engineering (M) Sdn Bhd and its subsidiaries	Malaysia	100	100	Earthworks, building and civil engineering construction works and investment holding
Bincon Sdn Bhd	Malaysia	100	100	Hire of plant and machinery, transportation agent
Era Berkat Sdn Bhd *	Malaysia	100	100	Earthwork contractors
Katah Realty Sdn Bhd	Malaysia	100	100	Building and civil engineering construction works
Kartamo Corporation Sdn Bhd	Malaysia	100	100	Building and civil engineering construction works

5. INVESTMENTS IN SUBSIDIARIES (CONT'D)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2023 %	2022 %	Principal Activities
Gadang Engineering (M) Sdn Bhd and its subsidiaries (Cont'd)				
Gadang Construction Sdn Bhd	Malaysia	100	100	Earthwork, building and civil engineering construction works, provision of hospital and healthcare services
Yi Sheng Foundation Pte Ltd * and its subsidiaries	Singapore	100	100	Contractor of bored pile works
Usaha Pesona Sdn Bhd	Malaysia	100	100	Contractor of bored pile works
UA Foundation Pte Ltd *	Singapore	51	51	Contractor of bored pile works
Datapuri Sdn Bhd	Malaysia	100	100	Provision of mechanical and electrical engineering services
Regional Utilities Sdn Bhd * and its subsidiaries	Malaysia	100	100	Investment holding
PT Asian Utilities Indonesia *	Indonesia	100	100	Management consulting services
Nusantara Suriamas Sdn Bhd *	Malaysia	70	70	Solar power concession
Asian Utilities Pte Ltd * and its subsidiaries	Singapore	100	100	Investment holding
PT Taman Tirta Sidoarjo *	Indonesia	95	95	Water concession
PT Bintang Hytien Jaya ^	Indonesia	-	95	Water concession
PT Hanarida Tirta Birawa *	Indonesia	95	95	Water concession
PT Ikhwan Mega Power *	Indonesia	60	60	Power concession
PT Dewata Bangun Tirta *	Indonesia	95	95	Water concession
PT Hidronusa Rawan Energi *	Indonesia	80	80	Power concession

5. Investments In Subsidiaries (Cont'd)

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2023 %	2022 %	Principal Activities
Mandy Corporation Sdn Bhd	Malaysia	100	100	Property development, building and civil engineering contractor
Achwell Property Sdn Bhd	Malaysia	100	100	Property development
Gadang Land Sdn Bhd and its subsidiaries	Malaysia	100	100	Property development, provision of management services and investment holding
Magnaway Sdn Bhd *	Malaysia	100	100	Property management and maintenance
Noble Paradise Sdn Bhd *	Malaysia	100	100	Property development
Sama Pesona Sdn Bhd *	Malaysia	100	100	Property development
Damai Klasik Sdn Bhd *	Malaysia	100	100	Property development
City Version Sdn Bhd *	Malaysia	100	100	Property development
Splendid Pavilion Sdn Bhd	Malaysia	100	100	Property development
Natural Domain Sdn Bhd	Malaysia	100	100	Property development
Crimson Villa Sdn Bhd	Malaysia	100	100	Property development
Elegance Sonata Sdn Bhd	Malaysia	100	100	Property development
Hillstrand Development Sdn Bhd	Malaysia	100	100	Property development
Detik Tiara Sdn Bhd	Malaysia	100	100	Property development
Skyline Symphony Sdn Bhd *	Malaysia	100	100	Property development
Tema Warisan Sdn Bhd	Malaysia	100	100	Property development
Prelude Avenue Sdn Bhd *	Malaysia	100	100	Property development
Special Courtyard Sdn Bhd *	Malaysia	100	100	Property management and maintenance

5. **INVESTMENTS IN SUBSIDIARIES (CONT'D)**

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent 2023 %	2022 %	Principal Activities
Gadang Land Sdn Bhd and its subsidiaries (Cont'd)				
Gadang Properties Sdn Bhd and its subsidiary	Malaysia	100	100	Property development and investment holding
Buildmark Sdn Bhd *	Malaysia	100	100	Property development
Flora Masyhur Sdn Bhd * and its subsidiary	Malaysia	100	100	Property development
Camar Ajaib Sdn Bhd	Malaysia	100	100	Property development
GLP Resources (M) Sdn Bhd *	Malaysia	100	100	Dormant
Gadang Plantations Holdings Sdn Bhd *	Malaysia	100	100	Investment holding

* *These subsidiaries were audited by other firms of chartered accountants.*

^ *The subsidiary has been disposed of during the current financial year.*

(a) On 31 May 2022, the Group has disposed of its entire 95% equity interest in PT Bintang Hytien Jaya ("PT BHJ"). The disposal was deemed completed on 1 July 2022. The details of the disposal are disclosed in Note 44 to the financial statements.

(b) Summarised financial information of non-controlling interests has not been presented as the non-controlling interests of the subsidiaries are not individually material to the Group.

6. INVESTMENT IN AN ASSOCIATE

	The Group	
	2023 RM'000	2022 RM'000
Unquoted shares, at cost	*	*
Share of post-acquisition reserves	*	*
	-	-

Note:-
* Less than RM1,000.

The details of the associate are as follows:-

Name of Associate	Principal Place of Business/ Country of Incorporation	Percentage of Ownership 2023 %	Percentage of Ownership 2022 %	Principal Activity
Maha Abadi Sdn Bhd	Malaysia	25	25	Dormant

Summarised financial information of the associate has not been presented as the associate is not individually material to the Group.

7. INVESTMENT IN JOINT VENTURES

	The Group 2023 RM'000	The Group 2022 RM'000
Unquoted shares, at cost	510	510
Share of post-acquisition reserves	(3,406)	(283)
	(2,896)	227
Allowance for impairment loss	(510)	-
	(3,406)	227
Allowance for impairment loss:-		
At 1 June 2022/2021	-	-
Additions during the financial year (Note 37)	(510)	-
At 31 May	(510)	-

	The Group 2023 RM'000	The Group 2022 RM'000
Represented by:-		
Non-current asset	-	227
Non-current liability	(3,406)	-
	(3,406)	227

The details of the joint ventures are as follows:-

Name of Joint Venture	Principal Place of Business/ Country of Incorporation	Percentage of Ownership 2023 %	Percentage of Ownership 2022 %	Principal Activities
Zeta Datapuri JV Sdn Bhd	Malaysia	45	45	Provision of mechanical and electrical engineering services
Gadang CRFG Consortium Sdn Bhd	Malaysia	51	51	Civil engineering construction works

(a) The Group's involvement in joint arrangements are structured through separate vehicles which provide the Group rights to the net assets of the entities. Accordingly, the Group has classified these investments as joint ventures.

(b) Although the Group holds more than 50% of the voting power in Gadang CRFG Consortium Sdn Bhd, the Group has determined that it does not have sole control over the investee considering that strategic and financial decisions of the relevant activities of the investee require unanimous consent of all the shareholders.

7. INVESTMENT IN JOINT VENTURES (CONT'D)

(c) The summarised audited financial information (after the alignment for the Group's accounting policies) for each joint venture that is material to the Group is as follows:-

	Gadang CRFG Consortium Sdn Bhd	
	2023	2022
At 31 May	RM'000	RM'000
Non-current assets	1,492	2,150
Current assets	22,812	29,499
Current liabilities	(30,838)	(31,974)
Net liabilities	(6,534)	(325)
Financial year ended 31 May		
Revenue	19,782	35,023
Depreciation of plant and equipment	(397)	(624)
Income tax expense	15	(377)
Loss after taxation for the financial year	(6,214)	(2,750)
Other comprehensive income	-	-
Total comprehensive expenses	(6,214)	(2,750)
Group's share of loss for the financial year	(3,169)	(1,402)
Group's share of other comprehensive income	-	-
Reconciliation of Net Assets to Carrying Amount		
Group's share of net assets above	(3,335)	(166)
Carrying amount of Group's interest in this joint venture	(3,335)	(166)

The Group has recognised additional losses related to Gadang CRFG Consortium Sdn Bhd in the current financial year as the Group has obligation in respect of these losses.

(d) The summarised unaudited financial information (after the alignment for the Group's accounting policies) for the other joint venture that is immaterial to the Group is as follows:-

	Other Immaterial Joint Venture	
	2023	2022
Financial year ended 31 May	RM'000	RM'000
Group's share of profit for the financial year	46	55
Group's share of other comprehensive income	-	-
Group's share of total comprehensive income	46	55
Aggregate carrying amount of the Group's interests in joint venture	439	393

8. INTANGIBLE ASSETS

	The Group	
	2023	2022
	RM'000	RM'000
Cost		
At 1 June 2022/2021	68,721	66,494
Additions	100	339
Disposals/Write-offs	(4,648)	(70)
Reclassification	-	133
Foreign exchange difference	1,149	1,825
At 31 May	65,322	68,721
Accumulated depreciation		
At 1 June 2022/2021	(36,012)	(29,984)
Charge for the financial year (Note 37)	(3,571)	(4,824)
Disposals/Write-offs	2,937	63
Foreign exchange difference	(848)	(1,267)
At 31 May	(37,494)	(36,012)
Accumulated impairment loss		
At 1 June 2022/2021	(882)	(871)
Disposals/Write-offs	573	-
Foreign exchange difference	(8)	(11)
At 31 May	(317)	(882)
Carrying value	27,511	31,827

9. CONCESSION ASSETS

	The Group	
	2023 RM'000	2022 RM'000
Cost		
At 1 June 2022/2021	122,005	109,848
Additions	16,331	7,382
Foreign exchange difference	4,167	4,775
At 31 May	142,503	122,005
Accumulated impairment loss		
At 1 June 2022/2021	-	-
Additions during the financial year (Note 37)	(9,436)	-
Foreign exchange difference	(1,273)	-
At 31 May	(10,709)	-
Carrying value	131,794	122,005

Concession assets with an aggregate carrying value of RM131,794,000 (2022 - RM121,585,000) are pledged to licensed banks as security for credit facilities granted to subsidiaries, as disclosed in Note 29 to the financial statements.

		The Group	
		2023 RM'000	2022 RM'000
Represented by:-	**Location**		
Concession asset I	Malaysia	11,387	420
Concession asset II	Indonesia	120,407	121,585
		131,794	122,005

During the financial year, the Group has carried out a review of the recoverable amount of its concession assets in PT Ikhwan Mega Power because there is an indication of impairment loss of the concession assets due to delay of the commercial operation date. An impairment loss of RM9,436,000, representing the write-down of the concession assets to the recoverable amount was recognised in Other Expenses line item of the consolidated statement of profit or loss and other comprehensive income as disclosed in Note 37 to the financial statements.

The recoverable amounts of the concession assets are determined using the value in use approach, determined by discounting future cash flow projected based on various assumptions.

9. Concession Assets (CONT'D)

The key assumptions used in the determination of the recoverable amounts are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2023	2022	2023	2022	2023	2022
	%	%	%	%	%	%
Power concession	67 - 90	77 - 89	Nil	Nil	11	12

(a) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements and cost saving measures.

(b) Growth rate

The forecast and projection reflect management expectation of revenue growth, operating costs and margins for the CGU based on past experience. The increment in tariff rate is in accordance with the Concession Agreement.

(c) Discount rate

The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

The values assigned to the key assumptions represent management's assessment of future trends in the CGU and are based on both external sources and internal historical data. The projections are prepared based on remaining concession period granted and construction period, therefore, the projection includes net cash flows to be received for the disposal of concession asset at the end of concession period and not considered the terminal value.

If the discount rate were to increase by 0.5%, the additional impairment loss on concession assets is approximately RM4,687,000. If the revenue growth rate were reduced by 0.5%, the additional impairment loss is approximately RM9,156,000. Any reasonably possible change in the other key assumptions on which the recoverable amounts are based would not cause the carrying amount of other cash-generating units to exceed their recoverable amounts.

In the prior financial year, there were no reasonably possible changes in any of the key assumptions that would have resulted in an impairment loss on concession assets.

10. Property, Plant And Equipment

The Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools and equipment RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
31 May 2023									
Cost									
At 1 June 2022	3,517	9,107	94,304	18,939	4,940	1,588	18,320	2,803	153,518
Additions (Note 46(a))	-	-	3,882	1,369	244	37	1,287	-	6,819
Disposals/Write-offs	-	-	(3,951)	(121)	(283)	(16)	(3,331)	-	(7,702)
Foreign exchange difference	17	1	587	138	18	3	25	1	790
At 31 May	3,534	9,108	94,822	20,325	4,919	1,612	16,301	2,804	153,425
Accumulated depreciation									
At 1 June 2022	-	3,937	77,806	15,447	3,620	1,243	15,358	1,731	119,142
Charge for the financial year:									
- recognised in cost of sales (Note 35)	-	-	2,965	1,919	92	-	129	-	5,105
- recognised in profit or loss (Note 37)	-	181	1,566	586	355	78	1,043	199	4,008
	-	181	4,531	2,505	447	78	1,172	199	9,113
Disposals/Write-offs	-	-	(3,792)	(121)	(279)	(10)	(3,329)	-	(7,531)
Foreign exchange difference	-	1	212	33	16	*	14	1	277
At 31 May	-	4,119	78,757	17,864	3,804	1,311	13,215	1,931	121,001

Note:-
* Less than RM1,000.

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools and equipment RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
31 May 2023									
Accumulated impairment loss									
At 1 June 2022	-	-	27	-	1	-	-	-	28
Additions during the financial year (Note 37)	306	-	-	-	-	-	-	-	306
Foreign exchange difference	13	-	-	-	*	-	-	-	13
At 31 May	319	-	27	-	1	-	-	-	347
Carrying value	3,215	4,989	16,038	2,461	1,114	301	3,086	873	32,077

Note:-
* Less than RM1,000.

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools and equipment RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
31 May 2022									
Cost									
At 1 June 2021	3,493	9,106	125,998	18,243	4,729	1,553	17,236	2,801	183,159
Additions (Note 46(a))	-	-	2,944	689	195	35	1,676	-	5,539
Disposals/Write-offs	-	-	(34,816)	(27)	(7)	-	(618)	-	(35,468)
Foreign exchange difference	24	1	178	34	23	*	26	2	288
At 31 May	3,517	9,107	94,304	18,939	4,940	1,588	18,320	2,803	153,518
Accumulated depreciation									
At 1 June 2021	-	3,755	104,193	13,012	3,099	1,149	14,366	1,529	141,103
Charge for the financial year:									
- recognised in cost of sales (Note 35)	-	-	3,982	2,157	106	-	849	-	7,094
- recognised in profit or loss (Note 37)	-	181	777	298	399	94	726	200	2,675
	-	181	4,759	2,455	505	94	1,575	200	9,769
Disposals/Write-offs	-	-	(31,211)	(27)	(5)	-	(601)	-	(31,844)
Foreign exchange difference	-	1	65	7	21	*	18	2	114
At 31 May	-	3,937	77,806	15,447	3,620	1,243	15,358	1,731	119,142

Note:-
* Less than RM1,000.

10. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Tools and equipment RM'000	Office equipment RM'000	Furniture and fittings RM'000	Motor vehicles RM'000	Renovation RM'000	Total RM'000
31 May 2022									
Accumulated impairment loss									
At 1 June 2021	-	-	3,554	-	1	-	-	-	3,555
Disposals/Write-offs	-	-	(3,527)	-	-	-	-	-	(3,527)
Foreign exchange difference	-	-	-	-	*	-	-	-	*
At 31 May	-	-	27	-	1	-	-	-	28
Carrying value	3,517	5,170	16,471	3,492	1,319	345	2,962	1,072	34,348

Note:-
* Less than RM1,000.

10. Property, Plant And Equipment (Cont'd)

The Company	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
31 May 2023				
Cost				
At 1 June 2022	14	203	1,002	1,219
Additions (Note 46(a))	-	6	68	74
Disposals/Write-offs	-	(13)	-	(13)
At 31 May	14	196	1,070	1,280
Accumulated depreciation				
At 1 June 2022	13	104	432	549
Charge for the financial year (Note 37)	1	18	170	189
Disposals/Write-offs	-	(7)	-	(7)
At 31 May	14	115	602	731
Carrying value	-	81	468	549
31 May 2022				
Cost				
At 1 June 2021	14	201	940	1,155
Additions (Note 46(a))	-	2	62	64
At 31 May	14	203	1,002	1,219
Accumulated depreciation				
At 1 June 2021	10	86	271	367
Charge for the financial year (Note 37)	3	18	161	182
At 31 May	13	104	432	549
Carrying value	1	99	570	670

The Group's land and buildings with an aggregate carrying value of RM7,840,000 (2022 - RM8,030,000) are pledged to licensed banks as security for credit facilities granted to the Group, as disclosed in Note 29 to the financial statements.

Included in the property, plant and equipment of the Group were plant and machinery and motor vehicles with a total carrying amount of RM8,520,000 (2022 - RM14,755,000) held under hire purchases arrangements. These assets have been pledged as security for the hire purchase agreements. Details of the hire purchase payables by the Group, as disclosed in Note 30 to the financial statements.

11. RIGHT-OF-USE ASSETS

The Group	2023 RM'000	2022 RM'000
Leasehold land		
Cost		
At 1 June 2022/2021	4,964	4,969
Reclassification	-	(5)
Foreign exchange difference	1	*
At 31 May	4,965	4,964
Accumulated depreciation		
At 1 June 2022/2021	505	450
Charge for the financial year:		
- recognised in profit or loss (Note 37)	55	55
Foreign exchange difference	*	*
At 31 May	560	505
Carrying value	4,405	4,459

Note:-

* Less than RM1,000.

(a) The Group leases certain pieces of leasehold land of which the leasing activities are summarised below:-

(i) Leasehold land

The lease arrangement on the use of land is for a period of 85 to 93 years with no renewal or purchase option included in the agreements. The leasehold land with an aggregate carrying value of RM4,293,000 (2022 - RM4,345,000) has been pledged to licensed banks as security for banking facilities granted to the Group, as disclosed in Note 29 to the financial statements. The leases do not allow the Group to assign, transfer or sublease or create any charge, lien or trust in respect of or dispose of the whole or any part of the land. A tenancy is, however, allowed with the consent of the lessor.

(b) The Group also has leases with lease terms of 12 months or less and leases of office equipment with low value. The Group has applied the ‘short-term lease’ and ‘lease of low-value assets’ recognition exemptions for these leases.

12. INVESTMENT PROPERTIES

	The Group	
	2023	2022
Cost	RM'000	RM'000
At 1 June 2022/2021	77,897	77,305
Additions during the financial year	-	592
At 31 May	77,897	77,897
Accumulated depreciation		
At 1 June 2022/2021	4,275	3,438
Charge for the financial year (Note 37)	841	837
At 31 May	5,116	4,275
Accumulated impairment loss	1,247	1,247
Carrying value	71,534	72,375
Represented by:-		
Freehold lands	223	223
Leasehold lands	70,888	71,720
Buildings	423	432
	71,534	72,375

Investment properties with an aggregate carrying value of RM65,136,000 (2022 - RM65,911,000) are pledged to licensed banks as security for credit facilities granted to the Group, as disclosed in Note 29 to the financial statements.

The fair values of the investment properties of the Group as at the reporting date are estimated at RM91,947,000 (2022 - RM84,668,000) based on directors' assessment of the current prices in an active market for the respective properties within each vicinity. The most significant impact into this valuation approach is the price per square feet of comparable properties. Adjustment are then made for differences in location, size, facilities available, market conditions and others factors in order to arrive at a common basis.

	The Group	
	2023	2022
	RM'000	RM'000
Fair value represented by:-		
Freehold lands	471	433
Leasehold lands	90,996	83,755
Buildings	480	480
	91,947	84,668

13. INVENTORIES

	The Group 2023 RM'000	2022 RM'000
Non-current:-		
Land held for property development (Note 13(a))	-	-
Current:-		
Property development costs (Note 13(b))	558,864	618,967
Developed properties held for sale (Note 13(c))	7,325	12,606
Raw materials	85	92
	566,274	631,665

(a) Land Held for Property Development

	The Group 2023 RM'000	2022 RM'000
At 1 June 2022/2021	-	3,913
Disposal during the financial year	-	(3,913)
At 31 May	-	-

(b) Property Development Costs

The Group	Freehold lands RM'000	Right-of-use assets (Leasehold lands) RM'000	Development costs RM'000	Total RM'000
At 31 May 2023				
Cumulative property development cost				
At 1 June 2022	531,553	23,601	319,236	874,390
Cost incurred during the financial year	-	-	108,595	108,595
(Reduction)/Addition in land proprietary entitlement	(10,230)	565	-	(9,665)
Reversal of completed projects	-	(7,111)	(55,289)	(62,400)
Transfer to inventory	-	(510)	(4,312)	(4,822)
At 31 May	521,323	16,545	368,230	906,098
Cumulative costs recognised in profit or loss				
At 1 June 2022	(44,510)	(12,932)	(197,981)	(255,423)
Cost recognised during the financial year	(35,208)	(4,635)	(114,368)	(154,211)
Reversal of completed projects	-	7,111	55,289	62,400
At 31 May	(79,718)	(10,456)	(257,060)	(347,234)
Property development cost at 31 May 2023	441,605	6,089	111,170	558,864

13. INVENTORIES (CONT'D)

(b) Property Development Costs (Cont'd)

The Group	Freehold lands RM'000	Right-of-use assets (Leasehold lands) RM'000	Development costs RM'000	Total RM'000
At 31 May 2022				
Cumulative property development cost				
At 1 June 2021	531,282	85,011	313,809	930,102
Addition in land proprietary entitlement	271	254	-	525
Cost incurred during the financial year	-	-	66,684	66,684
Disposal of land	-	(33,110)	(7,924)	(41,034)
Reversal of completed projects	-	(27,988)	(52,244)	(80,232)
Transfer to inventory	-	(566)	(1,089)	(1,655)
At 31 May	531,553	23,601	319,236	874,390
Cumulative costs recognised in profit or loss				
At 1 June 2021	(17,860)	(28,974)	(157,647)	(204,481)
Cost recognised during the financial year	(26,650)	(45,056)	(100,503)	(172,209)
Disposal of land	-	33,110	7,924	41,034
Reversal of completed projects	-	27,988	52,245	80,233
At 31 May	(44,510)	(12,932)	(197,981)	(255,423)
Property development cost at 31 May 2022	487,043	10,669	121,255	618,967

13. INVENTORIES (CONT'D)

(b) Property Development Costs (Cont'd)

(i) The lands under development of the Group with an aggregate carrying value of RM221,861,000 (2022 - RM249,463,000) are pledged to financial institutions for banking facilities granted to the Group as disclosed in Note 29 to the financial statements.

(ii) Included in property development costs is land proprietor's entitlement of the Group committed through:-

(aa) the Joint Development Agreement with Cyberview Sdn Bhd to undertake the proposed development measuring 121.49 acres of land held under H.S.(D) 33156 PT No. 47223, Mukim Dengkil, District of Sepang, State of Selangor with a carrying value of RM84,841,000 (2022 - RM107,149,000);

(bb) the Development Right Agreement with Kwasa Development (3) Sdn Bhd to undertake the proposed development measuring 21.08 acres of freehold land held under GRN 319910, Lot No. 85111, Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor Darul Ehsan with a carrying value of RM117,386,000 (2022 - RM113,157,000); and

(cc) the Joint Venture Agreement with Perikatan Progresif Sdn Bhd to undertake the proposed development measuring 17.5 acres of land held under PN 39250 Lot 1400, Mukim Dengkil, Daerah Sepang, Negeri Selangor Darul Ehsan with a carrying value of RM2,505,000 (2022 - RM5,550,000).

The title deeds in respect of the land proprietor's entitlement are not registered under the subsidiary's name as these title deeds will be transferred directly to the purchasers upon completion of the properties development.

(c) Developed Properties Held for Sales

The developed properties held for sales amounting to RM5,000,000 (2022 - RM5,000,000) have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 29 to the financial statements.

	The Group	
Recognised in profit or loss:-	**2023 RM'000**	**2022 RM'000**
Developed properties held for sales recognised as cost of sales	9,948	24,378

14. Other Investments

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Fair Value through Profit or Loss				
Quoted shares, at fair value	719	1,798	719	1,798

15. Goodwill On Consolidation

	The Group	
	2023	2022
Cost	RM'000	RM'000
At 1 June 2022/2021	42,463	41,903
Foreign exchange difference	689	560
At 31 May	43,152	42,463
Accumulated impairment loss		
At 1 June 2022/2021	25,088	19,149
Addition during the financial year (Note 37)	10,633	5,939
Foreign exchange difference	909	-
At 31 May	36,630	25,088
Carrying value	6,522	17,375

(a) The carrying amounts of goodwill allocated to each cash-generating unit ("CGU") are as follows:-

	The Group	
	2023	2022
	RM'000	RM'000
Construction	-	5,668
Power concession	-	5,354
Water concession	6,522	6,353
	6,522	17,375

(b) During the current financial year, an impairment loss of RM10,633,000 were recognised on construction, power concession and water concession CGU in "Other Expenses" line item of the statements of profit and loss and other comprehensive income.

In the previous financial year, an impairment loss of RM5,939,000 was recognised on property development CGU in "Other Expenses" line item of the statements of profit and loss and other comprehensive income upon fulfilment of the Conditional Settlement Agreement as disclosed in Note 51(a) to the financial statements and management do not foresee any cash flows from this CGU in the near future.

The Group has assessed the recoverable amounts of goodwill allocated to other CGUs and determined that no additional impairment is required.

15. GOODWILL ON CONSOLIDATION (CONT'D)

(c) For construction, power concession and water concession CGU, the value in use approach is derived from the present value of the future cash flows from the operating segments computed based on the projections of financial budget approved by the management covering a period of 3 - 5 years and throughout the concession period.

In the previous year, for property development CGU, the value in use approach was derived from the future cash flows from the Conditional Settlement Agreement as disclosed in Note 51(a) to the financial statements.

(d) The key assumptions used for the value in use approach of the CGU are as follows:-

	Gross Margin		Growth Rate		Discount Rate	
	2023	2022	2023	2022	2023	2022
	%	%	%	%	%	%
Construction	0 - 5	0.35 - 8	5	5	6	7
Power concession	67 - 90	77 - 89	Nil	Nil	11	12
Water concession	56 - 72	57 - 75	3 - 7	3 - 7	11	12

(i) Budgeted gross margin

The basis used to determine the value assigned to the budgeted gross margin is the average gross margins achieved in the year immediately before the budgeted year adjusted for expected efficiency improvements and cost saving measures.

(ii) Growth rate

The forecast and projection reflect management expectation of revenue growth, operating costs and margins for the CGU based on past experience. The increment in tariff rate is in accordance with the Concession Agreement.

(iii) Discount rate

The discount rate used is pre-tax and reflects specific risks relating to the relevant segments.

The values assigned to the key assumptions represent management's assessment of future trends in the CGU and are based on both external sources and internal historical data. The projections are prepared based on remaining concession period granted and construction period, therefore, the projection includes net cash flows to be received for the disposal of concession asset at the end of concession period and not considered the terminal value.

(e) The directors believe that there is no reasonably possible change in the above key assumptions applied that is likely to materially cause the respective cash-generating unit carrying amount to exceed its recoverable amount.

16. DEFERRED TAX LIABILITIES/(ASSETS)

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
At 1 June 2022/2021	(19,865)	(28,806)	36	55
Recognised in profit or loss (Note 41)	(953)	8,936	551	(19)
Recognised in other comprehensive income	(1)	37	-	-
Foreign exchange difference	(44)	(32)	-	-
At 31 May	(20,863)	(19,865)	587	36
Presented after appropriate offsetting as follows:				
- Deferred tax liabilities	2,531	2,204	587	36
- Deferred tax assets	(23,394)	(22,069)	-	-
	(20,863)	(19,865)	587	36

Deferred tax assets and liabilities are attributable to the following items:-

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax assets:-				
Employee benefits	(436)	(402)	-	-
Impairment loss on receivables	(75)	(71)	-	-
Unrealised profits	(754)	(1,110)	-	-
Unused tax losses	(2,296)	(1,862)	-	-
Unabsorbed capital allowances	(3,526)	(524)	-	-
Provisions	(6,949)	(7,791)	-	-
Timing differences on allowable expenses	(8,767)	(9,346)	-	(19)
Deferred tax assets (before offsetting)	(22,803)	(21,106)	-	(19)
Offsetting	(591)	(963)	-	19
Deferred tax assets (after offsetting)	(23,394)	(22,069)	-	-

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Deferred tax liabilities:-				
Accelerated capital allowances over depreciation	1,940	1,231	10	55
Timing differences on allowable expenses	-	-	577	-
Realisation of revaluation reserve on inventory - PDC	-	10	-	-
Deferred tax liabilities (before offsetting)	1,940	1,241	587	55
Offsetting	591	963	-	(19)
Deferred tax liabilities (after offsetting)	2,531	2,204	587	36

16. DEFERRED TAX LIABILITIES/(ASSETS) (CONT'D)

The recognition of the deferred tax assets is dependent on the sufficiency of future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The evidence used to support this recognition is the management's budget approved by the directors, which shows that it is probable that the deferred tax assets would be realised in future years.

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Unused tax losses:				
- expires in year of assessment 2028	7,345	7,431	-	-
- expires in year of assessment 2029	3,438	3,438	-	-
- expires in year of assessment 2030	2,470	2,429	-	-
- expires in year of assessment 2031	2,363	2,330	-	-
- expires in year of assessment 2032	7,932	8,310	-	-
- expires in year of assessment 2033	3,673	-	-	-
- no expiry date	8,972	-	-	-
Unabsorbed capital allowances	775	731	-	-
Deferred tax assets (after offsetting)	36,968	24,669	-	-

Certain comparative figures have been restated to reflect the revised tax losses carry-forward and other temporary differences available to the Group.

For the Malaysia entities, based on the current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment; whereas, the unabsorbed capital allowances are allowed to be carried forward indefinitely.

The use of tax losses of subsidiaries in other country is subject to the agreement of the tax authorities and compliance with Income Tax Act 1947 of the tax legislation of Singapore in which the subsidiaries operate.

17. CONTRACT COSTS

	The Group	
	2023 RM'000	2022 RM'000
Incremental costs of obtaining contracts	5,906	6,586

The incremental costs of obtaining contracts primarily comprise commissions paid to real estate agents as a result of obtaining property sales and purchase contracts with customers. The costs are recoverable and amortised over the period in which the related revenue is recognised.

18. Trade And Non-Trade Receivables

	The Group 2023 RM'000	The Group 2022 RM'000	The Company 2023 RM'000	The Company 2022 RM'000
Trade receivables	80,159	97,809	-	-
Less: Impairment loss				
At 1 June 2022/2021	(199)	-	-	-
Additions during the financial year	(2,009)	(199)	-	-
Foreign exchange difference	126	-	-	-
At 31 May	(2,082)	(199)	-	-
Less: Accretion of interest				
At 1 June	(7,782)	-	-	-
Additions during the financial year	(387)	(7,782)	-	-
Reversal during the financial year (Note 36)	450	-	-	-
At 31 May	(7,719)	(7,782)	-	-
Trade receivables, net	70,358	89,828	-	-
Amount owing by subsidiaries (Note 19)	-	-	271,034	252,333
Amount owing by joint ventures (Note 20)	8,222	12,041	-	-
Non-trade receivables:-				
(i) Other receivables	55,628	48,086	6,776	6,759
Less: Impairment loss				
At 1 June 2022/2021	(6,843)	(6,843)	(6,750)	(6,750)
Reversal during the financial year	4	-	-	-
At 31 May	(6,839)	(6,843)	(6,750)	(6,750)
Less: Accretion of interest				
At 1 June 2022/2021	-	(198)	-	-
Reversal during the financial year (Note 36)	-	198	-	-
At 31 May	-	-	-	-
Other receivables, net	48,789	41,243	26	9
(ii) Prepayments	2,360	2,446	410	317
Less: Impairment loss				
At 1 June 2022/2021	-	-	-	-
Additions during the financial year	(1,066)	-	-	-
Foreign exchange difference	(44)			
At 31 May	(1,110)	-	-	-
Prepayments, net	1,250	2,446	410	317
(iii) Deposits	6,898	6,083	19	19
(iv) Goods and services tax recoverable	219	205	-	-
Non-trade receivables, net	57,156	49,977	455	345
Trade and non-trade receivables	135,736	151,846	271,489	252,678

18. TRADE AND NON-TRADE RECEIVABLES (CONT'D)

The maturities of trade and non-trade receivables are as follows:-

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current:-				
Within one year	117,039	126,866	91,936	149,773
Non-current:-				
More than one year but less than five years	18,697	24,980	120,109	102,905
Over five years	-	-	59,444	-
	135,736	151,846	271,489	252,678

(a) The Group's and the Company's normal trade credit terms range from 30 to 90 (2022 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(b) Included in non-trade receivables of the Group are amount owing by parties related to a director of the Company. Balances as at end of the reporting period are as follows:-

	The Group	
Party related to	**2023 RM'000**	**2022 RM'000**
Tan Sri Dato' Kok Onn:		
- Boon Builder (a company owned by brother) #1	2,612	2,654
- Kok Khim Boon (brother)	-	59

Note:-
#1 Represents subcontract material payment on behalf.

(c) Included in the trade receivables are stakeholder sums totalling RM9,157,000 (2022 - RM11,689,000). These stakeholder sums are expected to be collected within the periods ranging from 1 to 24 (2022 - 1 to 24) months.

(d) Included in the trade receivable amounted to RM22,668,000 (2022 - RM32,218,000) is the discounted carrying value of final settlement sum of RM40 million from Capital City Property Sdn. Bhd. This amount is expected to be collected in 5 tranches within 48 months from the date of the Conditional Settlement Agreement disclosed in Note 51(a) of the financial statements.

During the financial year, the Group has received first and second tranches amounted to RM10,000,000.

In addition, the trade receivable is secured by a first fixed charge over 101 retail units of the Retail Podium as identified collateral units under a Debenture.

(e) Included in the trade receivables amounted to RM2,319,000 (2022 - Nil) is the discounted carrying value of Landowner Guaranteed Joint Venture Consideration of RM2,706,000 from Aman Imperio Sdn. Bhd.. This amount is expected to be collected in 3 tranches within 36 months from the respective Phase Payment Startoff Date of the Joint Venture Agreement.

19. AMOUNTS OWING BY SUBSIDIARIES

	The Company 2023 RM'000	The Company 2022 RM'000
Current:-		
Trade balances	5,534	4,992
Non-trade balances	85,947	144,437
	91,481	149,429
Non-current:-		
Non-trade balances	179,553	102,904
Amount owing by subsidiaries (Note 18)	271,034	252,333

	The Company 2023 RM'000	The Company 2022 RM'000
Current:-		
Within one year	91,481	149,429
Non-current:-		
More than one year but less than five years	120,109	102,904
Over five years	59,444	-
	271,034	252,333

The trade balances are subject to the normal trade credit terms ranging from 30 to 90 (2022 - 30 to 90) days. The amounts owing are to be settled in cash.

The non-trade balances represent unsecured advances and payments made on behalf which are non-interest bearing except for interest bearing balances of RM225,209,000 (2022 - RM145,814,000) at interest rate of 4.79% (2022 - 3.50%) per annum. The amounts are repayable on demand or not more than 12 years and to be settled in cash.

20. AMOUNT OWING BY JOINT VENTURES

	The Group 2023 RM'000	The Group 2022 RM'000
Current		
Non-trade balances	11,458	12,043
Less: Impairment loss		
At 1 June 2022/2021	(2)	(2)
Addition during the financial year (Note 37)	(3,234)	-
At 31 May	(3,236)	(2)
Amount owing by joint ventures, net (Note 18)	8,222	12,041

The amount owing by joint ventures represents unsecured interest-free advances and payments made on behalf which are repayable on demand. The amount owing is to be settled in cash.

21. CONTRACT ASSETS/(CONTRACT LIABILITIES)

	The Group	
	2023	2022
Contract Assets	RM'000	RM'000
Contract assets relating to:		
- construction	113,977	124,832
- property development	46,034	49,451
	160,011	174,283
Contract Liabilities		
Contract liabilities relating to:		
- construction	(18,800)	(8,800)
- property development	-	(10,074)
	(18,800)	(18,874)

(a) Contract assets from construction

The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed to customers as at the reporting date. The amount will be transferred to trade receivables when the Group issues billing in the manner as established in the contracts with customers. Included in the contract assets are retention sum receivables totalling RM52,782,000 (2022 - RM56,365,000).

(b) Contract assets from property development

The contract assets represent timing differences in revenue recognition and milestone billings. The milestone billings are structured and/or negotiated with customers to reflect physical completion of the contracts.

(c) Contract liabilities

The contract liabilities primarily relate to advance considerations received from few customers for construction and property development. The amount will be recognised as revenue when the performance obligations are satisfied, of which the revenue will be recognised.

21. CONTRACT ASSETS/(CONTRACT LIABILITIES) (CONT'D)

(d) The changes to contract assets and contract liabilities balances during the financial year are summarised below:-

	The Group	
	2023 RM'000	2022 RM'000
At 1 June 2022/2021	155,409	123,685
Revenue recognised in profit or loss during the financial year (Note 34)	469,247	624,473
Billings to customers during the financial year	(487,752)	(594,730)
Consideration payable to customers	5,251	1,981
	142,155	155,409
Less: Impairment loss		
At 1 June 2022/2021	-	-
Addition during the financial year (Note 37)	(907)	-
Foreign exchange difference	(37)	-
At 31 May	(944)	-
Contract assets/Contract liabilities, net	141,211	155,409
Represented by:-		
Contract assets	160,011	174,283
Contract liabilities	(18,800)	(18,874)
	141,211	155,409

Consideration payable to customers including rebates and legal fees, are accounted for as a reduction to transaction price and recognised to profit and loss when obligations are satisfied.

(e) As at the end of the reporting period, the transaction price allocated to the unsatisfied or partially unsatisfied performance obligations of long-term contracts is RM1,317,456,000 (2022 - RM665,343,000). These remaining performance obligations are expected to be recognised as below:-

	The Group	
	2023 RM'000	2022 RM'000
Within 1 year	568,876	390,307
Between 1 to 4 years	748,580	275,036
	1,317,456	665,343

22. SHORT-TERM FUNDS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Money market fund, at fair value	67,845	111,997	8,447	19,967

Short-term funds represent investment in trust funds managed by licensed investment management companies, which are tax-exempt, fixed deposits linked, redeemable with one (1) day notice at known amounts of cash, and are subject to an insignificant risk of changes in value.

23. DEPOSITS WITH LICENSED BANKS

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Deposits with licensed banks	22,425	27,209	617	6,053

(a) The deposits with licensed banks of the Group and of the Company at the end of the reporting period bore effective interest rates ranging from 0.50% to 3.30% (2022 - 0.50% to 2.50%) per annum and 1.80% (2022 - 1.30%) per annum respectively. The deposits have maturity periods ranging from 1 to 12 (2022 - 1 to 12) months.

(b) Included in the deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM19,865,000 and RM617,000 (2022 - RM15,743,000 and RM609,000) which have been pledged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 28 to the financial statements.

24. CASH AND BANK BALANCES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Cash and bank balances	128,120	149,803	5,000	4,093

Included in the cash and bank balances of the Group is an amount of RM87,195,000 (2022 - RM108,219,000) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966 and which is restricted from use in other operations.

25. SHARE CAPITAL

	The Group/The Company			
	2023	2022	2023	2022
	Number of shares		RM'000	RM'000
Issued and fully paid-up:-				
At 1 June 2022/2021	728,061,095	728,060,995	389,521	389,521
Issuance of shares pursuant to:				
- conversion of warrant exercised	-	100	-	*
At 31 May	728,061,095	728,061,095	389,521	389,521

Note:-
* Less than RM1,000.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company, and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

26. RESERVES

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Non-distributable				
Capital reserves (a)	1,347	1,347	-	-
Foreign exchange translation reserves (b)	1,542	66	-	-
	2,889	1,413	-	-
Distributable				
Retained profits	400,042	434,465	34,338	29,906
	402,931	435,878	34,338	29,906

(a) Capital reserves

The capital reserves are in respect of share premium of Gadang Engineering (M) Sdn Bhd, a subsidiary of the Company, which was capitalised for a bonus issue.

(b) Foreign exchange translation reserves

The foreign exchange translation reserves arose from the translation of the financial statements of foreign subsidiaries whose functional currencies are different from the Group's presentation currency.

27. NON-CONTROLLING INTERESTS

Non-controlling interests, presented as part of equity, represent the portion of subsidiary's profit or loss and net assets not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parents and the non-controlling interests based on their respective ownership interests.

The movements in non-controlling interests in subsidiaries are as follows:-

	The Group	
	2023 RM'000	2022 RM'000
At 1 June 2022/2021	6,694	4,997
Acquisition of a subsidiary	-	5
Share of results attributable to non-controlling interests	(12,132)	1,692
At 31 May	(5,438)	6,694

28. BANK BORROWINGS

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current				
Secured				
Bank overdrafts (Note 46(c))	4,146	3,907	-	-
Bankers' acceptances	-	996	-	-
Revolving credits	35,687	41,399	-	-
Invoice financing	-	1,037	-	-
Term loans (Note 29)	43,432	35,170	3,750	3,750
Hire purchase payables (Note 30)	3,301	2,725	-	-
	86,566	85,234	3,750	3,750
Non-current				
Secured				
Term loans (Note 29)	130,417	203,586	6,562	10,313
Hire purchase payables (Note 30)	9,845	5,641	-	-
	140,262	209,227	6,562	10,313
Total bank borrowings	226,828	294,461	10,312	14,063

The effective interest rates at the end of the reporting period for borrowings which bore interest at floating rates, were as follows:-

	The Group	
	2023	2022
	%	%
Bank overdrafts	6.89	5.89
Bankers' acceptances	Nil	3.27 - 3.64
Revolving credits	4.54 - 6.78	2.91 - 5.15
Invoice financing	Nil	3.45

The bank borrowings except for term loans are secured by:-

(i) assignment of the contract proceeds;

(ii) corporate guarantees of the Company; and

(iii) deposits with licensed banks of the Group and the Company as disclosed in Note 23 to the financial statements.

29. TERM LOANS

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current liabilities (Note 28)	43,432	35,170	3,750	3,750
Non-current liabilities (Note 28)	130,417	203,586	6,562	10,313
Total term loans	173,849	238,756	10,312	14,063

Details of the term loans outstanding at the end of the reporting period are as follows:-

	Effective Interest Rate The Group/The Company		The Group		The Company	
	2023	2022	2023	2022	2023	2022
Term Loan	%	%	RM'000	RM'000	RM'000	RM'000
I	7.25%	6.25%	2,179	2,360	-	-
II	5.67%	4.24%	42,099	56,469	-	-
III	5.65%	4.24%	3,869	6,629	-	-
IV	5.17%	3.99%	71,088	104,300	-	-
V	4.37%	3.87%	414	492	-	-
VI	5.47%	4.22%	21,325	27,024	-	-
VII	9.75%	12.25%	21,693	27,419	-	-
VIII	5.05%	3.73%	10,312	14,063	10,312	14,063
IX	5.29%	-	870	-	-	-
			173,849	238,756	10,312	14,063

(a) Term loan I has a tenure of 15 years and is repayable by redemption of units sold or 179 monthly instalments of RM28,000 each commencing on November 2017, whichever is earlier. The term loan is secured by:-

(i) a legal charge over the retail shop offices at Jentayu Residensi as disclosed in Note 13(c) to the financial statements;

(ii) a debenture over the fixed and floating assets of a subsidiary;

(iii) an assignment over the rental proceeds and/or sale proceeds from the Shop Offices; and

(iv) a corporate guarantee of the Company.

(b) Term loan II has a tenure of 10 years and is repayable by one principal payment of RM4,375,000 on January 2020 and by redemption of units sold or 48 monthly principal payments of RM1,368,000 each commencing on January 2022, whichever is earlier.

29. TERM LOANS (CONT'D)

(c) Term loan III has a tenure of 7 years and is repayable by 47 monthly principal payments of RM230,000 each with one final monthly principal repayment of RM190,000 commencing on November 2020. The term loan is secured by:-

(i) a charge over a piece of freehold land which is included in the property development costs of a subsidiary as disclosed in Note 13(b) to the financial statements;

(ii) a specific debenture over the freehold land under property development costs; and

(iii) a corporate guarantee of the Company.

(d) Term loan IV has a tenure of 10 years and is repayable by redemption of units sold or 77 monthly instalments of RM1,330,000 each and a final instalment of RM1,890,000 commencing on December 2023, whichever is earlier. The term loan is secured by:-

(i) a charge over a piece of freehold land which is included in the property development costs of a subsidiary as disclosed in Note 13(b) to the financial statements;

(ii) a corporate guarantee of the Company; and

(iii) a debenture over all present and future assets of a subsidiary.

(e) Term loan V has a tenure of 20 years and is repayable by 240 monthly instalments of RM7,000 each commencing on January 2014. The term loan is secured by:-

(i) a charge over a piece of leasehold land and building which is included in the property, plant and equipment and right-of-use assets of a subsidiary as disclosed in Notes 10 and 11 to the financial statements;

(ii) a joint and several guarantee of all directors of a subsidiary; and

(iii) a corporate guarantee of the Company.

29. TERM LOANS (CONT'D)

(f) Term loan VI has a tenure of 9 years and is repayable by 13 monthly instalments of RM938,000 commencing on September 2019 and 71 monthly instalments of RM475,000 commencing on April 2021. The term loan is secured by:-

(i) a charge over leasehold lands which is included in the investment properties of a subsidiary as disclosed in Note 12 to the financial statements;

(ii) a corporate guarantee of the Company; and

(iii) a specific debenture over the property together with the buildings and structures erected or to be erected on the present and future fixtures and fittings on the property.

(g) Term loan VII has a tenure of 10 years and is repayable in 32 quarterly step up principal instalments commencing on April 2018. The term loan is secured by:-

(i) a charge over the land, building and generator which is included in the concession assets of a subsidiary as disclosed in Note 9 to the financial statements;

(ii) an assignment of Power Purchase Agreement and receivable from Perusahaan Listrik Negara, Indonesia;

(iii) a specific debenture over the assets financed under the term loan; and

(iv) a corporate guarantee of the Company.

(h) Term loan VIII has a tenure of 4 years and is repayable by 16 quarterly instalments of RM938,000 each commencing on April 2022. The term loan is secured by a charge over few pieces of land and a building which is included in the property, plant and equipment and investment properties of subsidiaries as disclosed in Notes 10 and 12 to the financial statements.

(i) Term loan IX has a tenure of 5 years and is repayable by 120 monthly instalments of RM178,000 each commencing on May 2023. The term loan is secured by:-

(i) a fixed deposit of RM424,000 charged to the bank;

(ii) a corporate guarantee of the Company;

(iii) an assignment of the Power Purchase Agreement and contract proceeds; and

(iv) a specific debenture over the assets financed under the term loan.

30. Hire Purchases Payables

	The Group	
	2023 RM'000	2022 RM'000
Minimum hire purchase payments:		
- not later than one year	4,050	2,970
- later than one year and not later than five years	10,006	5,455
- later than five years	396	615
	14,452	9,040
Less: Future finance charges	(1,306)	(674)
Present value of hire purchase payables	13,146	8,366
Analysed by:-		
Current liabilities (Note 28)	3,301	2,725
Non-current liabilities (Note 28)	9,845	5,641
	13,146	8,366

The hire purchase payables at the end of the reporting period bore effective interest rate ranging from 1.50% to 6.45% (2022 - 3.59% to 6.71%) per annum.

31. Defined Benefit Obligations

Foreign subsidiaries in Indonesia operate an unfunded defined benefit obligations for its eligible employees in accordance with the Republic of Indonesia Labour Law.

Movement in the net liability recognised in the statements of financial position is as follows:-

	The Group	
	2023 RM'000	2022 RM'000
At 1 June 2022/2021	2,178	2,028
Benefits paid for unfunded plans	(309)	(52)
Expenses recognised in profit or loss (Note 38)	299	306
Actuarial gain recognised in other comprehensive income	3	(183)
Foreign exchange difference	57	79
At 31 May	2,228	2,178

31. DEFINED BENEFIT OBLIGATIONS (CONT'D)

The expenses recognised in profit or loss were analysed as follows:-

	The Group	
	2023	2022
	RM'000	RM'000
Service cost	170	183
Interest cost	129	123
Total costs incurred during the financial year	299	306

The principal actuarial assumptions used in respect of the Group's unfunded defined benefit plan were as follows:-

	The Group	
	2023	2022
Normal retirement age	55 years	55 years
Resignation rate	0.6% - 6.0% p.a.	0.6% - 6.0% p.a.
Future salary increment rate	7.0% p.a.	7.0% p.a.
Discount rate	7.0% p.a.	7.0% p.a.

32. TRADE AND NON-TRADE PAYABLES

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Trade payables	57,990	30,122	-	-
Retention payable	40,208	56,950	-	-
Accrued subcontractor work and materials	31,623	67,663	-	-
Trade payables, net	129,821	154,735	-	-

32. TRADE AND NON-TRADE PAYABLES (CONT'D)

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Non-trade payables	26,340	25,283	12	36
Land proprietor's entitlement	133,649	187,625	-	-
Other accruals	50,690	39,181	199	152
Deposits	1,913	1,923	-	-
Amount owing to a director (Note 32(b))	252	652	-	-
Amount owing to joint venture	2,831	86	-	-
Goods and service tax payables	873	30	-	-
Sales and service tax payables	10	29	-	-
	216,558	254,809	211	188
Less: Accretion of interest				
At 1 June 2022/2021	(65)	(124)	-	-
Addition:				
- amount owing to a director (Note 37)	40	59	-	-
At 31 May	(25)	(65)	-	-
Non-trade payables, net	216,533	254,744	211	188
Trade and non-trade payables	346,354	409,479	211	188

The maturities of trade and non-trade payables are as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Current				
Payables within one year	220,123	270,369	211	188
Non-current				
Payables more than one year and less than five years	126,231	139,110	-	-
	346,354	409,479	211	188

32. TRADE AND NON-TRADE PAYABLES (CONT'D)

(a) Included in trade and non-trade payables of the Group are amounts owing to parties related to a director of the Company. Balances as at end of the reporting period are as follows:-

	The Group	
	2023	2022
	RM'000	RM'000
Parties related to		
Tan Sri Dato' Kok Onn:		
- Boon Builder (a company owned by brother)	1,886	81
- Kok Khim Boon (brother)	547	565

(b) Amount owing to Raja Zainal Abidin Bin Raja Hussin, a director of a subsidiary, is unsecured, interest-free and repayable within the next one year.

(c) The normal trade credit terms granted to the Group range from 30 to 90 (2022 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

33. NET ASSETS PER ORDINARY SHARE

The net assets per ordinary share is calculated based on the net assets value of RM792,452,000 (2022 - RM825,399,000) attributable to ordinary shares divided by the number of ordinary shares in issue at the end of the reporting period of 728,061,095 (2022 - 728,061,095) shares.

34. REVENUE

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Revenue from contracts with customers				
Construction contracts (Note 21(d))	248,872	319,570	-	-
Property development (Note 21(d))	220,375	304,903	-	-
	469,247	624,473	-	-
Water concession	26,614	27,232	-	-
	495,861	651,705	-	-
Revenue from other sources				
Dividend income	-	-	3,200	6,000
Management fees - Subsidiaries	-	-	8,741	7,894
- Joint venture	212	288	-	-
	212	288	11,941	13,894
	496,073	651,993	11,941	13,894

The information on the disaggregation of revenue is disclosed in Note 48 to the financial statements.

35. COST OF SALES

Cost of sales represents cost of inventories sold, cost of services provided, contract costs, cost of development properties sold and cost of processing treated water.

The cost of sales included the following charges made during the financial year:-

	The Group	
	2023 RM'000	2022 RM'000
Depreciation of property, plant and equipment (Note 10)	5,105	7,094
Employee benefits (Note 38)	32,141	29,177
Interest expense on:		
- bank borrowings	341	937
Lease expenses:		
- rental of land and premises	947	790
- rental of plant and machinery	-	6
Gain on disposal of:		
- property, plant and equipment	(227)	(55)

36. OTHER INCOME

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Accretion of interest on:				
- trade and non-trade receivables (Note 18)	450	198	-	-
Bad debts recovered	-	29	-	-
Dividend received from short-term funds	158	1,321	32	176
Fair value gain on short-term funds	1,816	617	407	152
Gain on disposal of:				
- property, plant and equipment	1,015	4,207	-	-
Interest income	2,533	1,751	9,181	4,254
Miscellaneous income	1,148	2,083	14	60
Realised gain on foreign exchange	-	-	6	*
Rental income	301	1,271	-	-
Sales of scrap iron	159	94	-	-
Unrealised gain on foreign exchange	2,128	1,903	2,601	2,463
	9,708	13,474	12,241	7,105

Note:-
* Less than RM1,000.

37. (Loss)/Profit Before Taxation

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
(Loss)/Profit before taxation is arrived:-				
After charging:-				
Accretion of interest on amount owing to a director (Note 32)	40	59	-	-
Auditors' remuneration:				
- auditors of the Company:				
- current financial year	454	398	91	72
- underprovision in the previous financial year	-	2	-	-
- other auditors	200	154	-	-
Bad debts written off	10	20	-	-
Depreciation of:				
- intangible assets (Note 8)	3,571	4,824	-	-
- investment properties (Note 12)	841	837	-	-
- property, plant and equipment (Note 10)	4,008	2,675	189	182
- right-of-use assets (Note 11)	55	55	-	-
Employee benefits (Note 38)	29,376	27,482	8,097	7,525
Fair value loss on quoted investment	1,079	1,618	1,079	1,618
Net impairment loss on:				
- concession assets (Note 9)	9,436	-	-	-
- contract assets (Note 21(d))	907	-	-	-
- goodwill (Note 15)	10,633	5,939	-	-
- investment in joint venture (Note 7)	510	-	-	-
- amount owing by joint venture (Note 20)	3,234	-	-	-
- trade and non-trade receivables (Note 18)	2,005	199	-	-
- prepayment (Note 18)	1,066	-	-	-
- property, plant and equipment (Note 10)	306	-	-	-
Intangible assets written off	-	7	-	-
Loss on disposal of a subsidiary (Note 44)	636	-	-	-
Loss on disposal of property, plant and equipment	-	-	1	-
Property, plant and equipment written off	5	1	5	-
Realised loss on foreign exchange	217	130	-	-
Rental of office	1,094	945	236	236

38. EMPLOYEE BENEFITS

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Salaries and other benefits	56,612	52,206	7,491	6,936
Contributions to:				
- defined contribution plan	4,606	4,147	606	589
- defined benefit obligations (Note 31)	299	306	-	-
	61,517	56,659	8,097	7,525

Employee benefits are allocated as follows:-

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Cost of sales (Note 35)	32,141	29,177	-	-
Administrative expenses (Note 37)	29,376	27,482	8,097	7,525
	61,517	56,659	8,097	7,525

Included in employee benefits of the Group and of the Company are executive directors' remuneration amounting to RM7,051,000 (2022 - RM7,227,000) and RM1,938,000 (2022 - RM1,952,000) respectively as disclosed in Note 39 to the financial statements.

39. DIRECTORS' REMUNERATION AND KEY MANAGEMENT PERSONNEL COMPENSATION

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Directors of the Company				
Executive:-				
Salaries and other emoluments	1,873	1,886	1,873	1,886
Defined contribution plan	65	66	65	66
	1,938	1,952	1,938	1,952
Non-executive:-				
Director fees	350	276	350	276
Other emoluments	61	56	61	56
	411	332	411	332
	2,349	2,284	2,349	2,284

39. Directors' Remuneration And Key Management Personnel Compensation (Cont'd)

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Directors of the subsidiaries				
Executive:-				
Salaries and other emoluments	4,756	4,863	-	-
Director fees	49	86	-	-
Defined contribution plan	308	326	-	-
	5,113	5,275	-	-
Total directors' remuneration	7,462	7,559	2,349	2,284
Benefits-in-kind	304	177	138	81
Total directors' remuneration including benefits-in-kind	7,766	7,736	2,487	2,365
Key Management Personnel				
Salaries and other emoluments	7,265	6,149	2,123	1,834
Defined contribution plan	839	716	230	202
	8,104	6,865	2,353	2,036
Benefits-in-kind	102	58	24	-
Total key management personnel compensation including benefits-in-kind	8,206	6,923	2,377	2,036

40. Finance Costs

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Bank borrowing interest	12,085	12,301	548	549
Hire purchase interest	239	131	-	-
	12,324	12,432	548	549

41. INCOME TAX EXPENSE

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Current tax:				
Malaysian income tax	11,158	14,334	1,160	775
Foreign income tax	3,830	3,678	-	-
	14,988	18,012	1,160	775
(Over)/Underprovision in the previous financial year:				
- Malaysian income tax	(598)	32	3	87
- Foreign income tax	(138)	-	-	-
	(736)	32	3	87
	14,252	18,044	1,163	862
Deferred tax (Note 16):				
- for the financial year	(1,713)	6,020	551	(19)
- underprovision in the previous financial year	760	2,916	-	*
	(953)	8,936	551	(19)
	13,299	26,980	1,714	843

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

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
(Loss)/Profit before tax	(27,897)	70,148	11,243	8,703
Tax at Malaysian tax rate of 24%	(6,695)	16,835	2,698	2,088
Non-deductible expenses	15,687	6,590	398	646
Non-taxable income	(1,504)	(773)	(1,385)	(1,978)
Deferred tax assets not recognised during the financial year	6,431	1,376	-	-
Share of results of joint ventures	(10)	277	-	-
Utilisation of unabsorbed tax losses previously not recognised	(289)	-	-	-
Differential in tax rates	(345)	(273)	-	-
	13,275	24,032	1,711	756
(Over)/Underprovision in the previous financial year:				
- current tax	(736)	32	3	87
- deferred tax	760	2,916	-	*
Income tax expense for the financial year	13,299	26,980	1,714	843

Note:-
* Less than RM1,000.

41. Income Tax Expense (Cont'd)

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2022 - 24%) of the estimated assessable profit for the financial year. The taxation of other jurisdictions is calculated at the rates prevailing in the respective jurisdiction.

42. (Loss)/Earnings Per Share

	The Group	
	2023	**2022**
(Loss)/Profit after taxation attributable to owners of the Company (RM'000)	(29,324)	41,655
Weighted average number of ordinary shares in issue ('000 units)	728,061	728,061
Basic (loss)/earnings per ordinary share (sen)	(4.03)	5.72

The basic earnings per share of the Group is calculated by dividing the Group's (loss)/profit after tax attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the financial year.

	The Group	
	2023	**2022**
(Loss)/Profit after taxation attributable to owners of the Company (RM'000)	(29,324)	41,655
Weighted average number of ordinary shares for basic earnings per share ('000 units)	728,061	728,061
Weighted average number of ordinary shares for diluted earnings per share computation	728,061	728,061
Diluted (loss)/earnings per share (sen)	(4.03)	5.72

43. ACQUISITION OF SUBSIDIARIES

(a) On 8 February 2022, the Company's indirect wholly-owned subsidiary, Yi Sheng Foundation Pte Ltd ("Yi Sheng") acquired 1 ordinary share representing 100% of the equity interest in Usaha Pesona Sdn Bhd ("Usaha Pesona") for a total purchase consideration of RM1. With this acquisition, Usaha Pesona became an indirect wholly-owned subsidiary of the Company. The intended principal activity of Usaha Pesona shall be contractor of bored pile works. The following summarises the major classes of consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2022 RM'000
Cash in hand	*
Net identifiable assets acquired	*
Total purchase consideration, to be settled by cash	*

Note:-
* Less than RM1,000.

(b) On 14 March 2022, Yi Sheng subscribed 51% equity interest representing 1,530 ordinary shares in UA Foundation Pte Ltd ("UAF") for a total purchase consideration of SGD1,530. With this subscription, UAF became an indirect 51% subsidiary of the Company. The intended principal activity of UAF shall also be contractor of bored pile works. The following summarises the major classes of consideration transferred, the recognised amounts of assets acquired and liabilities assumed at the date of acquisition:-

	The Group 2022 RM'000
Cash in hand	9
Net identifiable assets acquired	9
Less: Non-controlling interests, measured at the proportionate share of the fair value of the net identifiable assets	(4)
Total purchase consideration, to be settled by cash	5

There is no acquisition of new subsidiary in the current financial year.

44. DISPOSAL OF A SUBSIDIARY

On 31 May 2022, the group disposed of its wholly-owned subsidiary, PT Bintang Hytien Jaya ("PT BHJ") which formed part of the utility division. The group ceased control of the subsidiary upon the disposal on 1 July 2022.

The following summarised the major classes of consideration received, and the amounts of assets disposed of and liabilities transferred at the date of disposal:-

Financial effect arising from disposal

	The Group 2023 RM'000
Property, plant and equipment	4
Intangible assets	1,081
Inventories	8
Trade and other receivables	207
Cash and bank balances	44
Trade and other payables	(51)
Current tax liabilities	(11)
Deferred tax liabilities	(18)
Net assets	1,264
Percentage of issued share capital held by the Group	95%
Net assets disposed	1,201
Sale consideration	(565)
Loss on disposal of a subsidiary	636

	The Group 2023 RM'000
Sale consideration	565
Net cash inflow	565

45. DIVIDENDS

	The Company	
	2023	2022
	RM'000	RM'000
First and final dividend of 0.7 sen per ordinary share in respect of the financial year ended 31 May 2022	5,097	-
First and final dividend of 0.3 sen per ordinary share in respect of the financial year ended 31 May 2021	-	2,1
	5,097	2,1

The directors do not recommend the payment of any further dividend for the current financial year.

46. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment is as follows:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Property, plant and equipment				
Cost of property, plant and equipment purchased	6,819	5,539	74	64

46. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows:-

	Revolving Credits/ Invoice Financing RM'000	Bankers' Acceptances RM'000	Hire Purchase Payables RM'000	Term Loans RM'000	Total RM'000
The Group					
2023					
At 1 June 2022	42,436	996	8,366	238,756	290,554
Changes in Financing Cash Flows					
Proceeds from drawdown	26,115	-	7,894	871	34,880
Repayment of bank borrowings	(33,024)	(996)	-	(66,508)	(100,528)
Repayment of interest	(1,967)	-	(408)	(9,061)	(11,436)
Repayment of hire purchase payables	-	-	(3,440)	-	(3,440)
Other Changes					
Finance charges recognised in profit or loss	1,967	-	408	9,061	11,436
Foreign exchange difference	160	-	326	730	1,216
At 31 May	35,687	-	13,146	173,849	222,682

46. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows:- (Cont'd)

	Revolving Credits/ Invoice Financing RM'000	Bankers' Acceptances RM'000	Hire Purchase Payables RM'000	Term Loans RM'000	Total RM'000
The Group					
2022					
At 1 June 2021	100,500	751	9,427	294,133	404,811
<u>Changes in Financing Cash Flows</u>					
Proceeds from drawdown	44,691	245	4,171	5,379	54,486
Repayment of bank borrowings	(102,755)	-	-	(62,023)	(164,778)
Repayment of interest	(2,895)	-	(390)	(9,873)	(13,158)
Repayment of hire purchase payables	-	-	(5,232)	-	(5,232)
<u>Other Changes</u>					
Finance charges recognised in profit or loss	2,895	-	390	9,873	13,158
Foreign exchange difference	-	-	-	1,267	1,267
At 31 May	42,436	996	8,366	238,756	290,554

46. CASH FLOW INFORMATION (CONT'D)

(b) The reconciliation of liabilities arising from financing activities are as follows:- (Cont'd)

	Term Loans RM'000
The Company	
2023	
At 1 June 2022	14,063
Changes in Financing Cash Flows	
Repayment of bank borrowings	(3,751)
Repayment of interest	(548)
Other Change	
Finance charges recognised in profit or loss	548
At 31 May	10,312
2022	
At 1 June 2021	15,000
Changes in Financing Cash Flows	
Repayment of bank borrowings	(937)
Repayment of interest	(549)
Other Change	
Finance charges recognised in profit or loss	549
At 31 May	14,063

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Short-term funds	67,845	111,997	8,447	19,967
Deposits with licensed banks	22,425	27,209	617	6,053
Cash and bank balances	128,120	149,803	5,000	4,093
Bank overdrafts (Note 28)	(4,146)	(3,907)	-	-
	214,244	285,102	14,064	30,113
Less: Fixed deposits pledged as security (Note 23)	(19,865)	(15,743)	(617)	(609)
Cash and cash equivalents	194,379	269,359	13,447	29,504

47. RELATED PARTY DISCLOSURES

(a) Identities of related parties

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control. Related parties may be individuals or other entities.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, joint ventures, key management personnel and entities within the same group of companies.

Key management personnel are defined as those having authority and responsibility for planning, directing and controlling the activities of the Group and of the Company either directly or indirectly. The key management personnel of the Group and of the Company include Executive Directors and Non-Executive Directors and certain members of senior management of the Group and of the Company.

(b) Related party transactions

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Subsidiaries				
Advances to subsidiaries	-	-	(27,950)	(46,328)
Gross dividend income	-	-	3,200	6,000
Interest income received/receivable	-	-	9,154	4,113
Management fee received/receivable	-	-	8,741	7,894
Payment on behalf	-	-	5	562
Rental expense - land and building	-	-	(236)	(236)
Related parties				
Subcontractor work payable to:				
- Boon Builder #1	(4,675)	(3,549)	-	-
- Kok Khim Boon #1	-	(3,281)	-	-

47. Related Party Disclosures (Cont'd)

(b) Related party transactions (Cont'd)

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:- (Cont'd)

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Joint ventures				
Management fee received/ receivable	224	305	-	-
Hire of Plant & Machinery	9	11	-	-
Subcontractor work received/ receivable	2,958	9,363	-	-

The above parties are deemed related to the Group as follows:-

#1 Tan Sri Dato' Kok Onn's brother.

48. Operating Segments

Business Segments

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Executive Committee as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The following are the Group's main business segments:-

(i) Construction Division - civil engineering works encompassing earthworks, infrastructure works, hospital and mechanical & electrical works.

(ii) Property Division - the development of residential and commercial properties.

(iii) Utility Division - construction, maintenance and management of water concession, power concession and solar power concession.

(iv) Investment holding and others - investment activities and provision of management services.

48. OPERATING SEGMENTS (CONT'D)

	Construction division RM'000	Property division RM'000	Utility division RM'000	Investment holding and others RM'000	Group RM'000
The Group					
2023					
Total revenue	257,001	221,027	26,614	11,941	516,583
Less: Inter-segment revenue	(7,917)	(652)	-	(11,941)	(20,510)
Revenue from external customers	249,084	220,375	26,614	-	496,073
Represented by revenue recognised:					
- over time	248,872	204,862	-	-	453,734
- at a point of time	212	15,513	26,614	-	42,339
	249,084	220,375	26,614	-	496,073
Results					
Segment results	(36,110)	43,267	(10,316)	(9,291)	(12,450)
Finance costs	(1,744)	(10,032)	-	(548)	(12,324)
Share of results in joint ventures	(3,123)	-	-	-	(3,123)
(Loss)/Profit before taxation	(40,977)	33,235	(10,316)	(9,839)	(27,897)
Income tax expense					(13,299)
Loss after taxation					**(41,196)**
Non-controlling interests					**11,872**
Net loss attributable to owners					**(29,324)**

48. OPERATING SEGMENTS (CONT'D)

	Construction division RM'000	Property division RM'000	Utility division RM'000	Investment holding and others RM'000	Group RM'000
The Group					
2023					
Segment assets	338,543	809,591	218,932	22,107	1,389,173
Segment liabilities	183,714	369,077	38,227	11,141	602,159
Other information:					
- Interest income	147	2,221	139	26	2,533
- Interest expenses	2,085	10,032	-	548	12,665
- Impairment loss on goodwill	5,810	-	4,823	-	10,633
- Depreciation and amortisation	9,180	526	3,632	242	13,580
- Net of unrealised gain/(loss) on foreign exchange	512	-	(859)	2,475	2,128
- Gain on disposal of property, plant and equipment	1,205	29	8	-	1,242
- Capital expenditure	6,743	2	16,431	74	23,250

48. Operating Segments (Cont'd)

	Construction division RM'000	Property division RM'000	Utility division RM'000	Investment holding and others RM'000	Group RM'000
The Group					
2022					
Total revenue	320,097	305,556	27,232	13,894	666,779
Less: Inter-segment revenue	(239)	(653)	-	(13,894)	(14,786)
Revenue from external customers	319,858	304,903	27,232	-	651,993
Represented by revenue recognised:					
- over time	319,571	223,279	-	-	542,850
- at a point of time	288	81,624	27,231	-	109,143
	319,859	304,903	27,231	-	651,993
Results					
Segment results	6,951	79,523	6,656	(9,203)	83,927
Finance costs	(1,394)	(10,488)	(1)	(549)	(12,432)
Share of results in joint ventures	(1,347)	-	-	-	(1,347)
Profit/(Loss) before taxation	4,210	69,035	6,655	(9,752)	70,148
Income tax expense					(26,980)
Profit after taxation					**43,168**
Non-controlling interests					**(1,513)**
Net profit attributable to owners					**41,655**

48. Operating Segments (Cont'd)

	Construction division RM'000	Property division RM'000	Utility division RM'000	Investment holding and others RM'000	Group RM'000
The Group					
2022					
Segment assets	390,219	924,184	209,618	38,686	1,562,707
Segment liabilities	186,035	490,110	40,180	14,289	730,614
Other information:					
- Interest income	350	1,125	135	141	1,751
- Interest expenses	2,330	10,488	1	550	13,369
- Impairment loss on goodwill	-	5,939	-	-	5,939
- Depreciation and amortisation	9,812	545	4,894	234	15,485
- Net of unrealised (loss)/gain on foreign exchange	(70)	-	(490)	2,463	1,903
- Gain on disposal of property, plant and equipment	4,262	-	-	-	4,262
- Capital expenditure	6,041	12	7,869	65	13,987

48. OPERATING SEGMENTS (CONT'D)

GEOGRAPHICAL INFORMATION

The Group's geographical segments are based on the location of the Group's assets. Sales to external customers disclosed in geographical segments are based on the geographical location of its customers. The Group's three business segments operate in three main geographical areas:-

(i) Malaysia - the operations in this area are principally civil engineering and construction works, mechanical & electrical works, property development, solar power concession and investment holding.

(ii) Indonesia - the operations in this area are principally water concession and power concession.

(iii) Singapore - the operations in this area are principally bored pile works.

	Total revenue from external customers RM'000	Non-current assets RM'000	Segment assets RM'000	Capital expenditure RM'000
2023				
Malaysia	455,963	153,660	1,172,111	10,292
Indonesia	26,614	154,336	196,852	16,431
Singapore	13,496	8,657	20,210	(3,473)
	496,073	316,653	1,389,173	23,250
2022				
Malaysia	602,457	156,528	1,323,519	5,664
Indonesia	27,232	168,817	205,144	7,681
Singapore	22,304	6,118	34,044	642
	651,993	331,463	1,562,707	13,987

The information on the disaggregation of revenue based on geographical region is summarised below:-

	At a Point of Time		Over Time		The Group	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Malaysia	15,725	81,912	440,238	520,546	455,963	602,458
Indonesia	26,614	27,231	-	-	26,614	27,231
Singapore	-	-	13,496	22,304	13,496	22,304
	42,339	109,143	453,734	542,850	496,073	651,993

48. Operating Segments (Cont'd)

Geographical Information (Cont'd)

Major Customers

The following are major customers from Construction Division with revenue equal to or more than 10% of the Group's total revenue:-

	Revenue	
	2023 RM'000	2022 RM'000
Customer A	-	132,839
Customer B	-	72,309
Customer C	103,252	-
	103,252	205,148

49. Foreign Exchange Rates

The principal closing foreign exchange rates used (expressed on the basis of one unit of foreign currency to Ringgit Malaysia equivalent) for the translation of the foreign currency balances at the end of the reporting period are as follows:-

	The Group	
	2023 RM	2022 RM
Indonesian Rupiah	0.000308	0.000300
Singapore Dollar	3.4113	3.1984
United States Dollar	4.6225	4.3810

50. Financial Instruments

The Group's activities are exposed to a variety of market risks (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's and the Company's financial performance.

50.1 Financial Risk Management Policies

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia ("RM"). The currencies giving rise to this risk are primarily United States Dollar ("USD"), Indonesian Rupiah ("IDR") and Singapore Dollar ("SGD"). Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level. The Group also holds cash and cash equivalents denominated in foreign currency for working capital purpose.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

The Group's exposure to foreign currency risk (a currency which is other than the functional currency of the entities within the Group) based on the carrying amounts of the financial instruments at the end of the reporting period is summarised below:-

Foreign Currency Exposure

	United States Dollar RM'000	Singapore Dollar RM'000	Indonesian Rupiah RM'000	Ringgit Malaysia RM'000	Total RM'000
The Group					
2023					
Financial Assets					
Cash and bank balances	*	*	396	1	397
Net financial assets	*	*	396	1	397
Less: Net financial assets denominated in the entity's functional currency	-	-	-	(1)	(1)
Currency exposure	*	*	396	-	396
The Group					
2022					
Financial Assets					
Cash and bank balances	*	*	150	156	306
Net financial assets	*	*	150	156	306
Less: Net financial assets denominated in the entity's functional currency	-	-	-	(156)	(156)
Currency exposure	*	*	150	-	150

Note:-
* Less than RM1,000.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(i) Foreign Currency Risk (Cont'd)

Foreign Currency Exposure (Cont'd)

	Indonesian Rupiah RM'000
The Company	
2023	
Financial Assets	
Cash and bank balances	378
Net financial assets	378
Less: Net financial assets denominated in the entity's functional currency	-
Currency exposure	378
The Company	
2022	
Financial Assets	
Cash and bank balances	143
Net financial assets	143
Less: Net financial assets denominated in the entity's functional currency	-
Currency exposure	143

Foreign Currency Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the profit after taxation and equity of the Group and of the Company and hence, no sensitivity analysis is presented.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed deposits with licensed banks are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 28 and 29 to the financial statements.

Interest rate risk sensitivity analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rate as at the end of the reporting period, with all other variables held constant:-

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Effects on (Loss)/Profit After Taxation/ Other Comprehensive Income				
Increase of 100 basis points	(1,624)	(2,159)	(78)	(107)
Decrease of 100 basis points	1,624	2,159	78	107

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk (Cont'd)

Equity Price Risk Sensitivity Analysis

Any reasonably possible change in the foreign currency exchange rates at the end of the reporting period against the respective functional currencies of the entities within the Group does not have a material impact on the loss after taxation and equity of the Group and of the Company and hence, no sensitivity analysis is presented.

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including quoted investments and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries, and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit risk concentration profile

The Group's major concentration of credit risk relates to the amounts owing by 1 (2022 - 1) customer which constituted approximately 30% (2022 - 26%) of its trade receivables (including contract assets) at the end of the reporting period.

In addition, the Group also determines concentration of credit risk by monitoring the geographical region of its trade receivables on an ongoing basis. The credit risk concentration profile of trade receivables (including contract assets) at the end of the reporting period is as follows:-

	The Group	
	2023	**2022**
	RM'000	**RM'000**
Malaysia	216,066	241,111
Indonesia	5,433	5,186
Singapore	8,870	17,814
	230,369	264,111

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

(iii) Assessment of Impairment Losses

At each reporting date, the Group assesses whether any of the financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery despite the fact that they are still subject to enforcement activities.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments and external credit rating, where applicable.

Also, the Group considers any receivables having financial difficulty or with significant balances outstanding for more than a year, are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

There are no significant changes in the estimation techniques and assumption as compared to the previous financial year.

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have low risk of default as they have a strong capacity to meet their debts.

For property development, purchasers are generally financed by loan facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties sold will revert to the Group in the event of default, and the products do not suffer from physical, technological and fashion obsolescence. Therefore, there is minimal exposure to credit risk from its property development activities.

For water concession, the trade receivables are generally collected within the credit term and therefore, there is minimal exposure to credit risk.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for both trade receivables and contract assets are summarised below:-

Allowance for Impairment Losses

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group				
2023				
Non-current trade receivables				
Current (not past due)	16,201	-	-	16,201
Current trade receivables				
Current (not past due)	46,905	-	-	46,905
Less than 3 months past due	5,811	(1,153)	-	4,658
Less than 6 months past due	964	(929)	-	35
More than 6 months past due	2,559	-	-	2,559
Trade receivables	72,440	(2,082)	-	70,358
Contract assets	160,955	(944)	-	160,011
	233,395	(3,026)	-	230,369

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group				
2022				
Non-current trade receivables				
Current (not past due)	22,668	-	-	22,668
Current trade receivables				
Current (not past due)	45,288	-	-	45,288
Less than 3 months past due	10,119	-	-	10,119
More than 6 months past due	11,952	(199)	-	11,753
Trade receivables	90,027	(199)	-	89,828
Contract assets	174,283	-	-	174,283
	264,310	(199)	-	264,111

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 18 and 21 to the financial statements respectively.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)

Allowance for Impairment Losses (Cont'd)

The Company

The Company believes that no impairment allowance is necessary in respect of its trade receivables because the probability of default by these trade receivables were negligible.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Group assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

Loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or an immediate sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

The information about the exposure to credit risk and the loss allowances calculated under MFRS 9 for amount owing by subsidiaries are summarised below:-

	Gross Amount RM'000	Lifetime Loss Allowance RM'000	Carrying Amount RM'000
The Company			
2023			
Low credit risk	271,034	-	271,034
2022			
Low credit risk	252,333	-	252,333

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Contractual interest rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within 1 year RM'000	2 - 5 years RM'000	Over 5 years RM'000
The Group						
2023						
Non-derivative Financial Liabilities						
Trade and non-trade payables	11.10	209,909	209,934	209,934	-	-
Land proprietor's entitlement	7.10 - 10.70	133,649	188,854	8,927	91,285	88,642
Bank overdrafts	6.89	4,146	4,146	4,146	-	-
Revolving credits	4.54 - 6.78	35,687	35,925	35,925	-	-
Hire purchase payables	1.50 - 6.45	13,146	14,454	3,966	10,433	55
Term loans	4.37 - 9.75	173,849	194,815	52,895	140,070	1,850
		570,386	648,128	315,793	241,788	90,547

50. Financial Instruments (Cont'd)

50.1 Financial Risk Management Policies (Cont'd)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Contractual interest rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within 1 year RM'000	2 - 5 years RM'000	Over 5 years RM'000
The Group						
2022						
Non-derivative Financial Liabilities						
Trade and non-trade payables	11.10	219,872	219,937	219,937	-	-
Land proprietor's entitlement	7.10 - 10.70	187,625	230,270	49,892	166,816	13,562
Bank overdrafts	5.89	3,907	3,907	3,907	-	-
Bankers' acceptances	3.27 - 3.64	996	1,005	1,005	-	-
Revolving credits	2.91 - 5.15	41,399	41,637	41,637	-	-
Hire purchase payables	3.59 - 6.71	8,366	9,040	2,970	5,455	615
Term loans	3.73 - 12.25	238,756	282,438	46,843	167,553	68,042
Invoice financing	3.45	1,037	1,048	1,048	-	-
		701,958	789,282	367,239	339,824	82,219

50. FINANCIAL INSTRUMENTS (CONT'D)

50.1 **Financial Risk Management Policies (Cont'd)**

(c) **Liquidity Risk (Cont'd)**

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

	Contractual interest rate %	Carrying amount RM'000	Contractual undiscounted cash flows RM'000	Within 1 year RM'000	2 - 5 years RM'000	Over 5 years RM'000
The Group						
2023						
Non-derivative Financial Liabilities						
Trade and non-trade payables	-	211	211	211	-	-
Term loans	5.05	10,312	11,007	4,169	6,839	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	543,896	543,896	-	-
2022						
Non-derivative Financial Liabilities						
Trade and non-trade payables	-	188	188	188	-	-
Term loans	3.73	14,063	14,775	4,243	10,532	-
Financial guarantee contracts in relation to corporate guarantee given to certain subsidiaries	-	-	512,357	512,357	-	-

50. FINANCIAL INSTRUMENTS (CONT'D)

50.2 Capital Risk Management

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support their businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio. The Group's strategies were unchanged from the previous financial year. The debt-to-equity ratio is calculated as net debt divided by total equity. The net debt is calculated as total interest-bearing borrowings from financial institutions less short-term funds, deposits with licensed banks and cash and bank balances. Total equity includes equity attributable to the owners of the parent and non-controlling interests. The debt-to-equity ratio of the Group and of the Company at the end of the reporting period was as follows:-

	The Group		The Company	
	2023 RM'000	2022 RM'000	2023 RM'000	2022 RM'000
Total interest-bearing financial liabilities	226,828	294,461	10,312	14,063
Less:				
Short-term funds	(67,845)	(111,997)	(8,447)	(19,967)
Deposits with licensed banks	(22,425)	(27,209)	(617)	(6,053)
Cash and bank balances	(128,120)	(149,803)	(5,000)	(4,093)
Net debt/(cash)	8,438	5,452	(3,752)	(16,050)
Total equity	787,014	832,093	423,859	419,427
Debt-to-equity	0.01	0.01	*	*

Note:-
* Not applicable as the Company's cash and cash equivalents exceed its borrowings.

There were no changes in the Group's approach to capital management during the financial year.

50. FINANCIAL INSTRUMENTS (CONT'D)

50.3 Classification of Financial Instruments

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Mandatorily at Fair Value through Profit or Loss				
Quoted investment (Note 14)	719	1,798	719	1,798
Short-term funds	67,845	111,997	8,447	19,967
	68,564	113,795	9,166	21,765
Amortised Cost				
Trade and non-trade receivables	127,369	143,112	271,060	252,342
Deposits with licensed banks	22,425	27,209	617	6,053
Cash and bank balances	128,120	149,803	5,000	4,093
	277,914	320,124	276,677	262,488
Financial Liabilities				
Amortised Cost				
Trade and non-trade payables	(343,558)	(407,497)	(211)	(188)
Bank borrowings	(226,828)	(294,461)	(10,312)	(14,063)
	(570,386)	(701,958)	(10,523)	(14,251)

50.4 Gains or Losses Arising from Financial Instruments

	The Group		The Company	
	2023	2022	2023	2022
	RM'000	RM'000	RM'000	RM'000
Financial Assets				
Fair Value through Profit or Loss				
Net gains/(losses) recognised in profit or loss	895	320	(640)	(1,290)
Amortised Cost				
Net gains recognised in profit or loss	2,523	1,760	9,181	4,254
Financial Liabilities				
Amortised Cost				
Net losses recognised in profit or loss	(12,255)	(13,297)	(548)	(549)

50. FINANCIAL INSTRUMENTS (CONT'D)

50.5 Fair Value Information

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
The Group								
2023								
Financial Assets								
Other investments:								
- quoted	719	-	-	-	-	-	719	719
Short-term funds	67,845	-	-	-	-	-	67,845	67,845
Financial Liabilities								
Land proprietor's entitlement	-	-	-	-	-	133,649	133,649	133,649
Term loans	-	-	-	-	173,849	-	173,849	173,849

50. **FINANCIAL INSTRUMENTS (CONT'D)**

50.5 Fair Value Information (Cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:- (Cont'd)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
The Group								
2022								
Financial Assets								
Other investments:								
- quoted	1,798	-	-	-	-	-	1,798	1,798
Short-term funds	111,997	-	-	-	-	-	111,997	111,997
Financial Liabilities								
Land proprietor's entitlement	-	-	-	-	-	187,625	187,625	187,625
Term loans	-	-	-	-	238,756	-	238,756	238,756

50. FINANCIAL INSTRUMENTS (CONT'D)

50.5 Fair Value Information (Cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:- (Cont'd)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
The Company								
2023								
Financial assets								
Other investments:								
- quoted	719	-	-	-	-	-	719	719
Short-term funds	8,447	-	-	-	-	-	8,447	8,447
Amount owing by subsidiaries	-	-	-	-	-	225,209	225,209	225,209
Financial Liability								
Term loans	-	-	-	-	10,312	-	10,312	10,312

50. FINANCIAL INSTRUMENTS (CONT'D)

50.5 Fair Value Information (Cont'd)

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:- (Cont'd)

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
The Company								
2022								
Financial assets								
Other investments:								
- quoted	1,798	-	-	-	-	-	1,798	1,798
Short-term funds	19,967	-	-	-	-	-	19,967	19,967
Amount owing by subsidiaries	-	-	-	-	-	145,814	145,814	145,814
Financial Liability								
Term loans	-	-	-	-	14,063	-	14,063	14,063

50. FINANCIAL INSTRUMENTS (CONT'D)

50.5 Fair Value Information (Cont'd)

(a) Fair Value of Financial Instruments Carried at Fair Value

(i) The fair values above have been determined using the following basis:-

(aa) The fair value of quoted equity investments is determined at their quoted closing bid prices at the end of the reporting period.

(bb) The fair value of the unquoted equity investments is determined to approximate the net assets of the investee as it is immaterial in the context of the financial statements.

(cc) The fair value of money market fund is determined by reference to statement provided by the respective financial institutions, for which the investments were entered into.

(dd) The fair value of trade receivables (non-current) is calculated based on the present value of the projected repayment of outstanding.

(ii) There were no transfer between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

(ii) The fair value, which are for disclosure purpose have been determined by discounting the relevant cash flows using interest rates for similar instruments at the end of the reporting period.

51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 29 March 2019, the Company announced that Achwell Property Sdn Bhd ("APSB"), a wholly-owned subsidiary of the Company had entered into a Conditional Settlement Agreement, Put Option Agreement and Call Option Agreement with Capital City Property Sdn Bhd ("CCPSB") for the proposed variation to the terms of the Joint Venture Agreement between APSB and CCPSB for an integrated development in Bandar Johor Bahru, District of Johor Bahru, State of Johor Darul Takzim ("Proposed Variation").

The Proposed Variation is subject to the fulfilment of the conditions precedent as stipulated in the respective Agreements. On 26 September 2019, APSB and CCPSB mutually agreed to extend the conditional period, which will expire on 28 September 2019, for another six months to 28 March 2020, for CCPSB to fulfil the remaining conditions precedent as set out in the Settlement Agreement.

CCPSB failed to fulfil the remaining conditions precedent set out in the Settlement Agreement by 28 March 2020 hence, the Settlement Agreement lapsed on 28 March 2020 and became null and void, and the parties fall back to the original Joint Venture Agreement ("JVA") on their rights and obligations.

51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(a) CCPSB has since applied for and obtained an ex-parte Judicial Management Order on 13 March 2020. This, coupled with several other factors, gives rise to default events under the JVA. APSB had, by a letter dated 15 May 2020 issued a Notice of Default under the JVA to CCPSB. The High Court had on 4 September 2020 given an order allowing APSB to intervene in the Judicial Management proceedings.

On 28 July 2021, APSB entered into a Conditional Settlement Agreement ("FSA") with CCPSB (through the Judicial Manager), which sets out the terms and conditions governing the payment of the final settlement sum and other matters relating to the settlement. Under the terms of the FSA, APSB's Entitlement Sum has been revised to RM190 million, of which a total of RM150 million has been paid to APSB to-date. In this regard, the Parties have agreed for CCPSB to settle and pay the final settlement sum of RM40 million as the full and final settlement ("FSS'') of APSB's Entitlement Sum and all other rights, interests and/or benefits APSB may have under the JVA. The FSA was subject to the fulfilment of the conditions precedent within six (6) months from the date of the FSA.

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

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

On 29 September 2022, APSB served a written notice to CCPSB to notify CCPSB that an event of default has occurred. In this regard, the entire FSS together with the late interest thereon and all other sums due and payable by CCPSB under the FSA shall immediately become payable to APSB. APSB shall also be entitled to recover the aforesaid monies and to exercise its rights and powers under the FSA, the Debenture, and as provided by law, including to appoint any authorised person to take possession and control of the Collateral Units, and to appoint receiver(s) and/or manager(s) to deal with the Collateral Units in such manner that is in the best interest of APSB.

On 10 February 2023, APSB entered into a Supplementary Settlement Agreement ("SSA") with CCPSB to vary certain terms and conditions of the FSA entered into between APSB and CCPSB. The FSA and SSA shall be construed as one, without prejudice to the generality of the foregoing. CCPSB has settled Tranches 1 and 2 of the FSS in accordance with the SSA, of which a total of RM10 million was paid on 13 February 2023 and 27 April 2023. Subsequently, APSB had collected another RM10 million on 27 July 2023 for Tranche 3.

(b) On 31 May 2022, the Company's wholly-owned subsidiary, Asian Utilities Pte Ltd, entered into a Conditional Sale and Purchase of Share Agreement with PT Bangun Karya Nusa to dispose of its entire 95% equity interest in PT Bintang Hytien Jaya ("PT BHJ") for a total consideration of IDR 2 billion (equivalent to approximately RM565,000). With the completion of the disposal on 1 July 2022, PT BHJ ceased to be a subsidiary of the Company.

51. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR (CONT'D)

(c) On 19 July 2022, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd accepted the Letter of Award from Adil Permata Sdn Bhd as a sub-contractor in the project known as "Projek Rapid Transit System Link (RTS Link) Antara Johor Bahru Dan Singapura" ("**RTS Link Project**") for Package 4: Bukit Chagar Station and Operation Control Centre ("**Package 4**") for a contract sum of RM370 million.

(d) On 19 July 2022, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd accepted the Letter of Award from Adil Permata Sdn Bhd as a sub-contractor in the project known as "Projek Rapid Transit System Link (RTS Link) Antara Johor Bahru Dan Singapura" ("**RTS Link Project**") for Package 6: Depot and Power Supply System ("**Package 6**") for a contract sum of RM310 million.

(e) On 29 September 2022, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd accepted the Letter of Award from Jabatan Kerja Raya to undertake a project known as "Institut Perubatan Forensik Negara (IPFN), Hospital Kuala Lumpur (Reka dan Bina)" for a contract sum of RM189 million.

(f) On 30 March 2023, the Company's wholly-owned subsidiary, Datapuri Sdn Bhd, entered into a Joint Venture Agreement with First CDK Resources Sdn Bhd and Voltonix Sdn Bhd for the supply, execution and completion of the mechanical and electrical project in Kawasan Perindustrian Bayan Lepas Pulau Pinang. In conjunction with the Joint Venture Agreement of Datapuri Sdn Bhd, First CDK Resources Sdn Bhd and Voltonix Sdn Bhd, this transaction will be accounted for as a business combination in accordance with MFRS 3 Business Combinations.

52. SUBSEQUENT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 9 June 2023, the Company's wholly-owned subsidiary, Gadang Engineering (M) Sdn Bhd subscribed for 60% equity interest representing 60 ordinary shares in Borneo Engineering And Construction Sdn Bhd ("BEC") for a total purchase consideration of RM60. With this subscription, BEC became an indirect 60% owned subsidiary of the Company. The intended principal activity of BEC shall be a contractor of building and civil engineering construction works.

LIST OF PROPERTIES

AS AT 31 MAY 2023

Title/Location	Description/ Existing use	Tenure	Acquisition Date (Revaluation Date)	Approximate Land/(Built-up) Area in sq. ft	Carrying Value (RM)
Wisma Gadang No. 52, Jalan Tago 2 Off Jalan Persiaran Utama Sri Damansara 52200 Kuala Lumpur	7 storey office block for own use	Freehold	Jun/1997	42,619 (45,043)	7,326,519
Salak South Land HS(D) 51683 Lot 480759; HS(D) 51684 Lot 480760; HS(D) 51685 Lot 480761; HS(D) 51686 Lot 480762; HS(D) 51687 Lot 480763; HS(D) 51688 Lot 480764; HS(D) 51689 Lot 480765; HS(D) 51690 Lot 480766; HS(D) 51691 Lot 480767; HS(D) 51692 Lot 480768; HS(D) 51693 Lot 480769; HS(D) 121251 PT9755 Mukim Kuala Lumpur	Mixed development	Leasehold ending 17/Jun/2112 12/Jan/2119	27/Jan/2010	69,718	4,459,082
Plot No. 209 held under HS(D) 252119 PT No. 1014; Plot No. 211 held under HS(D) 252121 PT No. 1016; Plot No. 201 held under HS(D) 252138 PT No. 1033; Plot No. 202 held under HS(D) 252126 PT No. 1021; Plot No. 203 held under HS(D) 252127 PT No. 1022 Pekan Baru Sungai Besi District of Petaling Selangor	Vacant bungalow lot for sale/ development	Leasehold ending 1/Dec/2107	31/Jan/2010	52,535	7,041,927
HS(D) 2811 PT No. 165 Bandar Pokok Sena Daerah Pokok Sena Kedah	Mixed development	Freehold	11/Jun/2010	3,553,172	16,728,266
PM 2288 Lot 20470 Mukim Serendah Daerah Hulu Selangor Negeri Selangor	Store for plant and machinery	Leasehold ending 31/Aug/2105	1/Oct/2012	400,300	4,250,268

LIST OF PROPERTIES

AS AT 31 MAY 2023

Title/Location	Description/ Existing use	Tenure	Acquisition Date (Revaluation Date)	Approximate Land/(Built-up) Area in sq. ft	Carrying Value (RM)
No. Hakmilik 271958 Lot 20504 Mukim Semenyih District of Ulu Langat State of Selangor	Land for development	Freehold	30/Jan/2015	2,736,268	98,676,114
HS(D) 256293 PT 47369 Mukim Sungai Buloh Daerah Petaling Negeri Selangor	Commercial land for sale/ development	Leasehold ending 13/May/2108	6/Feb/2017	116,013	54,734,483
Gelang Patah Land HS(D) 15206, PTD 15309; HS(D) 15207, PTD 15310 Land in Mukim Jeram Batu Daerah Pontian, Negeri Johor	Land for development	Freehold	6/Feb/2018	3,397,744	156,496,272
Country Lease No. 215381043; Country Lease No. 215381052; Country Lease No. 215381061; Country Lease No. 215381070; Country Lease No. 215381089 District of Penampang, Sabah	Vacant land	Leasehold ending 25/Sep/2935	26/Jun/2018	32,930	3,883,951
Country Lease No. 015620630 District of Kota Kinabalu, Sabah	Vacant land	Leasehold ending 21/Jun/2913	26/Jun/2018	11,366	1,710,960

I. ANALYSIS OF SHAREHOLDINGS as at 30 August 2023

Share Capital

Number of Issued Shares	:	728,061,095
Class of Shares	:	Ordinary shares
No. of Shareholders	:	14,680
Voting Rights	:	One vote per ordinary share (on a poll)

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Holders	%	No. of Issued Shares	%
1 - 99	294	2.00	11,948	0.00
100 - 1,000	1,110	7.56	674,926	0.09
1,001 - 10,000	6,934	47.24	39,940,663	5.49
10,001 - 100,000	5,562	37.89	185,871,754	25.53
100,001 - 36,403,053	778	5.30	323,121,851	44.38
36,403,054* and above	2	0.01	178,439,953	24.51
Total	14,680	100.00	728,061,095	100.00

* *denotes 5% of issued shares*

SUBSTANTIAL SHAREHOLDERS (AS PER THE REGISTER OF SUBSTANTIAL SHAREHOLDERS)

	No. of Issued Shares			
Name	Direct Interest	%	Deemed Interest	%
1. Sumber Raswira Sdn Bhd	81,525,402	11.20	-	-
2. Tan Sri Dato' Kok Onn	14,377,300	1.97	178,439,953[(a)]	24.51
3. Meloria Sdn Bhd	96,914,551	13.31	-	-
4. Puan Sri Datin Chan Ngan Thai	-	-	96,914,551[(b)]	13.31

Notes:

(a) *Deemed interested by virtue of his interests in Sumber Raswira Sdn Bhd and Meloria Sdn Bhd pursuant to Section 8 of the Companies Act, 2016 ("the Act")*

(b) *Deemed interested by virtue of her interest in Meloria Sdn Bhd pursuant to Section 8 of the Act*

ANALYSIS OF SHAREHOLDINGS

TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS

		No. of Issued Shares	%
1.	RHB Nominees (Tempatan) Sdn Bhd *Pledged securities account for Meloria Sdn Bhd*	96,914,551	13.31
2.	Sumber Raswira Sdn Bhd	81,525,402	11.20
3.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Kok Onn (7002585)*	14,377,300	1.97
4.	Citigroup Nominees (Tempatan) Sdn Bhd *Employees Provident Fund Board (PHEIM)*	7,969,100	1.09
5.	Federlite Holdings Sdn Bhd	5,727,050	0.79
6.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged securities account for Su Ming Keat*	5,200,000	0.71
7.	Maybank Nominees (Tempatan) Sdn Bhd *Yeoh Ah Tu*	5,171,625	0.71
8.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Ko Mok Chuan (E-TMR/TMJ)*	4,528,700	0.62
9.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Kian Aik*	4,000,000	0.55
10.	UOB Kay Hian Nominees (Tempatan) Sdn Bhd *Exempt An for UOB Kay Hian Pte Ltd (A/C Clients)*	3,865,050	0.53
11.	Tee Ah Swee	3,618,300	0.50
12.	Affin Hwang Nominees (Tempatan) Sdn Bhd *Pledged securities account for Law Wan Ni (M09)*	3,612,500	0.50
13.	Public Nominees (Tempatan) Sdn Bhd *Pledged securities account for Kelly Ko Kar Yee (E-TMR)*	3,259,200	0.45
14.	Law Wan Cheen	3,241,500	0.45
15.	RHB Capital Nominees (Tempatan) Sdn Bhd *Pledged securities account for Phua Sin Mo*	3,180,000	0.44
16.	TA Nominees (Tempatan) Sdn Bhd *Pledged securities account for Law Wan Ni*	2,700,000	0.37
17.	Alliancegroup Nominees (Tempatan) Sdn Bhd *Pledged securities account for Tan Kian Aik (8058967)*	2,671,500	0.37
18.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Dimensional Emerging Markets Value Fund*	2,586,100	0.36
19.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for See Kok Wah*	2,457,400	0.34
20.	Mercsec Nominees (Tempatan) Sdn Bhd *Pledged securities account for Siow Wong Yen @ Siow Kwang Hwa*	2,400,000	0.33

TOP 30 SHAREHOLDERS AS PER RECORD OF DEPOSITORS (CONT'D)

		No. of Issued Shares	%
21.	Citigroup Nominees (Asing) Sdn Bhd *CBNY for Emerging Market Core Equity Portfolio DFA Investment Dimensions Group Inc*	2,291,200	0.31
22.	Maybank Nominees (Tempatan) Sdn Bhd *Etiqa Life Insurance Berhad (Prem Equity)*	2,103,900	0.29
23.	Geoffrey Lim Fung Keong	2,071,100	0.28
24.	Choo Wing Sing	2,016,300	0.28
25.	Lee Chee Beng	2,014,750	0.28
26.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Khoo Bee Lian*	2,000,000	0.27
27.	Maybank Nominees (Tempatan) Sdn Bhd *Pledged securities account for Ahmad Faeez Bin Mohd Soffi*	2,000,000	0.27
28.	RHB Nominees (Tempatan) Sdn Bhd *Fong Woon Yin*	2,000,000	0.27
29.	Young Lee Lee	2,000,000	0.27
30.	Maybank Nominees (Tempatan) Sdn Bhd *Shireen Heng @ Heng Ai Phing*	1,913,050	0.26
	Total	**279,415,578**	**38.38**

II. DIRECTORS' SHAREHOLDINGS as at 30 August 2023

A. DIRECTORS' SHAREHOLDINGS IN THE COMPANY (AS PER THE REGISTER OF DIRECTORS' SHAREHOLDINGS)

	No. of Issued Shares			
Name of Directors	**Direct Interest**	**%**	**Deemed Interest**	**%**
Tan Sri Dato' Seri Dr Mohamed Ismail bin Merican	-	-	-	-
Tan Sri Dato' Kok Onn	14,377,300	1.97	178,439,953[(a)]	24.51
Kok Pei Ling	1,304,400	0.18	-	-
Huang Shi Chin	196,800	0.03	-	-
Sherman Lam Yuen Suen	190,000	0.03	-	-
Wong Ping Eng	-	-	-	-

Note:

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

NOTICE OF 30TH ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the Thirtieth (**30th**) Annual General Meeting ("**AGM**") of Gadang Holdings Berhad ("**the Company**") will be held as a fully virtual meeting conducted through live streaming and online remote voting using the Remote Participation and Voting ("**RPV**") facilities at the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its TIIH Online website at https://tiih.online (Domain registration number with MYNIC: D1A282781) on Wednesday, 8 November 2023 at 10.00 a.m. for the following purposes:-

AGENDA

AS ORDINARY BUSINESS

1. To receive the Audited Financial Statements of the Company for the financial year ended 31 May 2023 together with the Reports of the Directors and Auditors thereon.
Please refer to Explanatory Note A

2. To approve the payment of Directors' Fees of RM370,000 for the financial year ending 31 May 2024, to be made payable quarterly. *(Ordinary Resolution 1)*
Please refer to Explanatory Note B

3. To approve the payment of benefits payable to the Independent Non-Executive Directors ("INEDs") of the Company up to an amount of RM150,000 from 9 November 2023 until the next AGM of the Company. *(Ordinary Resolution 2)*
Please refer to Explanatory Note B

4. To re-elect the following Directors who retire by rotation pursuant to Clause 108 of the Company's Constitution and being eligible, have offered themselves for re-election:-
(a) Tan Sri Dato' Kok Onn *(Ordinary Resolution 3)*
(b) Mr Huang Shi Chin *(Ordinary Resolution 4)*
Please refer to Explanatory Note C

5. To re-appoint Crowe Malaysia PLT as Auditors of the Company for the financial year ending 31 May 2024 and to authorise the Directors to fix their remuneration. *(Ordinary Resolution 5)*
Please refer to Explanatory Note D

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass with or without modifications, the following resolutions:-

6. **Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016**

"**THAT**, pursuant to Sections 75 and 76 of the Companies Act, 2016, the Directors be and are hereby authorised to issue shares in the Company at any time until the conclusion of the next AGM and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion, deem fit provided that the aggregate number of shares to be issued does not exceed 10% of the total issued shares of the Company ("New Shares") for the time being ("Authority") and that the Directors be and are hereby also empowered to obtain approval for the listing of and quotation for the New Shares so issued on Bursa Malaysia Securities Berhad, subject always to the approvals of the relevant regulatory authorities;

AND THAT pursuant to Section 85 of the Companies Act, 2016 to be read together with Clause 55 of the Company's Constitution, the shareholders of the Company do hereby waive their statutory pre-emptive rights over all New Shares issued under the Authority." *(Ordinary Resolution 6)*
Please refer to Explanatory Note E

7. **Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature**

"**THAT**, subject to the provisions of the Listing Requirements of Bursa Malaysia Securities Berhad, approval be and is hereby given for the Company and/or its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature as set out in Section 2.4 of the Circular to Shareholders dated 26 September 2023 ("Circular") with the related party listed in Section 2.3 of the Circular which transactions are necessary for the day-to-day operations, in the ordinary course of business of Gadang Group on terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders;

THAT such authority shall commence immediately upon the passing of this resolution and shall continue to be in force until:

(a) the conclusion of the next AGM of the Company, at which time it will lapse, unless renewed by a resolution passed at that meeting;

(b) the expiration of the period within which the next AGM of the Company is required to be held pursuant to Section 340(2) of the Companies Act, 2016 ("Act") (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Act); or

(c) revoked or varied by resolution passed by the shareholders of the Company in a general meeting;

whichever is the earlier;

AND THAT, the Directors and/or any of them be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) to give effect to the transactions contemplated and/or authorised by this resolution." *(Ordinary Resolution 7)*

Please refer to Explanatory Note F

8. To transact any other business of which due notice shall have been given.

BY ORDER OF THE BOARD

TAN SEOK CHUNG, SALLY (MAICSA 0829689) (SSM PC No. 202008001386)
TAN SHIM CHIENG (MAICSA 7013540) (SSM PC No. 201908001548)
Company Secretaries

Kuala Lumpur
26 September 2023

NOTICE OF 30TH ANNUAL GENERAL MEETING

NOTES:

FULLY VIRTUAL AGM

1. *The 30th AGM will be held as a fully virtual meeting using live streaming and online remote voting through RPV facilities at the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via TIIH Online website at https://tiih.online (Domain registration number with MYNIC: D1A282781). Please follow the procedures provided in the Administrative Guide for the 30th AGM in order to register, participate and vote remotely via the RPV facilities.*

2. *All participants including the Chairman of the meeting will be participating remotely through the online meeting platform at https://tiih.online. This fulfils the requirements under Section 327(2) of the Companies Act, 2016, as stated in the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022.*

APPOINTMENT OF PROXY

3. *Only a depositor whose name appears in the Record of Depositors of the Company as at 1 November 2023 shall be regarded as a member entitled to attend, speak and vote, and to appoint not more than two (2) proxies to attend, speak and vote on his/her behalf, at the 30th AGM.*

4. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

5. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*

6. *The instrument appointing a proxy ("**Form of Proxy**") shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*

7. *The Form of Proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 30th AGM or at any adjournment thereof. Alternatively, you may submit the Form of Proxy electronically via TIIH Online website at https://tiih.online before the aforesaid lodgement cut-off time. Please refer to the Administrative Guide for the 30th AGM on the procedures for electronic lodgement of Proxy Form.*

8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice will be put to vote by way of poll.*

EXPLANATORY NOTES:

A. **Audited Financial Statements for the financial year ended 31 May 2023**
This agenda item is meant for discussion only as under the provision of Section 340(1)(a) of the Companies Act, 2016, the audited financial statements do not require formal approval of the members. Hence, this item will not be put forward for voting.

B. **Ordinary Resolutions 1 and 2 – Directors' Fees and Benefits**
Pursuant to Section 230(1) of the Companies Act, 2016, fees and benefits payable to the directors of a listed company and its subsidiaries shall be approved by shareholders at a general meeting. Pursuant thereto, shareholders' approval will be sought at the 30th AGM for the following payments:

i) Directors' Fees

The Nomination and Remuneration Committee ("NRC") had, in May 2023, reviewed the INED Remuneration Framework and proposed that the Directors' Fees of the Audit Committee ("AC") Chairman and the Senior Independent Non-Executive Director ("SINED") be increased by RM10,000 per annum for the financial year ending 2024.

The Board concurred with the NRC that the said proposed increase of Directors' Fees for the year ending 31 May 2024 is appropriate taking into account the added responsibilities of the AC Chairman and the SINED. The review of the Directors' Fees aims to ensure that the Company can attract and retain the right Board talent as well as motivate the Directors to drive the Company's long-term objectives.

The Directors' Fees for the year ending 2024 are set out below:-

Description	Independent Non-Executive Chairman	Independent Non-Executive Director
Directors' Fees (per annum)	RM110,000	RM80,000
Director's Fee (per annum) for Senior Independent Non-Executive Director	Not Applicable	RM90,000 *(increased by RM10,000)*
Director's Fee (per annum) for Audit Committee Chairman	Not Applicable	RM90,000 *(increased by RM10,000)*

The proposed Ordinary Resolution 1, if passed, will authorise the payment of the aforesaid Directors' Fees to the INEDs of the Company on a quarterly basis.

ii) Directors' Benefits (excluding Directors' Fees) for the period from 9 November 2023 up to the date of the next AGM

The Directors' benefits of RM150,000 for the period from 9 November 2023 until the next AGM in the year 2024 are derived from the estimated meeting attendance allowance based on the number of scheduled meetings and unscheduled meetings (when necessary) for Board, Board Committees and general meetings as well as the number of INEDs involved in the meetings and leave passage or medical claims of the INEDs. The meeting attendance allowance for an INED is RM1,000 per meeting. The leave passage or medical claim for an INED is RM15,000 per annum.

The proposed Ordinary Resolution 2, if passed, will authorise the payment of Directors' benefits to the INEDs by the Company.

NOTICE OF 30TH ANNUAL GENERAL MEETING

C. **Ordinary Resolutions 3 and 4 – Re-election of Directors**
Clause 108 of the Company's Constitution provides that one-third (1/3) of the Directors of the Company for the time being shall retire by rotation at each AGM of the Company. All the Directors shall retire from office once at least every three (3) years but shall be eligible for re-election. Tan Sri Dato' Kok Onn and Mr Huang Shi Chin are standing for re-election as Directors and being eligible, have offered themselves for re-election.

Based on the Board Evaluation conducted for the financial year ended 31 May 2023, the NRC and the Board were satisfied with the said Directors' performance and contributions to the Board and deliberations through their skills, experience, strengths and qualities and the ability to act in the best interest of the Company.

The Board has therefore recommended the re-election of the Directors who are retiring at the 30th AGM. The profiles of the retiring Directors are set out in the Profile of Directors of the Annual Report 2023.

D. **Ordinary Resolution 5 – Re-appointment of Auditors**
The Board, through the AC, had reviewed and was satisfied with the quality of audit, performance and competency of Crowe Malaysia PLT during the financial year under review. The Board as its meeting held on 4 September 2023 recommended the re-appointment of Crowe Malaysia PLT as external auditors of the Company for the financial year ending 31 May 2024.

E. **Ordinary Resolution 6 – Authority to issue shares pursuant to Sections 75 and 76 of the Companies Act, 2016**
The proposed Ordinary Resolution 6 is a renewal of the general mandate for the issuance of shares by the Company under Sections 75 and 76 of the Companies Act, 2016, obtained from the shareholders at the last AGM. The resolution, if passed, will empower the Directors of the Company to issue and allot new shares in the Company from time to time provided that the aggregate number of shares issued does not exceed 10% of the issued shares of the Company for the time being. This authority, unless revoked or varied by the Company in a general meeting, will expire at the conclusion of the next AGM of the Company.

As at the date of this Notice, no new shares of the Company were issued pursuant to the mandate granted at the last AGM held on 9 November 2022 which will lapse at the conclusion of this AGM and hence, no proceeds were raised.

This mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to further placing of shares, for the purpose of funding future investment project(s), working capital and/or acquisition(s) and thereby reducing administrative time and costs associated with the convening of additional shareholders meeting(s).

F. **Ordinary Resolution 7 – Proposed renewal of shareholders' mandate for recurrent related party transactions of a revenue or trading nature**
The proposed Ordinary Resolution 7 is in relation to the approval of Shareholders' Mandate for Recurrent Related Party Transactions and if passed, will empower the Company and its subsidiaries ("Gadang Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for Gadang Group's day-to-day operations, subject to the transactions being in the ordinary course of business and on terms which are not more favourable to the related party than those generally available to the public and are not to the detriment of the minority shareholders of the Company.

The details relating to Ordinary Resolution 7 are set out in the Circular to Shareholders dated 26 September 2023, which is available on the Company's website at https://www.gadang.com.my.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

- Further details of individuals who are standing for election as Directors (excluding Directors standing for re-election)

  No individual is seeking election as a Director at the 30th AGM of the Company.

- A statement relating to the general mandate for the issue of security in accordance with paragraph 6.03(3) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad.

  Details of the general mandate to issue securities in the Company pursuant to Sections 75 and 76 of the Companies Act, 2016 are set out in Explanatory Note E of the Notice of this meeting.

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FORM OF PROXY

NUMBER OF SHARES HELD	
CDS ACCOUNT NO.	

*I/We ______________________________ *NRIC No./Co. No.: ______________________
(FULL NAME IN BLOCK LETTERS)

of ____
(FULL ADDRESS AND TELEPHONE NO.)

being a *member/members of GADANG HOLDINGS BERHAD hereby appoint ______________________

Proxy 1 ______________________________ NRIC No.: ______________________
(FULL NAME IN BLOCK LETTERS)

Proxy 2 ______________________________ NRIC No.: ______________________
(FULL NAME IN BLOCK LETTERS)

or failing *him/her the Chairman of the Meeting as *my/our proxy to vote for *me/us on my/our behalf at the 30th Annual General Meeting of the Company which will be held as a fully virtual meeting conducted through live streaming and online remote voting using the Remote Participation and Voting (RPV) facilities at the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via its TIIH Online website at https://tiih.online on Wednesday, 8 November 2023 at 10.00 a.m., and at any adjournment thereof.

Please indicate with an "X" in the spaces provided below as to how you wish your votes to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at *his/her discretion.

NO.	ORDINARY RESOLUTIONS	FOR	AGAINST
1.	To approve the payment of Directors' Fees for the financial year ending 31 May 2024		
2.	To approve the payment of benefits payable to the Independent Non-Executive Directors		
3.	To re-elect Tan Sri Dato' Kok Onn as Director		
4.	To re-elect Mr Huang Shi Chin as Director		
5.	To re-appoint Crowe Malaysia PLT as Auditors		
6.	To authorise the Directors to issue shares		
7.	To approve the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		

** Strike out whichever is not applicable*

Dated this _________ day of __________________ , 2023

____
Signature/Common Seal of Member

For the appointment of 2 proxies, no. of shares and percentage of shareholdings to be represented by the proxies:-		
	No. of shares	Percentage
Proxy 1		
Proxy 2		
Total		100%

Fold this flap for sealing

Notes:

FULLY VIRTUAL AGM

1. *The 30th AGM will be held as a fully virtual meeting using live streaming and online remote voting through RPV facilities at the online meeting platform provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia via TIIH Online website at https://tiih.online (Domain registration number with MYNIC: D1A282781). Please follow the procedures provided in the Administrative Guide for the 30th AGM in order to register, participate and vote remotely via the RPV facilities.*
2. *All participants including the Chairman of the meeting will be participating remotely through the online meeting platform at https://tiih.online. This fulfils the requirements under Section 327(2) of the Companies Act, 2016, as stated in the Guidance Note and FAQs on the Conduct of General Meetings for Listed Issuers issued by the Securities Commission Malaysia on 7 April 2022.*

APPOINTMENT OF PROXY

3. *Only a depositor whose name appears in the Record of Depositors of the Company as at 1 November 2023 shall be regarded as a member entitled to attend, speak and vote, and to appoint not more than two (2) proxies to attend, speak and vote on his/her behalf, at the 30th AGM.*
4. *Where a member appoints two (2) proxies, the appointment shall be invalid unless he/she specifies the proportion of his/her shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company. There shall be no restriction as to the qualification of the proxy.*

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AFFIX
STAMP

GADANG HOLDINGS BERHAD
c/o Tricor Investor & Issuing House Services Sdn Bhd
Unit 32-01, Level 32, Tower A
Vertical Business Suite
Avenue 3, Bangsar South
No. 8, Jalan Kerinchi
59200 Kuala Lumpur

1st fold here

5. *Where a member of the Company is an exempt authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991 which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.*
6. *The instrument appointing a proxy ("**Form of Proxy**") shall be in writing under the hand of the appointor or of his/her attorney duly authorised in writing or, if the appointor is a corporation, either under its common seal or under the hand of an officer or attorney duly authorised.*
7. *The Form of Proxy must be deposited at the office of the Share Registrar, Tricor Investor & Issuing House Services Sdn Bhd at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur not less than forty-eight (48) hours before the time appointed for holding the 30th AGM or at any adjournment thereof. Alternatively, you may submit the Form of Proxy electronically via TIIH Online website at https://tiih.online before the aforesaid lodgement cut-off time. Please refer to the Administrative Guide for the 30th AGM on the procedures for electronic lodgement of Proxy Form.*
8. *Pursuant to Paragraph 8.29A(1) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, all resolutions set out in the Notice will be put to vote by way of poll.*

www.gadang.com.my

GADANG HOLDINGS BERHAD 199301023376 (278114-K)
Wisma Gadang, No. 52, Jalan Tago 2
Off Jalan Persiaran Utama, Sri Damansara
52200 Kuala Lumpur
T : 603-6279 6288
F : 603-6279 6376
E : corporate@gadang.com.my