

Resolutely  
*Progressive*  
ANNUAL REPORT 2021





## COVER RATIONALE



Throughout our history of more than two decades, we have never lost sight of our aspirations to deliver Quality, Standards, Value and Service in everything that we do. In today's rapidly evolving operating environment, we must change to continue to deliver on these aspirations and make meaningful differences to the communities we build.

Just like the steps ascending and descending as depicted on the cover of this Annual Report, ENCORP BERHAD has witnessed and been part of its fair share of ups and downs. Today, the world – and we – are adjusting to a much-changed operating landscape.

Having languished at the bottom for sometime, we have now regrouped, reflected, and revamped our strategies to guide us as we start our climb back up the steps, by adopting a future-forward approach across our strategic imperatives, we are committed to strengthening the organisation to embrace opportunities ahead and deal with all challenges head-on. We are ready to ascend, one resolutely progressive step at a time.





## OVERVIEW



●●●○ Annual Report 2021

ENCORP BERHAD (Company No: 200001004231 (506836-X))

## ENCORP VALUES



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### LOGO RATIONALE



ENCORP's identity has built a reputation based on the satisfaction of our customers.

The globe is a symbol of our desire to set new horizons as we grow from strength to strength, striving to achieve greater heights.

The colour red represents our commitment in harnessing the trust and confidence of our stakeholders and customers. Above all, it reflects the paramount quality of our products, which are designed and developed with great thoughtfulness and assurance.



### OUR VISION

ENCORP aspires to be an organisation of happy, highly motivated and well-trained individuals whose aim is to deliver unbeatable quality, standards, value and service in everything ENCORP BERHAD does and to make a difference to our community.



### OUR MISSION

EB Good 2 Great From Now!



### CORE VALUES

#### Ethical

We will always do the right thing.

#### Relationship

We will work hard to develop mutual trust and respect among ourselves and between us and our customers.

#### Success

We will work hard to ensure ENCORP BERHAD will operate as an efficient, profitable, fast growing and well run organisation.

#### Learning

We will always be willing to grow, inquire and develop new ideas. A learning organisation must have learning individuals – unless individuals learn, the organisation cannot progress.



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○ **FINANCIAL CALENDAR**

**ANNOUNCEMENT OF QUARTERLY RESULTS**

<p><b>31 Mar 2021</b></p> <p>Announcement of the fourth quarter result of 2020 unaudited Profit Before Tax of RM61.3 million.</p>	<p><b>02 Apr 2021</b></p> <p>Announcement of the year end 2020 audited Profit Before Tax of RM1.6 million.</p>	<p><b>28 May 2021</b></p> <p>Announcement of the first quarter result of 2021 unaudited Loss Before Tax of RM1.5 million.</p>	<p><b>27 Aug 2021</b></p> <p>Announcement of the second quarter result of 2021 unaudited Loss Before Tax of RM2.3 million.</p>	<p><b>30 Nov 2021</b></p> <p>Announcement of the third quarter result of 2021 unaudited Loss Before Tax of RM4.9 million.</p>
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**22<sup>nd</sup>**

**Annual General Meeting of Encorp Berhad**



Broadcast Venue at Executive Lounge, Third Floor, Encorp Berhad, No 46-3, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.



29 June 2022, Wednesday, 3.00 p.m.

**ENCORP BERHAD BUSINESSES**



Property Development



○●●●●



Investment Property



●○●●●



Construction



●●●○●



Concessionaire



●●●●○



## ENCORP AT A GLANCE

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### Presence



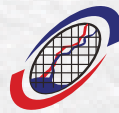
Malaysia



Australia



Incorporated in  
**2000**



Listed on the Main  
Market Bursa Malaysia  
Securities Berhad since  
**2003**

### 5 SDGs

Focus Areas



Recognition of

### Standards

through many industry accolades since 2010

- Recipient of the HR Asia Best Companies To Work For In Asia Awards 2021

Commitment to

### Quality

- ISO 9001: 2015 Certified Quality Management System
- Quality Assessment System in Construction by the Construction Industry Development Board

Shareholders' Funds

**RM353.7 million**

Attributable to owners of the parent

Market capitalisation of

**RM104.5 million**

Net Assets Per Share

**RM1.12**

Attributable to owners of the parent



Male

### Workforce Diversity

and Equal Opportunity

54%



Female

46%

### Board Composition

- 1 Independent Non-Executive Chairman
- 2 Non-Independent Non-Executive Directors
- 2 Independent Non-Executive Directors



**99**

Skilled workforce

### Compliance to Safety

- Zero fatality
- No stop work order



Total

**3,647 hours**

of training in 2021

99 Volunteers donated

**674 hours**

of service to local communities in 2021



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## MESSAGE FROM THE CHAIRMAN



**Tuan Haji Sr. Mohd Ali Bin Abd Karim**

*Chairman  
Encorp Berhad*

*Dear Valued Shareholders*



I am honoured to have the opportunity to pen my first message to you as the Chairman in presenting Encorp Berhad's (ENCORP or the Group) performance for the financial year ended 31 December 2021 (FY2021).

### Challenging Market Environment

The Group faced its fair share of challenges in 2021, given that the COVID-19 pandemic continued to leave its impact on markets and economies. The gradual reopening of the economy, easing of containment measures, and the increasing vaccination rate towards the end of the year was a silver lining of sorts in a year that continued to be disruptive. The Malaysian economy grew 3.1% in 2021<sup>1</sup> from a drop of 5.6% in the previous year as economic activities resumed, together with a recovery in the labour market amid continued policy support.

Against this backdrop, the property market sector pointed to a semblance of recovery in 2021 with an upward trend in terms of transaction volume and value. While this has been encouraging for us in the property sector, there is undoubtedly a long way to go before it reaches pre-pandemic levels.



### Resilient Financial Performance

Despite the muted market sentiments that underlined the year in review, I am pleased to report that the Group achieved a commendable operational performance for the year in review. Arising from the eased movement control restrictions, which allowed construction and property sales activities to be carried out, we saw encouraging uptake in our property development segment.

The Group recorded an increased revenue in FY2021, up by 9.4% to RM146.7 million driven predominantly from our matured township in Encorp Cahaya Alam, compared to RM134.1 million in the previous financial year. On the back of this, we charted a profit before tax (PBT) of RM1.9 million, an increase of 18.8% (RM1.6 million) from FY2020.

The Group's PBT performance is even more commendable as it included non-cash adjustments of inventory written down in Encorp Marina Puteri Harbour of RM4.1 million, fair value losses on Red Carpet Avenue shop offices of RM1.6 million, and fair value losses on Encorp Strand Garden Office's carparks of RM6.1 million.





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## Resolute Commitment for Growth

At the time of writing this message, the country has moved from a pandemic to an endemic status on the back of high vaccination rates and the implementation of the National Recovery Plan (NRP), which bodes well for the recovering economy. Gross domestic product (GDP) for 2022 is expected to grow between 5.5% to 6.5% on the normalisation of economic and social activities, and resumption of projects with high multiplier effects.

Nevertheless, I expect the market environment for the year ahead to remain volatile as we contend not just with the resurgence of new variants of COVID-19, but with the impact of the Russian-Ukraine conflict which will affect commodity and material prices, as well as supply chains.

While we remain cautiously optimistic for the year ahead, I am heartened by the renewed commitment from the leadership and team of ENCORP to focus resolutely ahead for progress. It has been a few rocky years for the Group, but we are turning the corner towards a brighter future. In 2021, we relooked and revamped our strategy to strengthen the business for a growth trajectory - focusing on income clarity, income consistency and income diversification.

Our strategic approach ahead is aimed to build a sustainable income with a diversified portfolio for the Group and its shareholders, underscored by efforts to elevate brand value and sustainability. We will focus our efforts on disciplined executions, centred around embedding the tenets of Quality, Standards, Value and Service (QSVS) to enhance shareholder value and improve our financial standing. This approach is key to strengthening our fundamentals to sustain, adapt and future-proof our business for the changing times ahead.

## In Appreciation

I would like to extend my gratitude to my fellow Board members for their invaluable support and wise counsel in navigating the challenges of the year in review. The Board joins me in expressing our sincere appreciation to the former Chairman, Encik Hussein bin Ismail, and the former Board of Director, Encik Abdul Rahim bin Abdul Hamid, for their invaluable contributions and exemplary commitment to good governance. We will build upon their legacy and strive to continually improve the journey of ENCORP's progress. I wish to take this opportunity to thank our continuing Board members, Datuk Haji Jaafar bin Abu Bakar and Encik Mahadzir bin Mustafa for their on-going support and contribution. I also would like to welcome Datuk Shireen Ann Zaharah binti Muhiudeen and Tuan Haji Lukman bin Abu Bakar to the Board of Directors and look forward to their insightful guidance as we embark on the next phase of growth and progress for the Group.

On behalf of the Board, I would like to accord my sincere appreciation to our shareholders, customers, partners, residents, as well as regulators, for their continued trust and steadfast support in us. Last but certainly not least, my gratitude goes to the management and employees who have performed with dedication and professionalism.

On a personal note, I am proud to helm the ENCORP Board, and look forward to a new era of the company realising its aspirations. With a sound strategy, a new leadership bench, an invigorated team and a strong resolve, I believe we are in a good position to resolutely drive progress and deliver value to our stakeholders.

Thank you.

**Tuan Haji Sr. Mohd Ali Bin Abd Karim**  
Chairman

<sup>1</sup> Bank Negara Economic and Financial Developments in Malaysia in the Fourth Quarter of 2021, published on 11 February 2022

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○ MANAGEMENT DISCUSSION AND ANALYSIS



ENCORP BERHAD

Follow



The financial year ended 31 December 2021 (FY2021) was characterised by the exacerbation of the COVID-19 pandemic with its containment measures curtailing business activities and dampening the overall business operating environment. In a year where the impact of the pandemic continued to make itself felt across all aspects of lives and livelihoods, Encorp Berhad (ENCORP or the Group) took a step back to reflect, review and revamp our strategies with the aim to bolster our business sustainability and strengthen our position towards profitability. FY2021 was marked by a transformative plan of action put in place based on a five-year strategic framework for growth. This strategic approach is intended to ensure that we build sustainable income streams, leverage risk through diversifying our portfolios, and strengthen branding for better awareness.



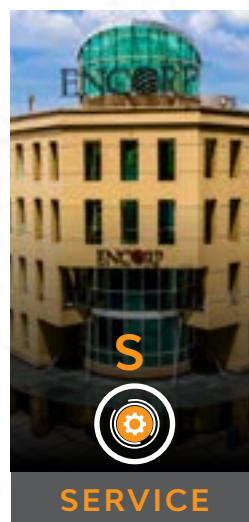
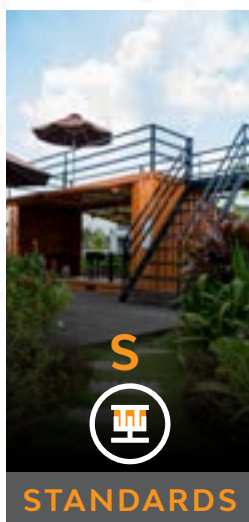
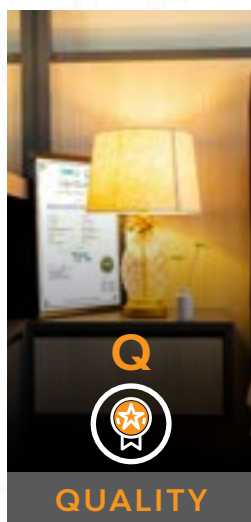
Encorp Cahaya Alam, Seksyen U12





## OUR BUSINESS AND OPERATIONS

The ENCORP Group has, over the past two decades, built a formidable stature as a property company of good repute, with its business segments in property development, construction, concessionaire and investment property. The Group has shown a resilient commitment to delivering sustainable value creation through embedding **Quality, Standards, Value and Service (QSVS)** in all that we do, as evident by our award-winning development portfolios. Our diversified portfolio comprises commercial, residential and retail property development; construction; facilities management; and investment property that span prime locations across Malaysia and Australia. We continue to uphold our core values of being **Ethical**, aiming for **Success**, fostering collaborative **Relationship**, and always having a **Learning** mind-set to build greater shareholder and stakeholder value – all the while making a positive difference to our community.



The company has had a presence in Malaysia since 2000 and has been listed on the Main Board of Bursa Malaysia since 2003. As of end FY2021, FELDA Investment Corporation Sdn Bhd (FIC), the investment arm of the Federal Land Development Authority (FELDA), held a 62.30% equity stake in the Group.

ENCORP's signature properties include Encorp Strand in Kota Damansara, Encorp Cahaya Alam in Shah Alam, Encorp Marina Puteri Harbour in Iskandar Puteri and The Residences on McCallum Lane in Perth, Australia.

Under its construction and concessionaire business segment, ENCORP provides industry-specific construction, infrastructure solutions, electrical and mechanical specialisation. It is a certified Bumiputra Contractor Class A under Contractor Service Centre (PKK) and possesses a Grade G7 and G4 with the Construction Industry Development Board (CIDB). Past construction projects include the Electrified Double Track Rail project for the Seremban-Gemas line, the national teachers' housing project for the Ministry of Education and refurbishment work for the Sarawak School Project.

Under its investment business segment for retail malls comprising of the Strand Mall and the Red Carpet Avenue, the Group had an investment asset value of RM282.5 million as at the end of FY2021.



### ENCORP's Business Segments



#### Property Development

01

1. Encorp Cahaya Alam
2. Encorp Strand Garden Office
3. Encorp Strand Residences
4. Encorp Marina Puteri Harbour
5. The Residences on McCallum Lane, Perth, Australia



#### Investment Property

02

1. Strand Mall (Shopping mall)
2. Red Carpet Avenue (Shop office)
3. Carpark units (Encorp Strand Garden Office)



#### Construction

03

1. Electrified Double Track Rail Project (Seremban-Gemas)
2. Sarawak School Project



#### Concessionaire

04

The concessionaire for the completed development of 10,000 units of the privatised teachers' quarters project for the Ministry of Education, Malaysia

The Group will continue its focus on its existing property developments but the remain vigilant of potential opportunities ahead, especially as the market is expected to undergo recovery following the transition to the endemic phase of COVID-19 and the reopening of international borders. As a market-driven property developer, we shall continue to identify potentially lucrative opportunities on the horizon. We look to stamp our QSVS signature, focusing on the residential and commercial segments at prime locations throughout Malaysia, especially areas with growing populations and economic opportunities. Our relationship with FELDA also accords us further opportunities to undertake new construction and development projects. We are also actively sourcing for joint venture partnerships with landowners and continue to secure tenders for construction projects.



### OUR OPERATING ENVIRONMENT

The year 2021 continued to be both a troubling and an encouraging roller coaster ride, clouded by uncertainty of the ongoing COVID-19 pandemic and its disruptions but the year rebounded with hope given the vaccination programmes that have resulted in the easing of containment measures. Global economic growth showed signs of recovery supported by the re-opening of economic sectors towards the end of 2021. Inflation in major economies remained high given the supply disruptions and demand recovery, although this is also showing signs of easing.

Malaysia's Gross Domestic Product (GDP) performance in 2021 showed signs of improvement, with a 3.1% increase compared to a contraction of 5.6% in 2020. Thanks to a comprehensive and supportive pandemic policy that targeted affected households and businesses, a possibly more extreme economic downturn was averted. The government undertook various stimulus measures to boost economic recovery, including the Pelan Jana Semula Ekonomi Negara (PENJANA) and Prihatin Rakyat Economic Stimulus Package (PRIHATIN) aimed to support businesses and households to cope with the impact of the pandemic.

**penjana**

Pelan Jana Semula Ekonomi Negara

**Prihatin**

Pakej Rangsangan Ekonomi Prihatin Rakyat



01

The construction sector showed a gradual improvement following the economic re-opening as containment measures relaxed and restrictions on movement between states lifted in October 2021. Although the Malaysian property market improved somewhat in 2021, in the two years following the pandemic since 2020, the sector has slowed down amid a standstill in infrastructure job flows and reduced public spending, which has seen a contraction for two consecutive years in the industry.

02

The National Property Information Centre (NAPIC) in its Property Market Report 2021 said that while the property market showed a slight improvement in the year under review, total property transactions remained below pre-pandemic levels recorded prior to 2020. The 2021 property market recorded more than 300,000 transactions worth nearly RM145.0 billion, which increased 1.5% in volume and 21.7% in value respectively compared to 2020.

03

The residential sector recorded 198,812 transactions worth RM76.9 billion in 2021, up 3.9% in volume and 16.7% in value compared to 2020. However, residential overhang continued to be high, led by Selangor and followed by Johor. The residential overhang situation saw volumes rising by 24.7%, to 37,000 units worth a total of RM22.79 billion, up 20.5% from the year before. Selangor retained the highest number and value of overhang in the country with 6,095 units worth RM5.28 billion, accounting for 16.5% in volume and 23.2% in value of the national total.

04

The commercial sector saw better performance in 2021 compared to the previous year with transaction volume rising to 10.7% and 43.1% in value with 22,428 transactions worth RM27.94 billion. Overall, the residential, commercial and industrial sub-sectors saw an increase in transaction volume by 3.9%, 10.7% and 17.6% respectively, while agriculture and development land sub-sectors declined slightly by 7.5% and 7.4% respectively as compared to 2020.

05

Bank Negara Malaysia (BNM) maintained the Overnight Policy Rate (OPR) at 1.75% throughout 2021<sup>1</sup> which augured well for the property market. It provided relief for property owners with existing home loans and lowered home loan interest rates for property seekers looking at home financing. On the demand side, loan applications and approvals for residential purchases each recorded a substantial turnaround from the previous year, up by more than 30% compared to 2020. Similarly, loan applications and approvals for non-residential purchases increased by 33.9% and 45.7% respectively.

06

The government reintroduced a six-month loan moratorium under the National People's Well-being and Economic Recovery (PEMULIH) stimulus package in July 2021, the second moratorium programme introduced since the pandemic started in early 2020. Under the 2021 loan moratorium, any Malaysian individual and micro-SME can apply for a loan moratorium for all existing credit facilities, including mortgages and home loans, hire purchase agreements or car loans as well as personal loans or financing.

07

The government also implemented several initiatives that were introduced under the National Budget 2021 that were supportive of the property market and aided somewhat towards its recovery.

#### Initiatives introduced under Budget 2021 to support the property market sector<sup>2</sup>

**01** RM1.2 billion allocated for construction of comfortable and quality housing, especially for low-income groups.

**02** Full stamp duty exemption on instruments of transfer and loan agreement for first-time homebuyers for sale and purchase executed from 1 January 2021 to 31 December 2025.

**03** Stamp Duty exemption on loan agreements and instruments of transfer given to rescuing contractors and the original house purchasers extended for five years for loan agreements and instruments of transfer executed from 1 January 2021 to 31 December 2025. This exemption is for abandoned housing projects certified by the Ministry of Housing and Local Government (KPKT).

**04** Collaboration with selected financial institutions to provide a Rent-to-Own Scheme. The programme will be implemented until 2022 involving 5,000 units of PR1MA houses with a total value of more than RM1 billion.

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<sup>1</sup><https://www.bnm.gov.my/opr-decision-and-statement>

<sup>2</sup>NAPIC Annual Property Market Report 2021, published on 1 April 2021

Initiatives under PENJANA to revitalise the housing market<sup>3</sup>

- 01 Re-introduction of Home Ownership Campaign (HOC) – Stamp duty exemption on the instruments of transfer and loan agreement for the purchase of residential homes priced between RM300,000 to RM2.5 million subject to at least 10% discounts provided by the developer. The exemption on the instrument of transfer is limited to the first RM1 million of the home price while full stamp duty exemption is given on loan agreement effective for sales and purchase agreements signed between 1 June 2020 to 31 May 2021.
- 02 Real Property Gains Tax (RPGT) exemption for disposal of residential homes from 1 June 2020 to 31 December 2021. This exemption is limited to the disposal of three units of residential homes per individual.
- 03 The lifting of the current 70% margin of financing limit applicable for the third housing loan onwards for property valued at RM600,000 and above, during the period of the HOC, subject to internal risk management practices of financial institutions.
- 04 The HOC has been extended up to 31 December 2021, to assist households to own homes and reduce the number of unsold properties in the country.



REALIGNED STRATEGY FOR REVITALISED GROWTH

The past few years have seen a tumultuous and changing operating landscape. The sound foundation of values on which the Group is built and its uncompromising commitment to QSVS served as a steadying mast over the choppy waters, especially at the unexpected onset of the COVID-19 pandemic. Our focus in the previous year 2020 centred on minimising the immediate impacts of the pandemic on our business through heightened management of our cashflow, realignment and optimisation of resources, and reducing operating expenses. The advent of the COVID-19 pandemic has significantly altered the operating landscape and necessitated a regrouping of our strategies moving forward.

In FY2021, the Group undertook an exercise to review and realign our strategies to revitalise the business for sustainable growth in a new era. We assessed our materiality matters to identify factors that would have a significant impact on our business and the operating environment to help us reframe our strategies for greater progress. The top three factors deemed critically important to the Group's sustainable growth are safety & health, economic performance, and market presence.

*(More information on our Materiality Matters can be found in the Sustainability Report on page 37)*

The realignment of our strategy took into consideration the changed customer behaviours and their expectations, as well as the opportunities to realise further value from our business segments organically and in new areas to define our competitive advantages and build a stronger value proposition.

In pursuing the objectives of ensuring consistent income streams, we sought for better clarity on income contribution and income diversification. Our business strategy for revitalised growth is phased across a five-year journey (2021 – 2025) and is premised on three strategic pillars: building sustainable income; expanding portfolio diversification; and elevating corporate rebranding.

<sup>3</sup>NAPIC Annual Property Market Report 2021, published on 1 April 2021





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**2021 - 2025 Business Strategy Pillars for Growth****01****Building Sustainable Income**

.....

We look to fine-tune and strengthen our sustainable income stream under the property development and construction business segments by expanding our service offerings, leveraging dynamic marketing channels for targeted sales, as well as securing collaborative and private financing initiatives in developing prime land banks.

**02****Expanding Portfolio Diversification**

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Diversify into growth potential sectors to optimise emerging opportunities in mining, water and renewable energy to leverage risk whilst utilising existing infrastructure to manage costs.

**03****Elevating Corporate Rebranding**

.....

Strengthen brand recognition and communication to promote corporate transparency and stakeholder engagement to drive a better understanding of our renewed business strategies, enhanced customer-centric service culture and dedicated social responsibility endeavours.

**Phased Approach to Deliver Continuous Growth**

The first phase of the five-year strategic plan kicked off in 2021 and will continue into 2022. In this first phase, we identified and addressed challenges that were barriers to achieving sustainable income. This included solidifying our existing platforms and enhancing our operating and business models to ensure that we were able to execute our refreshed strategy with the right People, Processes, Systems and Infrastructure in place. In FY2021, the Group welcomed Chairman, Tuan Haji Sr. Mohd Ali bin Abd Karim, and Group Chief Executive Officer, Encik Hazurin bin Harun, to helm the Board and Leadership bench respectively to drive the tone from the top. The outcome of the implementation of our renewed strategy can be felt in the commendable operational performance of the Group in FY2021.

The second phase of the strategic business approach will look at strengthening existing and new capabilities and elevating efforts for improved brand profile and reputation. The third phase of the strategy framework aims to leverage the enhanced building blocks put in place to accelerate growth.

Underscoring these strategic measures is our ongoing efforts toward enhancing our governance structure, building upon our human resource capabilities, and strengthening key systems and processes alongside our prudent capital management with emphasis on a low gearing ratio.

**Leveraging Technology as a Business Enabler**

Riding on the accelerated adoption of digital technology that was expedited since the onset of the pandemic in 2020, ENCORP continued with efforts to strengthen its digitalisation initiatives that span all aspects of the business from back-end processes and project management to upskilling staff for better hybrid work collaborations.

For the year in review, we executed several back-office digital upgrades for better efficiency and automated processes. This included launching the electronic Payment Requisition (ePR) System and Despatch Requisition application, as well as creating a Business Process Management System Mobile application, among others. Continuous in-house and online training was conducted to equip staff to keep pace with the new, digital ways of working. We also conducted bi-annual internal audits to assess gaps and effectiveness of the technology initiatives implemented so that we can continuously keep abreast of what needs to be done to ensure ongoing efficiency and to uphold service level commitments.



## KEY PERFORMANCE INDICATORS

FINANCIAL INDICATORS	FY2021	FY2020	FY2019
Group Revenue	RM146.7 million	RM134.1 million	RM165.6 million
Property Revenue	RM76.1 million	RM57.1 million	RM80.9 million
Market Capitalisation	RM104.5 million	RM74.4 million	RM95.0 million
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA)	RM77.4 million	RM57.4 million	RM94.4 million
Total Land Bank Size	32.26 acres	37.95 acres	678.94 acres
Overall Mall and Red Carpet Avenue Tenants	<ul style="list-style-type: none"> <li>40% units occupied for Strand Mall</li> <li>60% units occupied for Red Carpet Avenue</li> <li>58% Overall Net Lettable Area</li> </ul>	<ul style="list-style-type: none"> <li>44% units occupied for Strand Mall</li> <li>58% units occupied for Red Carpet Avenue</li> <li>62% Overall Net Lettable Area</li> </ul>	<ul style="list-style-type: none"> <li>57% units occupied for Strand Mall</li> <li>60% units occupied for Red Carpet Avenue</li> <li>66% Overall Net Lettable Area</li> </ul>
New Mall and Red Carpet Avenue Tenants	<ul style="list-style-type: none"> <li>7 new tenants occupying 13 units</li> <li>Equivalent to 15,009 square feet of retail space</li> <li>3.5% Overall Net Lettable Area</li> </ul>	<ul style="list-style-type: none"> <li>6 new tenants occupying 15 units</li> <li>Equivalent to 29,657 square feet of retail space &amp; 164,256 square feet of carpark space</li> <li>7.01% Overall Net Lettable Area</li> </ul>	<ul style="list-style-type: none"> <li>3 new tenants occupying 5 units</li> <li>Equivalent to 27,877 square feet of retail space</li> <li>6.6% Overall Net Lettable Area</li> </ul>

NON-FINANCIAL INDICATORS	FY2021	FY2020	FY2019
Quality Assessment System in Construction (Qlassic) Score	Not Applicable (Clover and Lily, Encorp Cahaya Alam are still under construction)	Not Applicable (Clover, Encorp Cahaya Alam is still under construction)	Dahlia, Encorp Cahaya Alam: 71%
Customer Satisfaction (Quality target of 75%)	Dahlia, Encorp Cahaya Alam: 95%	Dahlia, Encorp Cahaya Alam: 94%	Dahlia, Encorp Cahaya Alam: 92%
Safety Performance – Lost Time Injury (LTI)	Zero	Zero	Zero
Male : Female Workforce Ratio	54% male : 46% female (53 male and 46 female employees)	53% male : 47% female (55 male and 48 female employees)	51% male : 49% female (54 male and 51 female employees)
Average Training Hours Per Employee	37 hours per person based on 99 employees	18 hours per person based on 103 employees	62 hours per person based on 103 employees



## FY2021 FINANCIAL PERFORMANCE

### Group Financial Performance

Against a backdrop of uncertainties coloured by the pandemic and the nation's slow progress of recovery towards the end of 2021, the Group took guidance from its renewed 2021-2025 Business Strategy to emerge with resolute progress to its commitment to deliver value. In FY2021, as vaccination rates increased and stimulus measures cushioned the economy to manage the pandemic, the government gradually eased movement control restrictions from September 2021 onwards. This allowed the property sector to commence with construction operations and sales activities.

Given the various iterations of the movement control restrictions throughout 2021 and despite the shorter period of commencement of operations activities once containment measures were eased, ENCORP charted an admirable operational performance driven mainly from the property development segment.

The Group reported a Profit Before Tax (PBT) of RM1.9 million for FY2021, an increase of 18.8% compared to RM1.6 million PBT achieved in the previous financial year. The increased PBT was driven by revenue of RM146.7 million which was higher by 9.4% than the RM134.1 million revenue achieved in FY2020. The increase in revenue for FY2021 was contributed significantly by the property development segment from our matured township of Encorp Cahaya Alam. Reflected in the FY2021 PBT performance was a one-time adjustment for inventory of RM4.1 million which was written down for Encorp Marina Puteri Harbour, fair value losses of RM1.6 million for Red Carpet Avenue shop offices, and fair value losses of RM6.1 million on Encorp Strand Garden Office's carparks.

The Group's Loss After Tax (LAT) for FY2021 stood at RM8.2 million, higher by 24.2% compared to LAT of RM6.6 million in FY2020. The increase in LAT for FY2021 as compared to FY2020 was due to the increase in income tax of RM1.9 million. The increase in income tax expenses arose mainly from deferred tax expenses due to the charging out of deferred tax assets on reversal of provision as well as on subsidiaries which future taxable profit was unable to be set off against unutilised tax losses.

The Group's gearing reduced drastically from 0.11 in FY2020 to 0.05 in FY2021, signalling its strengthened financial position. Our approach includes trade and other payables as part of the borrowing, which has been taken into account when computing the net debt position. Lower gearing in FY2021 were due to the reduction in loan commitment of RM13.5 million and increase in other investment and cash and cash equivalent of RM21.6 million primarily in Housing Development Account of RM17.3 million.

In FY2021, the Board of Directors decided not to declare any dividend payout for the financial year under review to conserve the cash flows during the pandemic and to explore other business opportunities. However, given the turn of the economy and the prospects of recovery, the Board of Directors will consider plans to declare dividends in the near future to provide our shareholders with return on their investment.

### Segmental Financial Performance

#### Property Development

Although the property market remained soft throughout the year, the lifting of the pandemic containment measures towards the last quarter of FY2021 allowed the Group to commence with construction and property development works.

This opening has given the property segment the opportunity to market its inventory and carry out construction works. The Group's property development segment recorded a higher revenue of RM76.1 million in FY2021 as compared to RM57.1 million in FY2020. The increased revenue came mainly from the completed and ongoing phases of the Encorp Cahaya Alam development project with a revenue of RM73.9 million in FY2021 over RM50.1 million in FY2020. Ongoing phases in Encorp Cahaya Alam comprising Clover and Lily parcels managed to generate revenues of RM68.7 million in FY2021 as compared to RM48.0 million in FY2020.

Due to the property overhang situation and the COVID-19 pandemic, sales of high-rise properties in Johor and Kota Damansara remained weak thus affecting our efforts to reduce unsold stocks.

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**Property development revenue (by projects)**

Property development revenue	2021 (RM'000)	2020 (RM'000)
<b>Completed properties</b>		
Encorp Marina Puteri Harbour	2,143	(1,449)
Encorp Strand Residences	51	(397)
Encorp Strand Garden Office	-	1,722
Encorp Strand Garden Office (carpark)	-	7,038
Akasia I, Encorp Cahaya Alam	995	-
Dahlia, Encorp Cahaya Alam	4,174	2,139
<b>Ongoing phases</b>		
Clover, Encorp Cahaya Alam	46,211	48,001
Lily, Encorp Cahaya Alam	18,802	-
Rumah Idaman, Encorp Cahaya Alam	3,706	-
<b>Total</b>	<b>76,081</b>	<b>57,054</b>



Encorp Strand Residences

The Development Rights Agreement (DRA) to jointly develop Rumah Idaman affordable homes in Encorp Cahaya Alam that was entered into by Must Ehsan Development Sdn Bhd (MEDSB), a subsidiary of the Group, with PNSB Construction Sdn Bhd (PNSB) and MGB Berhad (MGB) in 2019, became unconditional. The sale of development rights contributed to RM3.7 million in revenue.

The property development segment posted a lower PBT of RM1.6 million in FY2021 over a Loss Before Tax (LBT) of RM3.6 million. The lower PBT in FY2021 was due to expected credit loss on its subsidiary of RM16.1 million. The expected credit loss was eliminated at the Group level.

**Investment Property**

The Group's investment property business segment rose slightly by RM0.3 million in revenue to RM4.6 million in FY2021 compared to RM4.3 million in FY2020, mainly as a result of the easing of movement restrictions in 2021. The LBT narrowed to RM11.6 million in FY2021 compared to LBT of RM28.1 million in FY2020. Given the movement restrictions imposed for the most part of the year, the retail business remained weak and challenging. Consequently, the fair value of investment properties were impaired by a further RM1.6 million in FY2021 compared to RM19.0 million in FY2020.

**Concessionaire**

The concessionaire business segment continued to generate a steady flow of income with revenue recorded at RM66.0 million and a PBT of RM0.4 million in FY2021, compared to revenue of RM72.7 million and PBT of RM1.7 million in FY2020. The concessionaire income is payable by the Government following completion and handover of each cluster of the teachers' quarters up to the end of the concession period in FY2028.



## FY2021 NON-FINANCIAL PERFORMANCE

From our annual materiality matters review, safety and health has been deemed the most significant material issue. Given the nature of our business in property and construction, as well as the COVID-19 pandemic, the nature of work and the workplace has changed significantly.

The safety and health of our people are the top priority for the Group, and we are particular about stringent adherence to Safety & Health policies and practices, especially at the construction sites. Our commitment to abiding by these standards has resulted in the Group achieving zero Lost Time Injury (LTI) consistently over the years, including in FY2021.

Safety and health has also become the top issue following the pandemic and is a topic that the Group takes very seriously and places as a priority across its various businesses. Following from the safety and health efforts we implemented at the onset of the pandemic in 2020, we emphasised the need to continue adopting these measures throughout 2021. This included encouraging our people to be fully vaccinated and boosted as mandated by the Malaysia Ministry of Health. Our priority on this matter was further demonstrated by the Group's leadership in setting the tone from the top to influence conduct and compliance. Our top management leaders continue to be actively involved in the Safety and Health Committee.

Supporting our people by upskilling them through training has been crucial to future-proof our business, especially given the evolving direction of the business. While training hours reduced drastically in 2020 due to the changing nature of working remotely, we put in place more online training programmes in 2021. Based on the training programmes provided, the average training hours per employee increased to 37 hours in 2021 compared to the average of 18 hours per employee charted in 2020. We were also mindful of striking a healthy balance in offering a good amount of online training to avoid 'zoom fatigue' given that many business meetings and discussions were also conducted online.

As a conscientious corporate citizen, the Group is mindful of our impact and influence on our communities and our people. We look to strengthen our relationship with the communities in which we operate and support their well-being through various social and corporate responsibility programmes.

*(More information on our non-financial performance can be found in the Sustainability Report on page 37)*



## MANAGING OUR RISK

Effective risk management is crucial to mitigate adverse impacts and is integral to our long-term sustainable growth. The Group adopts a holistic approach to managing risks and opportunities across all our business segments and maintains a focused approach to review, appraise and assess the controls and actions in place to mitigate and manage the overall Group's risk exposure. For FY2021, risks and opportunities were identified, reviewed and reflected as mitigating actions in our renewed five-year 2021-2025 Strategic Business approach.

The Group's risk identification and mitigation actions during the year were crucial towards ensuring the business' ability to withstand the impacts of the COVID-19 pandemic. We reviewed and enhanced the COVID-19 Business Continuity guidelines and standard operating procedures according to regulations which include obtaining the Ministry of International Trade and Ministry of Malaysia (MITI)'s approval for ENCORP to continue operations during the movement restriction order, as well as with the Malaysian National Security Council, Construction Industry Development Board (CIDB) and other related local authorities.

We focus on principle risks that could affect our business through our risk management framework. On a quarterly basis, the Management raised issues of concern and recommended mitigating actions for deliberation and implementation at the Audit, Risk and Governance Committee.

*(More information on our risk management can be found in the Statement on Risk Management & Internal Control on page 98)*

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## UPHOLDING STRONG GOVERNANCE

The Group is committed to building a strong organisation of integrity and governance as the Board sets the tone at the top. Our commitment to good corporate governance practices is embodied in our core values, the first of which is to be Ethical. ENCORP's commitment towards creating a culture that is fair, transparent and with integrity is performed through the establishment of Code of Conduct and Business Ethics which are extended to our employees and business partners whereby they are required to demonstrate their commitment through a pledge and compliance. Additionally, Management also has established a whistle blowing policy and guideline to encourage reporting of misconduct and issues on integrity and governance.

*(More information on our corporate governance initiatives can be found in the Corporate Governance Overview Statement on page 77)*



## AWARDS AND RECOGNITION

ENCORP's core values of being Ethical, aiming for Success, building strong Relationships with mutual trust and respect, and always Learning to progress further have stood the organisation in good stead as it fosters a collaborative and engaging workplace. The Group is honoured to be recognised with the award for 'Best Companies to Work for in Asia 2021' by HR Asia. This is a validation of the efforts we have undertaken in our journey to foster an environment where our employees can feel fully engaged and valued, as they strive for excellence. We are humbled and motivated to continue to progress further.



## SEGMENTAL REVIEW

### Property Development Updates

Although the property market was affected and has yet to recover to its pre-pandemic levels, ENCORP's property development segment charted a commendable performance as our products catered to purchasers who valued quality and location.



### ENCORP CAHAYA ALAM, SHAH ALAM

GDV : RM960 million

Land size : 210 acres

Undertaken by : Must Ehsan Development Sdn Bhd

Encorp Cahaya Alam located in Seksyen U12, Shah Alam, is a mixed development consisting of residential and commercial properties. It has a gross development value (GDV) of RM960 million and is expected to be fully developed by 2024. This signature township development's strategic location boasts central connectivity to the North-South Highway (NSE) and the Federal Highway, with easy access to other neighbouring districts such as Klang, Subang Jaya and Petaling Jaya, among others.

Encorp Cahaya Alam is surrounded by green spaces, parks and playgrounds, anchored by a central man-made lake that promotes healthy and community-based living. It is also near the Taman Botani Negara Shah Alam. The township is also connected to many public facilities and amenities which include sports facilities, shopping malls, public and private schools, and hospitals. The parcels in Encorp Cahaya Alam are designed with Encorp's uncompromising commitment to its QSVS principles which are reflected in the well-received modern and innovative designs.





COMPLETED

**DAHLIA**  
2 Storey Link House

A leasehold residential precinct comprising 171 double-storey link houses with a modern contemporary design and open concept interior in a secure guarded and gated neighbourhood, was launched in November 2017 and completed in October 2019. As at FY2021, this residential enclave has achieved 98% sales.

COMPLETED

**CLOVER**  
2 Storey Link House

Launched in June 2019, it comprises 143 double-storey link homes offering stunning views of the man-made lake amid a green, landscaped park. Designed with the modern family in mind, the homes offer a sense of luxury living among nature. The Clover concept was very well received by purchasers and has achieved 97% sales as at end 2021. Construction activities, which were halted in 2020 and 2021 due to the movement control orders, have been given a five-month extension by the Ministry of Housing and Local Government.

ON-GOING

**LILY**  
2 Storey Link House

The 92 units of elegant and spacious two-storey link homes comes with a choice of two distinctive facades – barn-shaped or groove strips. The parcel has a GDV of RM70.9 million, and was launched in November 2020 amid the uncertainties of the pandemic. Given the heightened caution exercised amid the pandemic and without a Sales Gallery or Show unit, Lily received tremendous response, achieving a 93% sales rate as at end 2021. ENCORP showcased Lily via a 3D walkthrough for sales and presentation, and leveraged social media for its advertising efforts. As at FY2021, 26% of the construction has been completed.

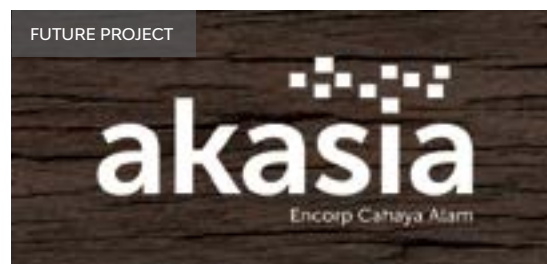
#### Upcoming Launches in Encorp Cahaya Alam

FUTURE PROJECT

**IRIS**  
2 Storey Link House

Iris is our latest two-storey residential link homes project that will comprise 59 units and be developed on 5.48 acres with a total GDV of RM53.4 million. Iris was previously named Hibiscus, as elaborated in our previous 2020 Annual Report. The Iris home design concept takes its inspiration from nature with augmented natural lighting and a spacious layout with generous ceiling height to convey a sense of grandeur. The parcel will be launched in July 2022.

FUTURE PROJECT

**AKASIA 2**  
2 Storey Superlink House

The second phase of the Akasia concept homes, will comprise 112 units of double-storey superlink houses which will be developed on 8.33 acres. The parcel is situated next to Akasia 1, with a GDV of RM100.7 million and will be launched in October 2022.

These upcoming projects will keep the Group busy until 2024 and will serve to contribute positively to ENCORP's recurring income stream.

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## ENCORP MARINA PUTERI HARBOUR

GDV : RM621 million

Land size : 3.3 acres

Undertaken by : Encorp Iskandar Development Sdn Bhd

Encorp Marina Puteri Harbour is a prestigious high-rise service apartment and commercial development with a GDV of RM621 million. Located in Johor's upper-end enclave of Iskandar Puteri, the development stands out as a key landmark in the city for its sophisticated and ultra-modern architectural design and carries ENCORP's signature QSVS tenets. Built on 3.3 acres, Encorp Marina Puteri Harbour comprises 571 residential units and 25 commercial units. It boasts unrivalled views overlooking the Straits of Johor and Singapore as well as connected to amenities and facilities to complement a luxurious waterside lifestyle.

This development was fully completed in 2018. While the interest for the property remains high, the overhang situation in Johor, the second-highest in the country in 2021, has had an impact on the property. As at FY2021, a total of 89% of residential units and 36% of commercial units have been sold.

## TEA TREE CLOSE, COCKBURN CENTRAL, PERTH, AUSTRALIA

Land size : 2.7 acres

Undertaken by : Encorp Development Pty Ltd

Cockburn Central is a bustling inner-city hub located approximately 20km from Perth Central Business District (CBD). It is regarded as a hub for southern suburbs within the Greater Perth area with abundance of amenities, government, and medical support services.

The Group's international landbank is located on North Lake Road, captured in the Muriel Court Structural Plan – Cockburn Central North. The area is earmarked to be the largest activity centre, outside of Perth CBD.

Cockburn Central is also regarded as a transportation hub with train and bus facilities congregating from surrounding areas before connecting to other hubs. The newly completed North Lake Road exit (December 2021) provides direct access to Kwinana Freeway, cutting a further 10-minute travel to the city by car.

Some of the amenities and facilities nearby:

- Gateway Shopping Centre – 800m
- Cockburn Aquatic Recreation Centre (ARC) – 100m
- Department of Transport and Licensing Centre – 1.2km
- District Police – 400m
- Fire Station – 100m
- Hospital & Medical Centres – multiple facilities range from 1km to 8km
- Adventure World Theme Park – 5km
- Jandakot Commercial & Business Hub – 2km

The Perth property market softened in 2016 following the global crumble of the Oil and Gas resource sector. Also, with the global COVID-19 pandemic, Australia has imposed containment measures from 2020 which have recently been lifted cautiously in February 2022<sup>4</sup>. Given the soft property market over the years, the Group has not embarked on development work for the time being but will be reviewing the market and landscape moving forward before making a decision on when to commence work.

<sup>4</sup><https://www.bbc.com/news/world-australia-60582788>



Encorp Strand

## ENCORP STRAND, KOTA DAMANSARA

GDV : RM1.18 billion

Land size : 45 acres

Undertaken by : Must Ehsan Development Sdn Bhd

Encorp Strand is our completed multi award-winning mixed development with a GDV of RM1.18 billion and situated within a 45-acre neighbourhood in the thriving hub of Kota Damansara, Petaling Jaya. It is strategically connected to mature and established townships such as Mutiara Damansara, Damansara Perdana, Bandar Utama, and Taman Tun Dr Ismail and is well served by many connected highways. It comprises 265 business units, 150 retail outlets, 14 blocks of self-contained garden offices and 278 service residential units.

The Encorp Strand Garden Offices and the Encorp Strand Residences make up the two main components of this integrated development. The low-density Encorp Strand Garden Offices with boutique offices built across six and seven-storey shop offices give a nod to nature through its incorporation of greenery within the development, with a sky-bridge connecting exclusively to the private enclave of penthouse units. The Encorp Strand Residences is 278 units of service apartments located just above the Strand Mall with plenty of amenities and nearby to a hypermarket, medical centre, university and schools. The Residences boast Fourth Industrial Revolution technology capabilities integrated into the smart-enabled homes which allow for integrated home control from mobile devices and an advanced three-tier security system. It features luxury lifestyle facilities such as a sunken tennis court, children's playground, integrated fitness facilities and a putting green for avid golfers.

With just 5% of the units for the Encorp Strand Garden Offices and 10% for Encorp Strand Residences remaining unsold due to the dampened market from the pandemic, the Group explored novel ideas to monetise these units. Among those, the Group transferred 516 carparks from inventories to investment properties to generate investment income. This strategy saw an encouraging upward trajectory of our homestay revenue in FY2021.

### Property Development Segmental Outlook

Despite the challenges posed to the property development business segment arising from external market factors, landed residential properties in Encorp Cahaya Alam continue to appeal to homebuyers because of its strategic location and matured township. Moving into FY2022, the Group is poised to pick up its development pace on projects that were sidelined or put on hold due to the movement restriction orders imposed on parts of the year. The upcoming new parcels of Iris and Akasia 2 in Encorp Cahaya Alam will be launched in 2022, and we anticipate that they will receive as good a response as our previous launches. We will also intensify our sales and marketing efforts for landed properties at Encorp Cahaya Alam in Shah Alam, as well as high-rise properties in Encorp Marina Puteri Harbour, Encorp Strand Garden Office and Encorp Strand Residences, by offering attractive sales packages. Nevertheless, given the overhang situation, we are mindful of the outlook for high-rise commercial and residential properties in Kota Damansara and Johor Bahru which can be challenging.

The Group also entered into a joint-venture agreement with FELDA in March 2022, for a mixed-development project on a 46-acre land at FELDA Chuping, Perlis, worth an estimated RM88.8 million. The restoration and redevelopment of the project is part of the 'Perumahan Warga FELDA' programme initiated by the government to meet the increased demand for affordable homes by FELDA's second generation. The two-phased masterplan development is scheduled

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to be completed over a period of 54 months. The first phase will be on 25 acres and will focus on the restoration and redevelopment of 224 residential units, together with 17 commercial units capitalising on existing established infrastructure and existing matured surrounding development, for a period of 18 months. The second phase of the development will be on 21 acres focusing on the development of 13 commercial lots, 270 low- to medium-end residential units and a petrol station, for a period of 36 months.

This marks another crucial milestone of synergistic collaboration within the FELDA Group which would add strength to ENCORP's transformative efforts to re-shape itself to become a formidable player within the property industry. ENCORP has always been and will continue to be a proud partner of the Government's affordable housing agenda in realising homeownership dreams.



Signing ceremony of Joint Venture Agreement with FELDA

### Retail Mall Updates

The retail mall sector in FY2021 continued to soften affected by the prolonged lockdowns and shifting customer behaviour to online shopping. The overall performance of shopping complexes in Malaysia recorded an occupancy rate of 76.3%, down from 77.5% in 2020.<sup>5</sup>



Strand Mall, Kota Damansara

### STRAND MALL, KOTA DAMANSARA

Shop Lots Inside The Mall  
Shop Offices At Red Carpet Avenue

The Strand Mall is the central point of the Encorp Strand development, in the thriving Kota Damansara enclave, and is conveniently accessible via the North Klang Valley Expressway (NKVE), the Damansara - Shah Alam Elevated Expressway (DASH) and the Lebuhraya Damansara Puchong (LDP), by way of Persiaran Surian and Persiaran Mahogany. Positioned as a lifestyle neighbourhood mall, the Strand Mall has a reasonable tenancy mix and offers shoppers and visitors shopping, dining, entertainment

<sup>5</sup>NAPIC Annual Property Market Report 2021, published on 1 April 2021





and other lifestyle needs. The mall is spaciouly designed with harmonious elements, skylight ceilings and premium facilities, with a total lettable area of 246,536 square feet (sqft.) spread out over four levels with 1,709 covered parking bays and outdoor parking.

The Red Carpet Avenue (RCA) is a uniquely designed 90-ft-wide and 800-ft-long covered, climate-controlled al fresco boulevard which provides dining and entertainment outlets at street level. With a total lettable area of 176,371 sqft., the space is suitable for events and tastefully combines alfresco dining and retail therapy.

Given that Malaysia was under various iterations of the movement restrictions for the better part of FY2021, occupancy rate for the Strand Mall dipped even further from 62% at end FY2020 to 58% at end FY2021. At the end of the year, the Strand Mall reduced its number of tenants from 33 in FY2020 to 29 in FY2021, while RCA shop offices maintained its number of tenants at 32 for the year in review.

Nevertheless, we managed to secure seven new tenants occupying 13 lots across a total of 15,009 sqft. for both the Strand Mall and RCA. The new tenants for the Strand Mall included BuyBye, Nail It Creations, Maxis Broadband and Must Ehsan Development for its sales gallery, while RCA shop offices welcomed Hanan Medicare, Foodle, and Esthetic Medical Solutions. The Strand Mall also renewed tenancy agreements with anchor tenants TGV Cinemas and Matrix Parking.

In FY2021, footfall traffic to the mall increased by 30% compared to the year before, as movement restrictions eased in phases. However, the footfall in 2021 was still not as high as pre-pandemic levels in 2019. The increased footfall was also a result of the various marketing and promotional events undertaken to attract shoppers.

During the year in review, Strand Mall provided community service by collaborating with our tenant Alpha IVF & Women Specialist as the COVID-19 Vaccination Centre (PPV) as well as a venue for a drive through swab test. We have also organised events which included Food Truck Fest, The Kids Playground, Kids Apparel & Toys, Ramadan Food Truck Fest & Car Boot Sale!, a jump rope clinic with Amir JRM, a Deepavali fashion show, Weekly Roller Blade, Armani The Auditions, and Malaysia Thailand Halal Food Festival. The Mall has always been a preferred venue for shooting television commercials. In FY2021, we lent our spaces for a Cadbury Zip production, the Entrepreneurial Idol 2021 for RTM2 production as well as a drama series for RTM and Astro Ria.

### Retail Mall Segmental Outlook

There are expectations that the retail industry will continue to face pressure after suffering weak retail sales in the past two years as it recovers from the impact of the COVID-19 pandemic. Retail growth was adversely affected by the prolonged lockdowns caused by the COVID-19 pandemic that shifted consumers' buying behaviour to online shopping as the new norm. Nevertheless, as Malaysia moves into an endemic phase in 2022 and travel restrictions are lifted progressively, retail sales are expected to improve.

We expect pressure on securing new and renewed tenancy rates but we have embarked on and will continue to structure attractive leasing terms to increase the occupancy rate for the Strand Mall and RCA for FY2022. We will also support our tenants through rent relief for non-essential tenants and negotiate settlement for outstanding arrears. This would include improving micro revenue and credit control such as increasing administrative fees for tenancy agreements and imposing new parking rates. We will focus on securing specialised and anchor tenants that will boost footfall as well as attract events and promotions to be featured at the Strand Mall and RCA.

Alongside these initiatives to secure more tenants and increase footfall into the mall, we have also enhanced measures towards fostering contactless payments which includes converting the carpark in the mall to be fully cashless with Touch n Go, Visa and MasterCard Pay Wave and Olapay applications for season parkers.

Management is also planning a makeover of the mall and RCA to increase the attractiveness of the mall as a popular destination.

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## OUTLOOK FOR FY2022

Malaysia's economy is projected to grow between 5.3% to 6.3%<sup>6</sup> in 2022 as vaccination rates rise, borders re-open and economic activities normalise on the back of continued policy support as the country moves into an endemic phase as of 1 April 2022. The gradual implementation of spending plans as articulated in the 12th Malaysia Plan for 2021 to 2025 will also be a supportive factor for near-term growth.<sup>7</sup> However, emerging variants of the virus, as well as geopolitical conflict in Eastern Europe, remain matters of concern as they are expected to have an impact on global supply chains, commodity prices and market confidence.

According to the Property Market Report 2021 by NAPIC, given the recovery in the economy, the property market is expected to regain its momentum although the market landscape will continue to be challenging. Various initiatives have been identified under the National Budget 2022 to spur the property market in the upcoming year. These include exemption of Real Property Gains Tax (RPGT) on disposal of properties from the sixth year onwards, allocation of RM1.5 billion for low-cost housing projects to promote property ownership among low-income groups, allocation of RM2.0 billion under the Housing Credit Guarantee Scheme to assist gig workers and small traders without steady income to apply for a mortgage loan, as well as stamp duty exemption for first time home buyers on instruments of transfer and loan agreements for residential property worth up to RM500,000.

Although the retail market is still recovering from the impact of the pandemic on livelihoods, the relief programmes by the government to support Malaysians, together with the easing of containment measures and lifting of travel restrictions are expected to increase sales and footfall traffic in retail outlets.



## OUR FOCUS IN FY2022

We are adopting a cautiously optimistic outlook for FY2022. We will be guided by our realigned strategy to build sustainable income, expand portfolio diversification, and elevate corporate rebranding which is articulated in our 2021-2025 Business Strategy to navigate the business towards a growth trajectory.

Our Encorp Cahaya Alam project serves as a bright spark as it continues to find good appeal and strong demand from purchasers. We will be leveraging attractive marketing and sales offerings targeted to our upcoming launches of Iris (previously Hibiscus) and Akasia 2 in Encorp Cahaya Alam, as well as the remaining inventory in Encorp Cahaya Alam. We will also look to enhance sales packages for the high-rise properties in Encorp Marina Puteri Harbour, Encorp Strand Garden Office and Encorp Strand Residences. However, the overhang situation for high-rise commercial and residential properties in Kota Damansara and Johor Bahru which remains weak and challenging remain a matter of concern to us.

Our relationship with FELDA has also opened further opportunities. Of note for the year ahead would be the joint venture to develop 46 acres of land at FELDA Chuping, Perlis. We will continue to source for opportunities to support FELDA's affordable housing projects as well as that of the government's institution housing schemes. We will also keep an eye out on potential and viable land banks for development, especially in projects that are affordable and in areas with a lesser degree of overhang. We will also look into collaboration opportunities with business associates and real estate partners.

On the property development and construction front, we are mindful of the rising cost of materials amid supply chain issues and will continue to adopt a prudent approach to managing development costs by exploring new construction technologies. One of the ways in which we will do this is by adopting Industrialised Building System (IBS) to better rationalise project costs.

<sup>6</sup><https://www.bernama.com/en/news.php?id=2067061>

<sup>7</sup><https://www.theedgemarkets.com/article/oecd-forecasts-malaysia-economy-grow-6-2022>



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In light of accelerated digital transformation, which was necessary in the wake of the pandemic, we will continue to leverage digital marketing platforms and social media to boost awareness of our brand and products, and expand into new target segments. These new marketing channels will also be applied to our retail mall marketing activities with the objective of increasing occupancy rates for the Strand Mall and RCA.

As part of our strategy to strengthen sustainable income, the Group is amenable to expanding its service offerings. One of these is to establish a facilities management function to support the maintenance of our buildings and assets instead of outsourcing these functions. We are also looking at diversifying our revenue stream by offering consultancy and advisory services in the areas of property management and construction. Other complementary sectors such as mining, water and renewable energy will also be reviewed in regard to building income diversification.

Underscoring these strategic imperatives and initiatives for the upcoming year is our commitment to managing financial prudence in managing and operating our business. We believe the strategy to strengthen our business sustainability is well placed to serve the Group's journey towards building growth.



Perumahan Warga Felda (PWF), Felda Chuping, Perlis

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○ BOARD OF DIRECTORS



Tuan Haji Sr. Mohd Ali Bin Abd Karim

Independent Non-Executive Chairman

Age	Gender	Nationality
67	Male	Malaysian



Tuan Haji Sr. Mohd Ali Bin Abd Karim was appointed to the Board of Encorp Berhad on 14 September 2021.

Tuan Haji Sr. Mohd Ali has over 30 years of experience in the local construction Industry. He started his career with JUBM in 1986 and was appointed as Director in 1992 and subsequently he was Executive Chairman in 1999. Tuan Haji Sr. Mohd Ali has been appointed as a Director of Arcadis Projek Sdn Bhd since 1997. He retired in 2016 and remained as Non-Executive Chairman and Advisor in JUBM and Arcadis Asia until end of 2017.

Tuan Haji Sr. Mohd Ali was on the Board of Langdon & Seah Sdn Bhd as a Consultant back in year 1999. He served as a Director of PUSB Engineering Sdn Bhd, a company involved in oil and gas consultancy services for 10 years from 2005 to 2015.

Tuan Haji Sr. Mohd Ali was appointed as a Member of Corporation in Perbadanan PR1MA Malaysia (PR1MA) since October 2018 until September 2020.

Tuan Haji Sr. Mohd Ali experience and project expertise includes project management, master planning, cost planning, procurement and cost management of mega high rise building and civil engineering and infrastructure project in Malaysia.

Tuan Haji Sr. Mohd Ali is a Consultant Quantity Surveyor of Board Quantity Surveyors (CQS). He is a Fellow of Royal Institution of Chartered Surveyors (FRICS), Member of Royal Institution of Surveyors, Malaysia (MRISM) and Associate of International Cast Engineering Council (ICECA).

Tuan Haji Sr. Mohd Ali does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.





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**YBhg Datuk Haji Jaafar Bin Abu Bakar**

Independent Non-Executive Director  
Chairman of the Audit, Risk and Governance Committee  
Chairman of Nominating and Remuneration Committee

Age	Gender	Nationality
76	Male	Malaysian



Datuk Haji Jaafar was appointed to the Board of Encorp Berhad on 24 July 2014.

Datuk Haji Jaafar graduated with a Bachelor of Arts (Honors) from University of Malaya in 1969, he obtained a Masters in Public Policy and Administration from University of Wisconsin, Madison, U.S.A. in 1980, and is a Fellow of the Economic Development Institute of the World Bank, Washington D.C.

Datuk Haji Jaafar started his career as a Land Administrator in FELDA before joining the Malaysian civil services in 1970. He has since served in various senior positions within the Government Departments which included State Development Officer in Penang, Pahang and Kelantan, Deputy General Manager of Central Terengganu Development Authority and South Kelantan Development Authority, Director of Kelantan Land Development Board, General Manager of Kelantan State Economic Development Corporation, Deputy Secretary General of the Ministry of Domestic Trade and Consumer Affairs and Council Member of Malaysian Industrial Development Authority.

Datuk Haji Jaafar opted for early retirement from the civil service in 1991 and joined Koperasi Usaha Bersatu as Group General Manager of KUB Holdings Berhad. He subsequently took up a position as Executive Director of Damansara Realty Berhad and year later, he served as Managing Director. He served as Executive Chairman of Cold Storage (Malaysia) Berhad from 1996 to 1998 and President / CEO of Uniphoenix Corporation Berhad until 2006. He also served as a member of FELCRA Board from 1998 to 2007.

Datuk Haji Jaafar was a Chairman of Petaling Tin Berhad from 1997 to 2019. Currently, he is the Executive Chairman of Tajaria Sdn Bhd.

Datuk Haji Jaafar does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.

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○ BOARD OF DIRECTORS



**Mahadzir Bin Mustafa**

Non-Independent Non-Executive Director  
Member of Audit, Risk and Governance Committee

Age	Gender	Nationality
52	Male	Malaysian



Mahadzir Bin Mustafa was appointed to the Board of Encorp Berhad on 27 June 2019.

Mahadzir Mustafa brings with him over 24 years of experience in areas of financial and management accounting, taxation, corporate finance and treasury matters, within various industries, GLCs and MNCs, ranging from manufacturing, trading and distribution, highway concessionaire, e-commerce and water assets development.

Prior to his appointment in Federal Land Development Authority ("FELDA"), he was the CEO of Pengurusan Aset Air Berhad, the national water asset developer for the country.

Currently, he is the Deputy Director General (Management) at FELDA, responsible for strategic planning, finance, properties, information technology and procurement matters.

He sits on the board of several FELDA group of companies such as FELDA Middle East Sdn Bhd, FIC Properties Sdn Bhd and FIC UK Properties Sdn Bhd.

Mahadzir graduated with a Bachelor of Science in Accounting and Finance from the University of Wales at Aberystwyth, United Kingdom in 1993. He is a fellow of the Association of Chartered Certified Accountants and Member of the Malaysian Institute of Accountants.

Mahadzir does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.



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**YBhg Datuk Shireen Ann Zaharah Binti Muhiudeen**

Non-Independent Non-Executive Director  
Member of Nominating and Remuneration Committee

Age	Gender	Nationality
59	Female	Malaysian



Datuk Shireen Ann Zaharah Binti Muhiudeen was appointed to the Board of Encorp Berhad on 14 September 2021.

Datuk Shireen graduated with a Bachelor of Science in Business Administration from University of Southern California, United States in 1985, she obtained a Bachelor of Science in Business Administration from University of Southern California, United States in 1987.

Datuk Shireen was first appointed as a Director of FELDA on 26th July 2018. Following her appointment, she was then appointed as Chairman of FELDA's Investment Committee and Chairman of FELDA's Risk and Governance Committee.

Datuk Shireen is a seasoned investment professional starting her career in 1988 with Arab Malaysian Merchant Bank. In 1992, she joined the AIG Group until 2004. She was the CEO of AIG Investment Corporation (Malaysia) and was managing Emerging Asia equities. Datuk Shireen founded Corston-Smith Asset Management in 2004, an E.S.G. Asset management company that was an early signatory to the UNPRI in 2008. Datuk Shireen has a deep interest in ESG issues, which she believes is at the core of any sustainable business.

Datuk Shireen has served on various PLCs which include a port as well as a local bank. She has also served on a foreign bank board. On 1 March 2019, she was appointed as the Non-Executive Chairman of Bursa until April 30, 2020. She also served on the Economic Action Council from February 2019 to March 2020.

In recognition, Asian Investor in 2011 listed Datuk Shireen as one of The Most Influential Women in Asia-Pacific's Asset Management Industry and Forbes Asia in 2014 listed Datuk Shireen as Asia's 50 Power Businesswomen.

Datuk Shireen does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. She has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.





**BOARD OF DIRECTORS**



**Tuan Haji Lukman Bin Abu Bakar**

Independent Non-Executive Director  
Member of Audit, Risk and Governance Committee  
Member of Nominating and Remuneration Committee

Age	Gender	Nationality
63	Male	Malaysian



Tuan Haji Lukman Bin Abu Bakar was appointed to the Board of Encorp Berhad on 14 September 2021.

Tuan Haji Lukman holds Bachelor of Urban and Regional Planning (Hons) from University of Technology Malaysia and Post Graduate Diploma of Housing, Building and Planning from Institute for Housing Studies, Rotterdam, Holland. He also attended Management Programme at Asian Institute of Management in Manila, Philippines.

Tuan Haji Lukman held various senior management positions in Johor Corporation (JCorp) and chairmanship and directorship of companies within JCorp Group. He started his career in 1982 as a Town Planning Officer. He was the Deputy Manager in 1989. He was then promoted to Senior General Manager of JCorp in 2006. He then served as Senior Vice President in JCorp in 2009. He was appointed as Chief Executive of Property Division of JCorp in 2011 until his retirement in 2019.

Tuan Haji Lukman's career in Johor Land Berhad (JLand) began in 2010 as the Managing Director. Upon his retirement at JCorp, he was appointed as the Business Advisor of JLand until 2020.

Tuan Haji Lukman was seconded to Pasir Gudang Municipal Council as Assistant Secretary back in 1989 and moved up to Manager cum Deputy Secretary in 1992. He also served as Secretary of Pasir Gudang Municipal Council in 2004. He was appointed as the first President of Pasir Gudang Municipal Council when the Pasir Gudang Local Authority was upgraded as a full-fledged Municipal Council on July 2008 and served until August 2009, upon the Council was handed over to the administration of the State Government of Johor.

Tuan Haji Lukman joined Sindora Berhad as the Deputy General Manager back in year 1993 and then promoted to General Manager in 1995 until 2004. He was appointed as a Board Member of DBhd from 2006 to 2014. Besides, he also served as a Board and Audit Committee member of Damansara Reits Managers Sdn Bhd back in 2010 to 2020. Currently, he sits as member of Majlis Agama Islam Johor (MAIJ) from 2015 until present. He is also a Board of Director in Waqaf An-Nur Corporation Berhad and Audit Committee Member of Permodalan Darul Takzim Sdn Bhd (PDT).

Tuan Haji Lukman does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company. He has not been convicted of any offence within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year.





## SENIOR MANAGEMENT TEAM



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**HAZURIN BIN HARUN**  
Group Chief Executive Officer52  
AgeM  
GenderMY  
NationalityDate of Appointment **February 2021****IR. OOI WAH TECK**  
Head of Property57  
AgeM  
GenderMY  
NationalityDate of Appointment **May 2021****Academic/Professional Qualifications**

- Bachelor of Arts (Honours) in Accounting from Sheffield Hallam University, United Kingdom
- Fellow Member of Association of Chartered Certified Accountants
- Member of Malaysian Institute of Accountants

**Past Experience**

Actively involved and held various portfolios in Finance, Property and Infrastructure facilities with more than 25 years of experience including in public listed companies:

- Auditor in PricewaterhouseCoopers (1996)
- Operations Manager for Pengurusan Danaharta Nasional Berhad (1999)
- Financial Controller for Pembinaan BLT Sdn Bhd, a company owned by the Minister of Finance Inc. (2005)
- Chief Financial Officer for Symphony Life Berhad Group (formerly known as Bolton Berhad) (2006)

**Declaration**

- Does not hold directorship in any other public companies and listed issuers
- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year

**Academic/Professional Qualifications**

- Bachelor of Science in Civil Engineering from University of Toledo, Ohio, USA
- Registered Professional Engineer with the Board of Engineers Malaysia
- Member of Institution of Engineers Malaysia

**Past Experience**

Actively involved and held various portfolios in Property and Construction Management with more than 29 years of experience including in international and public listed companies:

- Engineer for T.R. Worline & Assoc. Inc. Swanton, Ohio, USA (1990)
- Engineer for H.S. Liao Sdn Bhd (1991)
- Project Manager for WCT Engineer Berhad (1995)
- Senior Project Manager for Berjaya Land Berhad (2000)
- Project Director for ATC Project (Vietnam) Co Ltd (2005)
- Deputy General Director for Ocean Group of Companies (2008)
- Director of Projects for Petaling Tin Berhad/ Karambunai Corp Berhad (2011)
- Project Director for Grandmas Development Sdn Bhd (2013)
- Chief Operating Officer for DMIA (M) Sdn Bhd (2014)
- Project Director (Freelance) (2018)

**Declaration**

- Does not hold directorship in any other public companies and listed issuers
- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year



## SENIOR MANAGEMENT TEAM

### **WILLIAM SEOW** Head of Finance

**50**  
Age

**M**  
Gender

**MY**  
Nationality



Date of Appointment **February 2012**

#### Academic/Professional Qualifications

- Bachelor of Business in Accounting and Computing from Swinburne University of Technology, Australia
- Member of Malaysia Institute of Accountants
- Member of CPA Australia

#### Past Experience

Actively involved and held various portfolios in Advisory, Finance and Property with more than 27 years of experience including in public listed companies:

- Consultant in Transaction Advisory Services and Assurance Department for Ernst & Young, Kuala Lumpur (1995)
- Senior Executive in Corporate Finance, Merger & Acquisition for Petaling Tin Berhad (2001)
- Finance Manager for Metroplex Berhad (2004)
- Senior Finance Manager for Sunway City Berhad and Sunway Berhad (2007)

#### Declaration

- Does not hold directorship in any other public companies and listed issuers
- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year

### **LEE LAY HONG** Head of Legal and Company Secretarial

**55**  
Age

**F**  
Gender

**MY**  
Nationality



Date of Appointment **July 2008**

#### Academic/Professional Qualifications

- Bachelor of Laws (LL.B Honours) degree from University of Leicester, United Kingdom
- Admitted as an Advocate and Solicitor of the High Court of Malaya in 1993
- Licensed Company Secretary

#### Past Experience

- Lee Lay Hong commenced her legal practice in litigation and subsequently ventured into commercial sectors. She has 29 years of experience in legal work, covering corporate and commercial, banking, litigation, industrial relations, intellectual property and construction, corporate secretarial and corporate governance matters
- Prior to joining Encorp, she has held leadership positions as Head of Legal and Group Company Secretary for Mah Sing Group Berhad and Head of Legal for Puncak Niaga (M) Sdn Bhd
- Awarded the 1st Asian Company Secretary of the Year Recognition Awards 2013 by Corporate Governance Asia, Hong Kong

#### Declaration

- Does not hold directorship in any other public companies and listed issuers
- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year





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**HAIRIZAL BIN HOSMAN**

Head of Marketing, Sales and Leasing

42

Age

M

Gender

MY

Nationality

Date of Appointment **March 2022****DATIN NORSYELA BINTI JAAFAR**

Head of Human Resource and Administration Services

45

Age

F

Gender

MY

Nationality

Date of Appointment **February 2017****Academic/Professional Qualifications**

- National Technical Certificate in Electrical Technology (Installation & Servicing) from the Institute of Technical Education Singapore

**Past Experience**

Actively involved and held various portfolios in Property with more than 16 years of experience including in public listed companies:

- Sales Executive for Magna Prima Berhad (2007)
- Sales Executive for Symphony Life Berhad (2010)
- Assistant Sales Manager for Berjaya Land Berhad (Apr 2014)
- Sales Manager for Jakel Development (2015)
- Sales Manager for NAZA TTDI Sdn Bhd (2016)
- Senior Sales Manager for Setia Haruman Sdn Bhd (2018)

**Declaration**

- Does not hold directorship in any other public companies and listed issuers
- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year

**Academic/Professional Qualifications**

- Bachelor of Graphic Design & Marketing from Curtin University of Technology, Australia
- Master of Business Administration from INTI International University, Malaysia
- Member of Malaysia Institute of Human Resource Management
- Member of International Association of Human Resources

**Past Experience**

Actively involved and held various portfolios in Education and Property with more than 17 years of experience including in public listed companies:

- Assistant in Investor Relations and Corporate Planning for PECD Berhad (2005)
- Senior Manager in Network Development, Human Resource and Administration Services for Limkokwing University (2007)
- Senior Manager in Corporate Relations, Business Development and Human Resource for Studylink Sdn Bhd (2009)
- Head of Corporate Relations, Human Capital and Business Development for KRU Academy (2011)
- Manager in Business Development for Taylor's University (2013)

**Declaration**

- Does not hold directorship in any other public companies and listed issuers
- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year

## SENIOR MANAGEMENT TEAM

### ARMAN IDZMY BIN OMAR

Head of Risk and Governance

**45**  
Age

**M**  
Gender

**MY**  
Nationality



Date of Appointment **October 2016**

#### Academic/Professional Qualifications

- Bachelor of Accounting and Finance from John Moores Liverpool University
- Master of Forensic Accounting and Financial Criminology from University Technology MARA, Malaysia
- Member of Institute of Enterprise Risk Practitioners

#### Past Experience

Actively involved and held various portfolios in Internal Audit and Advisory with more than 21 years of experience including in public listed companies:

- Internal Audit Executive for AmMerchant Bank Berhad (2001)
- Assistant Manager in Advisory Services for Ernst and Young (2005)
- Internal Audit Manager for DRB-HICOM (2010)
- Internal Audit Manager for Sapura Kencana Petroleum Berhad (2014)

#### Declaration

- Does not hold directorship in any other public companies and listed issuers
- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year

### MAT AKHER HASSAN

Head of Technology

**55**  
Age

**M**  
Gender

**MY**  
Nationality



Date of Appointment **August 2012**

#### Academic/Professional Qualifications

- Diploma in Computer Science from University Technology MARA, Malaysia
- Master of Information Technology from Open University Malaysia

#### Past Experience

Actively involved and held various portfolios in Logistics, Transportation, Warehousing & Depot, Broadcasting and Property with more than 32 years of experience including in public listed companies:

- Programmer for Shapadu Kontena Berhad (1990)
- Analyst Programmer for Diperdana Corporation Berhad (1995)
- Senior Executive in Information Technology for Konsortium Logistik Berhad (1997)
- System Analyst for Casaville Technology Services Sdn Bhd, a company owned by Natseven TV Sdn Bhd (2001)
- IT Manager for Glenmarie Properties Sdn Bhd, a subsidiary of DRB-HICOM Berhad (2012)

#### Declaration

- Does not hold directorship in any other public companies and listed issuers
- Does not have any family relationship with any director and/or major shareholder or any conflict of interest with the Company
- Has not been convicted any offences within the past 5 years, nor any public sanction or penalty imposed by regulatory bodies during the financial year







ENCORP BERHAD (Company No: 200001004231 (506836-X))

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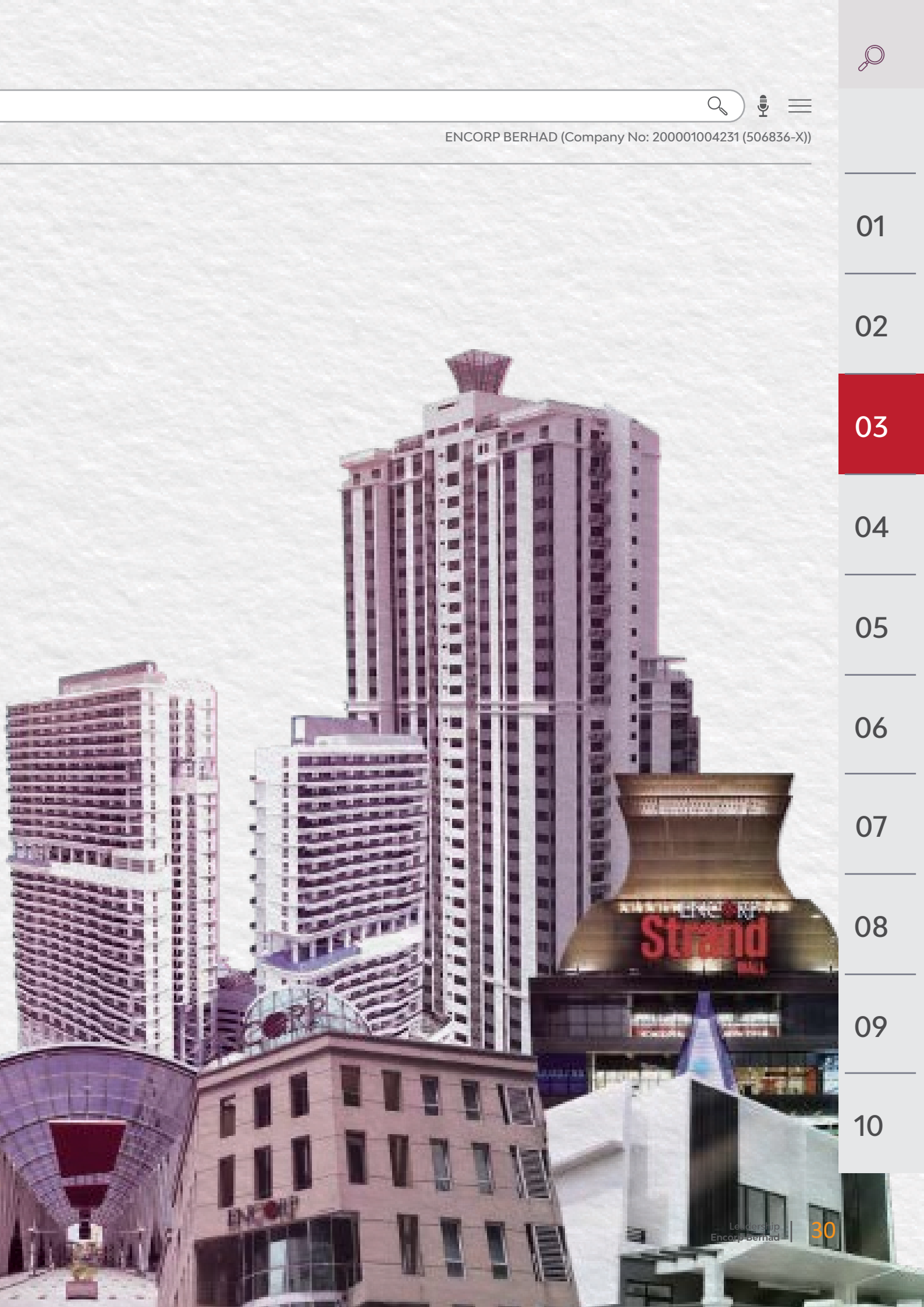
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## ●●●○ CORPORATE PROFILE

Listed on the Main Market of Bursa Malaysia Securities Berhad on 11 February 2003, Encorp Berhad (ENCORP or the Group) is a property development and management services company that is headquartered in Kota Damansara, Malaysia.

The Group's holding company is Felda Investment Corporation Sdn Bhd (FIC), the investment arm of the Federal Land Development Authority (FELDA), which holds a 62.30% equity stake.

ENCORP's four main business segments comprise property development, construction, concessionaire and investment property with property development as its core business area. The Group's footprint of landbanks and property portfolio encompasses Malaysia and Australia, all situated in strategically prime development locations.

Since inception, ENCORP has focused its value creation efforts towards engendering sustainable and meaningful outcomes for its ecosystem of stakeholders. The company has leveraged on its industry credibility and accreditations, and its proven track record in property development and management, to identify value accretive opportunities to drive its growth in the longer term and ensure its business sustainability.

A reflection of our contribution can be seen in our past and on-going developments in the various projects listed below.

### Property Development

ENCORP is recognised for building value-added properties with innovative design, superior workmanship and finishing, within a well-planned concept. ENCORP's developments include:



Encorp Strand, Kota Damansara – a mixed development with gross development value (GDV) of RM1.18 billion and fully completed.



Encorp Cahaya Alam, Shah Alam – a mixed development consisting of residential and commercial properties with GDV of RM960 million and is expected to be completed by 2024.



Encorp Marina Puteri Harbour, Iskandar Puteri – commercial and serviced apartments with GDV of RM621 million and fully completed.



The Residences on McCallum Lane, Perth, Australia – a residential apartment with GDV of RM82.5 million and fully completed.



The Group's uncompromising commitment to stellar Quality, Standards, Value and Service (QSVS) is evident from its innovative lifestyle-centred developments, that seek to cater to evolving customer needs and expectations, centred on holistic lifestyles and community living that are the hallmarks of modern life. Complementing this is the Group's customer promise of providing excellent customer service, as propagated by its Two-pronged Customer-centric Strategy. ENCORP's unswerving commitment to QSVS resulted in Dahlia at Encorp Cahaya Alam being awarded a Quality Assessment System in Construction (Qlassic) rating of 71%, or "High Quality", by the Construction Industry Development Board (CIDB) in 2019; Encorp Marina Puteri Harbour receiving a Qlassic score of 75% in 2018, and Encorp Strand Residences a Qlassic score of 72% in 2017.

The Group has a range of subsidiaries, that specialise in specific areas related to its four main business segments. Encorp Must Sdn Bhd and Must Ehsan Development Sdn Bhd provide property development and construction services, and are accredited with ISO 9001:2015 certification. Encorp's investment property arm, Strand Mall Sdn Bhd manages Strand Mall, a lifestyle neighbourhood mall in Kota Damansara. Encorp Facilities Management Sdn Bhd specialises in facility management services, while Encorp Construction and Infrastructure Sdn Bhd provides industry-specific construction and infrastructure solutions. Both Encorp Construction and Infrastructure Sdn Bhd and Encorp Construction and Engineering Sdn Bhd are registered as Bumiputra Contractors Class A under the Contractor Service Centre (PKK) and both possessed a Grade G7 with the CIDB and Encorp Development Sdn Bhd is G4 certified by the CIDB, with Encorp Construction and Engineering Sdn Bhd having an additional electrical and mechanical specialisation CIDB certification.

Towards building robust foundations that will ensure the Group's sustained long-term value creation journey, ENCORP has effected its Transformation Journey towards becoming a leading company in the property development sector in Malaysia. Underlying this is ENCORP's focus on upholding the highest standards of corporate governance, which has been recognised through awards such as the Corporate Governance Asia Recognition Award 2013, the 1st Asian Company Secretary of the Year Award 2013 and the Best Investor Relations Company at the 7th Asian Excellence Recognition Awards 2017.

The Group highly values its employees, as it is human capital that drives its strategic performance and business outcomes. The Group's sustained efforts led to HR Asia identifying it as a winner in the Best Companies to Work for in Asia Awards for 2021, adding to awards obtained previously in 2017, 2018 and 2019, as well as the Silver Medal Award for Employer of Choice (Private Sector) at the Malaysia Human Resources Awards 2018.

ENCORP is constantly looking for opportunities to further expand its businesses locally and internationally in the property and construction arena.

Committed and dedicated to help move ENCORP in its journey of growth and expansion are led by the Board of Directors comprising of Tuan Haji Sr. Mohd Ali Bin Abd Karim (Non-Executive Chairman), YBhg Datuk Haji Jaafar Bin Abu Bakar, Encik Mahadzir Bin Mustafa, YBhg Datuk Shireen Ann Zaharah Binti Muhiudeen and Tuan Haji Lukman Bin Abu Bakar as well as Group Chief Executive Officer, Encik Hazurin Bin Harun.

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# C O R P O R A T E I N F O R M A T I O N

## Board of Directors

**Tuan Haji Sr. Mohd Ali Bin Abd Karim**

Non-Executive Chairman,  
Independent Non-Executive Director

**Datuk Shireen Ann Zaharah Binti Muhiudeen**

Non-Independent Non-Executive Director

**Datuk Haji Jaafar Bin Abu Bakar**

Independent Non-Executive Director

**Tuan Haji Lukman Bin Abu Bakar**

Independent Non-Executive Director

**Mahadzir Bin Mustafa**

Non-Independent Non-Executive Director

### Audit, Risk And Governance Committee

Datuk Haji Jaafar Bin Abu Bakar  
Chairman

Mahadzir Bin Mustafa  
Member

Tuan Haji Lukman Bin Abu Bakar  
Member

### Nominating And Remuneration Committee

Datuk Haji Jaafar Bin Abu Bakar  
Chairman

Datuk Shireen Ann Zaharah Binti Muhiudeen  
Member

Tuan Haji Lukman Bin Abu Bakar  
Member

### Company Secretary

Lee Lay Hong  
LS 0008444  
SSM PC No. 201908002088

### Auditors

Ernst & Young PLT (AF 0039)  
Registration No. 202006000003  
(LLP0022760-LCA)

### Stock Exchange Listing

Main Market of Bursa Malaysia  
Securities Berhad  
Stock Name : ENCORP  
Stock Code : 6076

### Registered Office

No. 45-1, Jalan PJU 5/21  
Pusat Perdagangan Kota Damansara  
Kota Damansara PJU 5  
47810 Petaling Jaya  
Selangor Darul Ehsan

Tel: (6) 03 62867777  
Fax: (6) 03 62867717  
Email: encare@encorp.com.my

### Share Registrar

Securities Services (Holdings) Sdn Bhd  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur

Tel: (6) 03 2084 9000  
Fax: (6) 03 2094 9940  
Email: info@sshbs.com.my

### Principal Bankers

Malayan Banking Berhad  
  
United Overseas Bank  
(Malaysia) Berhad  
Bank Islam Malaysia Berhad  
  
CIMB Bank Berhad

### Solicitors

Zul Rafique & Partners  
  
Zaid Ibrahim & Co  
  
P.Y. Hoh & Tai  
  
Sanjay Mohan  
  
Azmi & Associates





ENCORP BERHAD (Company No: 200001004231 (506836-X))

## C O R P O R A T E S T R U C T U R E



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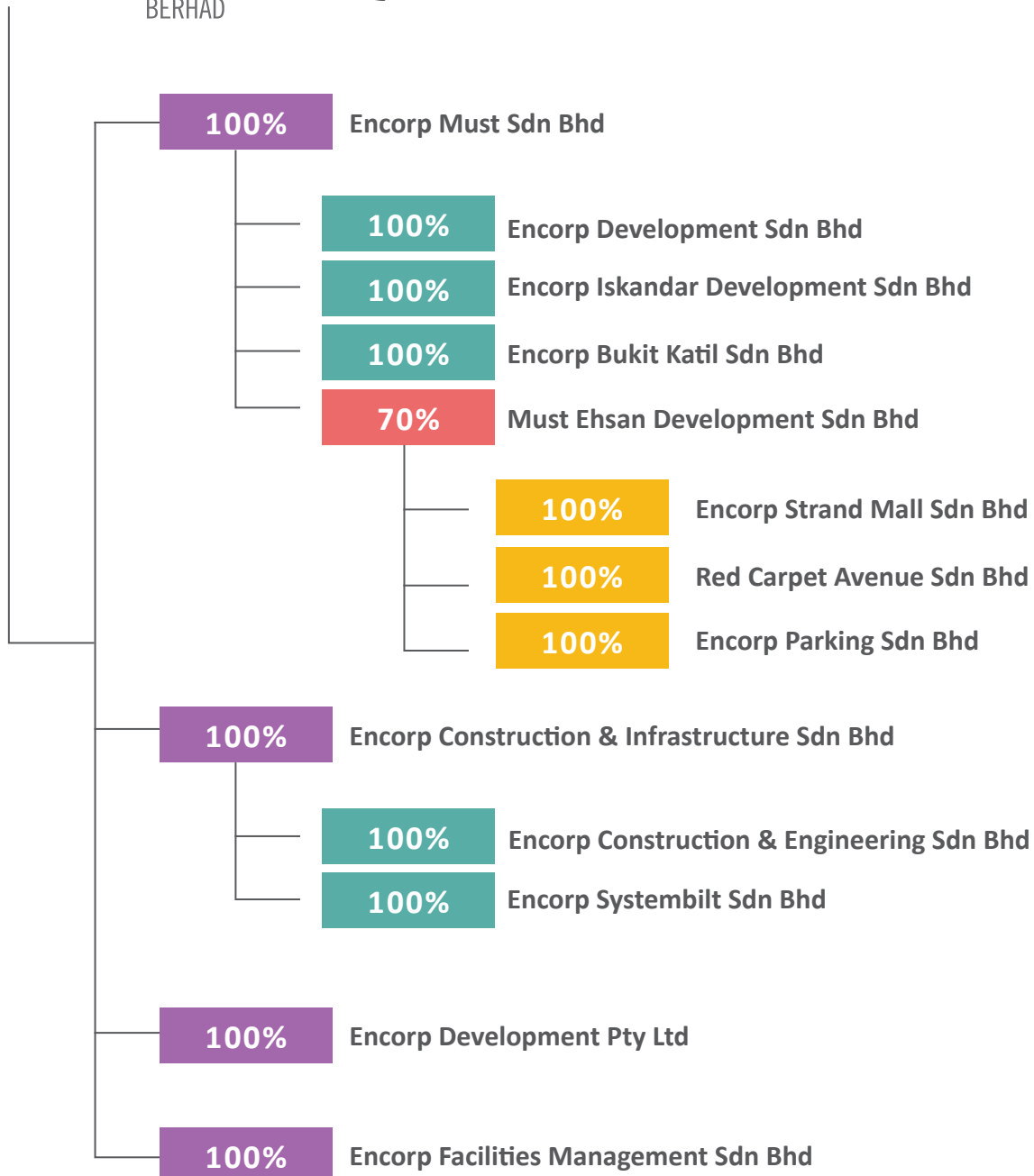
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Subsidiary Company	Percentage (%)	Principal Activity	Place of Incorporation
Encorp Must Sdn Bhd	100	Investment Holding and Property Project Management	Malaysia
Must Ehsan Development Sdn Bhd	70	Property Development	Malaysia
Encorp Strand Mall Sdn Bhd	100	Property Investment	Malaysia
Encorp Parking Sdn Bhd	100	Property Investment	Malaysia
Red Carpet Avenue Sdn Bhd	100	Investment Holding	Malaysia
Encorp Development Sdn Bhd	100	Property Development	Malaysia
Encorp Iskandar Development Sdn Bhd	100	Property Development	Malaysia
Encorp Construction & Infrastructure Sdn Bhd	100	Investment Holding and Construction Project Management	Malaysia
Encorp Systembilt Sdn Bhd	100	Concessionaire to build and transfer teachers' quarters to the Government of Malaysia	Malaysia
Encorp Construction & Engineering Sdn Bhd	100	General Trading	Malaysia
Encorp Development Pty Ltd	100	Property Development	Australia
Encorp Facilities Management Sdn Bhd	100	Facilities Management Services Provider	Malaysia
Encorp Bukit Katil Sdn Bhd	100	Property Development	Malaysia



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Clover, Encorp Cahaya Alam

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○ **SUSTAINABILITY STATEMENT**



Aspiring to address social issues and leveraging Encorp Berhad's (ENCORP or the Group) ability to measure and connect, we adopted ENCORP's Purpose. No single organisation or system alone can solve the serious issues the world faces, such as climate change, disaster, pollution, and the COVID-19 pandemic. We need to look for ways to address issues by assessing situations, sharing a range of information, and organically connecting organisations and systems.

It is also important to respect the human rights of all people and build a world without discrimination as our basic premise. ENCORP will continue to seek reform together with stakeholders around the world, striving to make the world a better place for future generations.

ENCORP is proud to present its 2021 Sustainability Report, which marks its fifth annual reporting on its sustainability progress and performance. In our efforts to enhance our corporate reporting, we have started to prepare and lay the foundations and fundamental concepts of integrated reporting this year.

## SCOPE AND REPORTING BOUNDARY

ENCORP has developed a suite of reports to meet the evolving needs and concerns of stakeholders. This Sustainability Report complements the 2021 Annual Report which provides more information relating to corporate governance, risk and financial performance of the group. Our reports are available at [www.encorp.com.my](http://www.encorp.com.my).





## SUSTAINABILITY GOAL AND ROADMAP



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This report reveals our sustainability journey towards becoming a Group that balances the environmental and social integration as well as economic considerations in the planning, design and implementation of our projects. We improve our performance and commitment year-on-year as set out in our five-year roadmap.

In an effort to contribute to global and national initiatives towards sustainable development, ENCORP seeks to

continuously refine its strategic approach to the United Nations' 17 Sustainable Development Goals (SDGs). For this year of reporting, we have identified primarily with the focus areas of five SDGs Focus Area, which are: Good Health and Well-Being (SDG 3), Decent Work and Economic Growth (SDG 8), Sustainable Cities and Communities (SDG 11), Responsible Consumption and Production (SDG 12) and Peace, Justice and Strong Institutions (SDG 16).

*Sustainable Development Goals  
and Business for **The Future***

## ENCORP'S SDG FOCUS AREAS

Sustainability Goal	Target	Contributions
<p>SDG 3</p>  <p>Ensure healthy lives and promote well-being for all at all ages</p>	<p>INCREASE HEALTH FINANCING AND SUPPORT HEALTH WORKFORCE IN DEVELOPING COUNTRIES</p> <p>Substantially increase health financing and the recruitment, development, training and retention of the health workforce in developing countries, especially in least developed countries and small island developing States.</p>	<ul style="list-style-type: none"> <li>• We prioritise health and safety in our business operations by adopting safety standards and systems as well as implementing a Quality, Environmental, Safety and Health (QESH) policy.</li> <li>• We promote healthy lifestyles by organising programmes that focus on employee well-being.</li> <li>• We manage our construction wastes responsibly and ensure proper storage as well as disposal of hazardous and non-hazardous waste.</li> </ul>
<p>SDG 8</p>  <p>Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all</p>	<p>DIVERSIFY, INNOVATE AND UPGRADE FOR ECONOMIC PRODUCTIVITY</p> <p>Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors.</p> <p>PROMOTE POLICIES TO SUPPORT JOB CREATION AND GROWING ENTERPRISES</p> <p>Promote development-oriented policies that support productive activities, decent job creation, entrepreneurship, creativity and innovation, and encourage the formalisation and growth of micro-, small- and medium-sized enterprises, including through access to financial services.</p>	<ul style="list-style-type: none"> <li>• We provide competitive salaries and benefits packages for our employees in addition to training opportunities for growth and career development.</li> </ul>
	<p>PROMOTE YOUTH EMPLOYMENT, EDUCATION AND TRAINING</p> <p>By 2021, substantially reduce the proportion of youth not in employment, education or training.</p>	<ul style="list-style-type: none"> <li>• We provide competitive salaries and benefits packages to our employees in addition to training opportunities for growth and career development.</li> </ul>
	<p>PROTECT LABOUR RIGHTS AND PROMOTE SAFE WORKING ENVIRONMENTS</p> <p>Protect labour rights and promote safe and secure working environments for all workers.</p>	<ul style="list-style-type: none"> <li>• Our Safety and Health Unit monitors and checks for compliance to relevant rules and regulations.</li> </ul>



## ENCORP'S SDG FOCUS AREAS (CONT'D.)

Sustainability Goal	Target	Contributions
<b>SDG 11</b>  Make cities and human settlements inclusive, safe, resilient and sustainable	<b>INCLUSIVE AND SUSTAINABLE URBANISATION</b>  By 2030, enhance inclusive and sustainable urbanisation and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.	<ul style="list-style-type: none"> <li>We have been involved in the construction of infrastructures that enhance the sustainable features of cities, such as affordable housing.</li> </ul>
	<b>SUPPORT LEAST DEVELOPED COUNTRIES IN SUSTAINABLE AND RESILIENT BUILDING</b>  Support least developed countries, including through financial and technical assistance, in building sustainable and resilient buildings utilising local materials.	<ul style="list-style-type: none"> <li>For year 2021, 100% of the required services were carried out by Malaysian vendors. By supporting them, we play a part in contributing to the domestic economy.</li> </ul>
<b>SDG 12</b>  Ensure sustainable consumption and production patterns	<b>SUSTAINABLE MANAGEMENT AND USE OF NATURAL RESOURCES</b>  By 2030, achieve the sustainable management and efficient use of natural resources.	<ul style="list-style-type: none"> <li>Recycle wood and pallets for construction works.</li> </ul>
	<b>SUBSTANTIALLY REDUCE WASTE GENERATION</b>  By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.	<ul style="list-style-type: none"> <li>Reduce usage of paper by initiating use of digital-based documentations.</li> </ul>
	<b>ENCOURAGE COMPANIES TO ADOPT SUSTAINABLE PRACTICES AND SUSTAINABILITY REPORTING</b>  Encourage companies, especially large and transnational companies, to adopt sustainable practices and to integrate sustainability information into their reporting cycle.	<ul style="list-style-type: none"> <li>A concise Sustainability report is included in the Encorp Annual Report.</li> </ul>

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## ENCORP'S SDG FOCUS AREAS (CONT'D.)

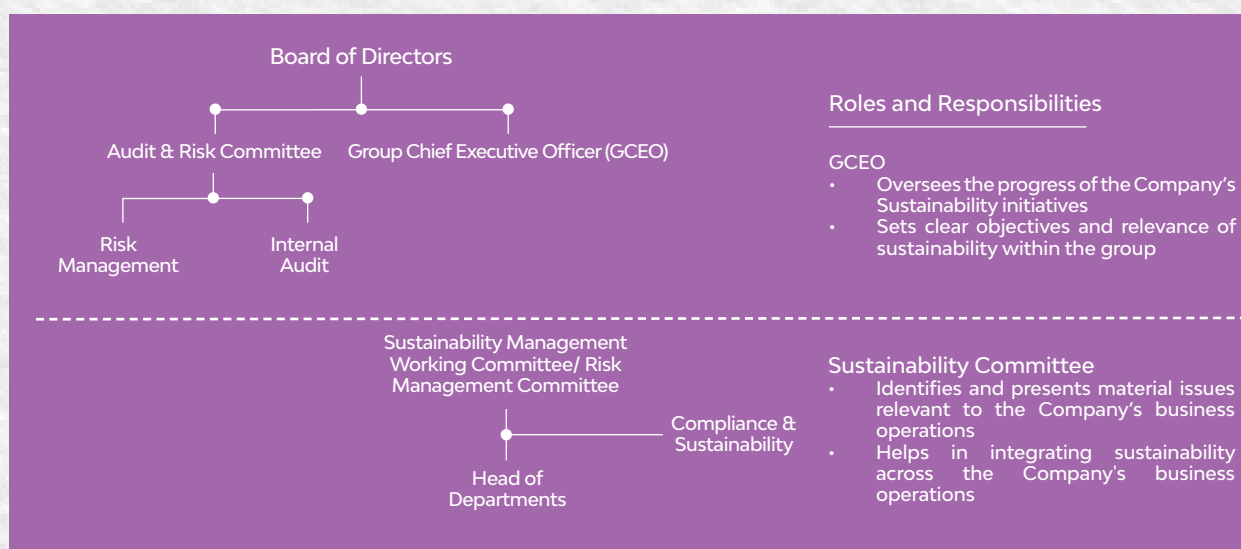
Sustainability Goal	Target	Contributions
<p>SDG 12</p>  <p>Ensure sustainable consumption and production patterns</p>	<p>PROMOTE UNIVERSAL UNDERSTANDING OF SUSTAINABLE LIFESTYLES</p> <p>By 2030, ensure that people everywhere have the relevant information and awareness for sustainable development and lifestyles in harmony with nature.</p>	<ul style="list-style-type: none"> <li>Employees are required to participate and involve in Corporate Social Responsibilities (CSR) activities as part of their respective key performance measures and indicators.</li> <li>The company has also provided the Clover and Lily developments, under the Encorp Cahaya Alam project with lake and garden landscapes, security features enhanced with boom gates, guard houses and smart security applications.</li> </ul>
<p>SDG 16</p>  <p>Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all level</p>	<p>PROMOTE THE RULE OF LAW AND ENSURE EQUAL ACCESS TO JUSTICE</p> <p>Promote the rule of law at the national and international levels and ensure equal access to justice for all.</p>	<ul style="list-style-type: none"> <li>Laws of Malaysia Act 694, Malaysian Anti-Corruption Commission Act 2009.</li> <li>Guideline on Adequate Procedures Pursuant to Subsection (5) of Section 17A under the Malaysian Anti-Corruption Commission Act 2009.</li> <li>National Anti-Corruption Plan 2019 to 2023.</li> <li>Bursa Malaysia Listing Requirement on Anti-Corruption and Whistle Blowing.</li> </ul>
	<p>COMBAT ORGANISED CRIME AND ILLICIT FINANCIAL AND ARMS FLOWS</p> <p>By 2030, significantly reduce illicit financial and arms flows, strengthen the recovery and return of stolen assets and combat all forms of organised crime.</p>	<ul style="list-style-type: none"> <li>Emphasising an anti-bribery mindset by implementing the Code of Ethic and Business Ethic Guideline as well as the Whistle Blowing Policy and Guideline.</li> </ul>
	<p>SUBSTANTIALLY REDUCE CORRUPTION AND BRIBERY</p> <p>Substantially reduce corruption and bribery in all forms.</p>	<ul style="list-style-type: none"> <li>Enforcement of integrity at work with goals of zero corruption (bribery).</li> <li>Gap analysis on adequate Procedures to determine implementation of Anti-Bribery Management System.</li> <li>Integrity training for all employees.</li> <li>Education and awareness on integrity via email, poster and etc.</li> </ul>
	<p>ENSURE RESPONSIVE, INCLUSIVE AND REPRESENTATIVE DECISION-MAKING</p> <p>Ensure responsive, inclusive, participatory and representative decision-making at all levels.</p>	<ul style="list-style-type: none"> <li>Equality of gender without precedent. A total of 46% employees are female and involved in the management.</li> </ul>



## SUSTAINABILITY LEADERSHIP & COMMITMENT

The Board of Directors determines ENCORP's strategic direction and ensures our compliance to laws, internal regulations, risk management and control. Sustainability is a component of our corporate strategy. ENCORP Sustainability is the unit responsible for sustainability strategy and sustainability management. Demonstrating our Board's commitment to drive change through innovation and building on our legacy as a sustainability leader, ENCORP Group Sustainability has been set up to cascade and drive the climate and environment policy, operations and management of natural resources, energy, utilities, environment, biodiversity, waste management, and use of alternative resources to systematically and sustainably maximise system efficiency.

Decisions on the long-term alignment of sustainability-related areas of action are endorsed at Board level, whereby they would convene to discuss and assess ENCORP's progress on economic, environmental and social issues as well as the degree to which sustainability principles have been integrated into the various divisions. During this meeting, the Group's sustainable development goals and targets are presented and endorsed by the Board, which are then incorporated into the Group's sustainable development strategy.



## STAKEHOLDER ENGAGEMENT

We define our stakeholders as groups whom our business has a significant impact on and those with a vested interest in our operations. We believe that actively engaging and working in partnership with our stakeholders is crucial to address sustainability concerns.

The table on the next page illustrates our method of engagement with each stakeholder group, frequency of engagement, their expectations and the manner in which we address their expectations.

Stakeholder Group	Area of Interests/Expectations	Methods of Engagement	Frequency of Engagement
Employee	<ul style="list-style-type: none"> <li>• Career development</li> <li>• Work-life balance</li> <li>• Fair remuneration</li> <li>• Safe and conducive workplace</li> </ul>	<ul style="list-style-type: none"> <li>• Training Programme</li> <li>• Employee satisfaction survey</li> <li>• Employee Get Connected Programme</li> <li>• Sports activities</li> </ul>	<ul style="list-style-type: none"> <li>• As per training plan set by Human Resource</li> <li>• Annually</li> <li>• Annually</li> <li>• Weekly</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Product affordability</li> <li>• Competitive pricing</li> <li>• Product quality</li> <li>• Customer satisfaction</li> <li>• Support service</li> <li>• Complaints resolution</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction survey</li> <li>• Community events</li> </ul>	<ul style="list-style-type: none"> <li>• Project basis</li> <li>• As and when required</li> </ul>
Authorities	<ul style="list-style-type: none"> <li>• Regulatory compliances</li> <li>• Standards and certification</li> <li>• Policy and regulatory changes</li> </ul>	<ul style="list-style-type: none"> <li>• Consultation sessions and conferences</li> <li>• Visit and inspection</li> <li>• ISO 9001 certificate compliance</li> <li>• Meetings and policy briefings</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> <li>• As and when required</li> <li>• As and when required</li> <li>• As and when required</li> </ul>
Investors	<ul style="list-style-type: none"> <li>• Financial performance</li> <li>• Business strategies</li> <li>• Financial stability</li> <li>• Governance</li> </ul>	<ul style="list-style-type: none"> <li>• Progress Report on the Company's website</li> <li>• AGM/ Shareholder meeting</li> <li>• Annual report</li> <li>• Financial and/or business activities update to stakeholders</li> <li>• Site visit</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> <li>• Annually</li> <li>• Annually</li> <li>• As and when required</li> <li>• As and when required</li> </ul>
Vendors/ Suppliers	<ul style="list-style-type: none"> <li>• Procurement process practice</li> <li>• Supply chain management</li> <li>• Cost reduction saving</li> <li>• Payment schedule</li> </ul>	<ul style="list-style-type: none"> <li>• Contract negotiation and interview</li> <li>• Review meeting</li> <li>• Performance appraisal</li> <li>• Safety and Quality briefings</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> <li>• As and when required</li> <li>• Annually</li> <li>• As and when required</li> </ul>
Media	<ul style="list-style-type: none"> <li>• Updates and accessibility</li> <li>• Market presence</li> <li>• Impact of community investment</li> </ul>	<ul style="list-style-type: none"> <li>• Periodic updates on corporate development, key events, press releases and broadcasts</li> <li>• Websites (which contain updated information and contents that are relevant to listed issuer's shareholders)</li> <li>• Engagement activities with media</li> <li>• E-digital – social media outreach (via facebook and instagram)</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> <li>• As and when required</li> <li>• As and when required</li> <li>• As and when required</li> </ul>
Local Community	<ul style="list-style-type: none"> <li>• Economic investments and social impact for local welfare</li> <li>• Community programmes and events for social development</li> </ul>	<ul style="list-style-type: none"> <li>• Corporate Social Responsibility programmes</li> <li>• Public events</li> </ul>	<ul style="list-style-type: none"> <li>• As and when required</li> <li>• As and when required</li> </ul>





## S U S T A I N A B I L I T Y   M A T T E R S



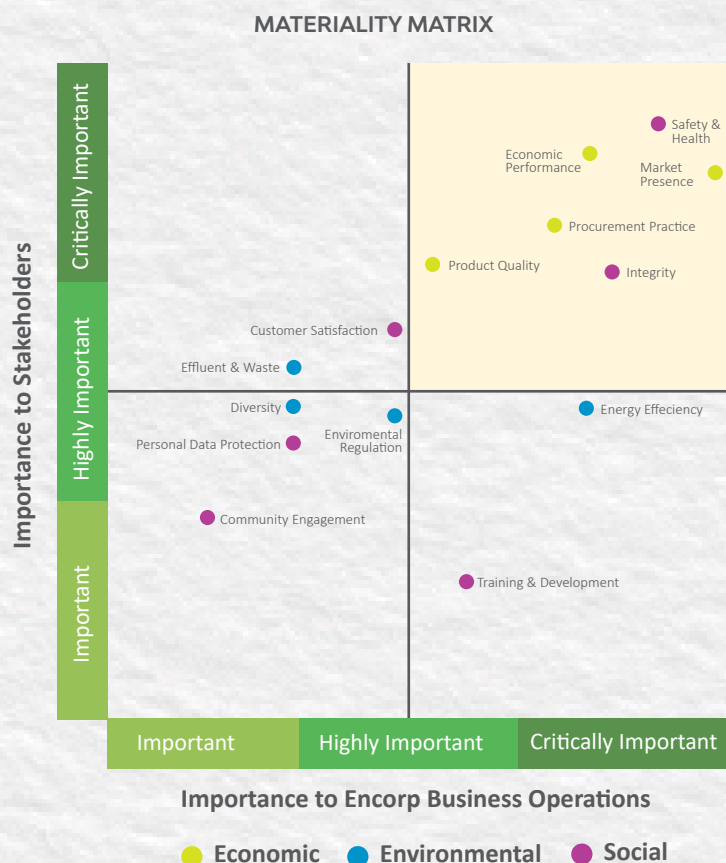
Materiality is defined by the Bursa Malaysia Sustainability Reporting Guide as the principle of assessing a wide range of sustainability matters and identifying those that are most important to the organisation and its stakeholders.

ENCORP conducts detailed materiality analysis annually. The materiality study prioritised areas that have significant:

- Impact on the economy, society and environment; and/or
- Influence on the decision-making of stakeholders.

We know that stakeholder priorities are constantly changing, and that we must evolve to ensure we meet expectations. We identify and prioritize the issues that matter most to our business and stakeholders. In 2021, we took our materiality process further. We fully integrated the assessment with ENCORP's Enterprise Risk Management process, to ensure wider sustainability issues were incorporated into the risks and opportunities under consideration across the company.

For 2021, the following sustainability matters were identified as being the most relevant to the company and our stakeholders. The significance of these sustainability matters can be found below in our Materiality Matrix as laid out in the chart on the right:




## OUR MATERIAL MATTERS


## Economic

Material Sustainability Matters	Corresponding Global Reporting Initiative (GRI) Aspects	Relevant Stakeholders	SDG
Economic Performance	Economic Performance	Investors	8 DECENT WORK AND ECONOMIC GROWTH
Market Presence	Market Presence	Employees	8 DECENT WORK AND ECONOMIC GROWTH
Procurement Practices	Procurement Practices	Suppliers, Vendors and Regulatory Bodies	8 DECENT WORK AND ECONOMIC GROWTH
Product Quality	Economic impact	Regulatory Agencies, Customers and Investors	12 RESPONSIBLE CONSUMPTION AND PRODUCTION

## Environmental

Material Sustainability Matters	Corresponding GRI Aspects	Relevant Stakeholders	SDG
Effluent & Waste	Effluent & Waste	Local Communities, Investors and Regulatory Bodies	
Environmental Regulation	Compliances	Local Communities, Investors and Regulatory Bodies	
Energy Efficiency	Energy	Local communities, investors and Regulatory Bodies	

## Social

Material Sustainability Matters	Corresponding GRI Aspects	Relevant Stakeholders	SDG
Diversity and Equal Opportunity	Diversity and Equal Opportunity	Employees, Regulatory Agencies, Suppliers and Contractors	
Safety & Health	Occupational Health and Safety	Employees and Regulatory Bodies	
Personal Data Protection	Compliance	Customers, Investors and Vendors	
Customer Satisfaction	Socioeconomic compliances	Customers	
Training & Development	Training and Education	Employees and Regulatory Agencies	
Community Engagement	Local Communities	Local Communities	
Integrity	Anti-Corruption	Investors, Regulatory Agencies, Employees and Vendors	



## GOVERNANCE



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## Business Ethics and Policies

In line with the Group's commitment to conduct its business professionally, ethically and with the highest standard of integrity, the Board and all employees of ENCORP are committed to upholding the highest standards of professionalism and exemplary corporate conduct in our daily operations by adhering to the Code of Conduct and Business Ethics. It sets out the principles and standards of business ethics and conduct, and each employee has a duty to read and adhere to it.

The Group has in place a number of Company codes and policies that establish the rules of conduct within the organisation; representing the main points of reference for all who work for and with us. These codes and policies can be found on the Company's website.

The purpose of a code of ethics is to provide guidance and set common ethical standards to promote consistency in behavior across all levels of employment. The code governs the actions and working relationships of board members and top management with employees and in dealings with other stakeholders. Here is an outline those relationships.

The parameters outlined in the code are as below:

- Requires the highest standards for honest and ethical conduct, including proper procedures for dealing with conflicts of interest between personal and professional relationships.
- Requires full, fair, accurate, timely and understandable disclosure in reports and documents filed with regulators, including financial reports, and are provided to shareholders.
- Requires compliance with applicable governmental laws, rules and regulations.
- Establishes accountability for adherence to the code.
- Provides for methods to communicate violations of the code.

An effective code establishes an ongoing process to meet new and challenging situations that test a company's ability to identify and respect the rights of its stakeholders and to act not necessarily to enhance the shareholder value, although that can be the by-product of making ethical decisions, but, instead, to protect the rights of customers to have a safe product or development.

## Anti-Bribery and Anti-Corruption

We remain committed to behaving professionally and with integrity in our business dealings with our customers, shareholders, business associates, third parties as well as towards one another. Pursuant to the Malaysian Anti-Corruption Commission (Amendment) Act 2018 which took effect from 1 June 2020, we have implemented anti-bribery measures across the Group to strengthen our integrity, governance and anti-corruption framework. The Group practices a zero-tolerance approach against all forms of bribery and corruption, and upholds all applicable laws in relation to anti-bribery and corruption.

The measures comprise of a guideline which contains principles that guide our ethical decisions. We enhanced and strengthened our business ethics framework by updating the ENCORP Code of Conduct and Business Ethics and developed a Code of Business Conduct for Third Parties and relevant policies and procedures on anti-bribery and corruption. Compulsory internal virtual training on integrity and anti-corruption was conducted for all employees. Dedicated communication channels to create awareness and disseminate information on anti-bribery and corruption as well as to promote a culture of integrity and compliance have been set up on our intranet. Each employee is expected to read, familiarise and strictly comply with the policy in carrying out their duties.

Third parties performing work or services for or on behalf of ENCORP are also required to acknowledge conformity to the Integrity 3<sup>rd</sup> Parties as well as to comply with all applicable laws and our policy manual. All investments including mergers, acquisitions, joint ventures and projects are reviewed for anti-bribery and corruption risk with appropriate due diligence conducted on the counter party and owners of the counter party, where relevant. Integrity pledges were signed by the ENCORP leadership team to demonstrate top level commitment. We have in place control measures for compliance and to mitigate corruption risks which are assessed, monitored and regularly audited. In addition, we have in place robust testing and monitoring programmes to ensure that our control environment is effective. The Group continues to take all necessary measures to promote a culture of integrity through awareness campaigns and regular communications.



## PERSONAL DATA PROTECTION

Privacy and confidentiality of employees and customers information are kept and managed in accordance to the requirements of the Personal Data Protection Act (2010) pertaining to processing of personal data, purpose of use, disclosure to parties, transfer of personal data, access, correction and acknowledgement for consensual use.

Personal data is collected by ENCORP for the following purposes:

- to administer the business or contractual relationship between ENCORP and interested parties;
- to communicate with interested parties;
- to administer customer relationship management procedures;
- to provide interested parties with information about the activities, products, services, events and programmes that may be organised, managed, facilitated, provided, sponsored and/or participated by ENCORP;
- to provide interested parties with information about the products, services, events and programmes offered by selected third parties that may interest them;
- to facilitate payment in connection with the business or contractual dealings between ENCORP and interested parties;
- to conduct research, study, assessment, survey and/or prepare reports/statistics for purpose of ENCORP's business activities;
- to respond to enquiries;
- to comply with any legal or regulatory requirements applicable to ENCORP, and to make disclosure under the requirements of any law, regulation, direction, court order, by-law, guideline, circular or code applicable to ENCORP;
- for recruitment of employees;
- for ENCORP's internal record keeping; and/or
- other lawful business activities of ENCORP.

## PRODUCT QUALITY

Staying on top of the fast-changing business environment, especially in the diverse businesses we are involved in, requires tenacity for continuous improvement. We continue to be committed to our motto of Good to Great in all our products and services. All our business divisions implement management systems that are certified in accordance with relevant local and international benchmark standards. We build a culture of excellence by providing clear principles, unified standards and guidance for our processes and activities. This empowers our employees to take ownership and drive results through commitment and competency.

Our Property Management and Facilities Management Divisions are certified with the ISO 9001:2015 Quality Management System. The ISO 9001:2015 defines the way we operate to meet the requirements and satisfaction of our customers and stakeholders. This international standard promotes the adoption of a process approach, using the Plan-Do-Check-Act cycle with an overall focus on risk-based thinking aimed at taking advantage of opportunities and preventing undesirable results.

### Our Certification in Quality Management System ISO 9001:2015

Company	Scope	Awarded
Encorp Berhad		Certified to ISO 9001:2000 on 19 January 2007
Encorp Must Sdn Bhd	Property development and project management of residential, industrial and commercial buildings	Certified to ISO 9001:2008 on 19 January 2010
Must Ehsan Development Sdn Bhd		Certified to ISO 9001:2015 on 24 September 2018
Encorp Facilities Management Sdn Bhd	Facilities management of residential, industrial and commercial buildings	Certified to ISO 9001:2015 on 24 September 2018



### ISO 9001:2015 Surveillance Audit Result for year 2021

The audit team (SGS Sdn Bhd) conducted a process-based audit focusing on significant aspects/risks/objectives required by the standard(s). A sampling process was used, based on the information available at the time of the audit. The audit methods used were interviews, observation of activities and review of documentation and records.

The use of Information Communication Technology (ICT) in remote auditing activities contributed to the effectiveness of the audit in achieving stated objectives. The structure of the audit was in accordance with the audit plan included as an annexe to this summary report.

The audit team concludes that ENCORP and its subsidiaries have established and maintained its management system in line with the requirements of the standard and demonstrated the ability of the system to systematically achieve agreed requirements for products or services within the scope and the organisation's policy and objectives.

#### Audit Findings:

The management system documentation demonstrated conformity with the requirements of the audit standard and provided sufficient structure to support the implementation and maintenance of the management system.	
The organisation has demonstrated effective implementation and maintenance/improvement of its management system and is capable of achieving its policy objectives, as well as the intended results of the respective management system(s).	
The organisation has demonstrated the establishment and tracking of appropriate key performance objectives and targets and monitored progress towards their achievement.	
The internal audit programme has been fully implemented and demonstrates its effectiveness as a tool for maintaining and improving the management system.	
The management review process demonstrated capability to ensure the continuing suitability, adequacy and effectiveness of the management system as well as the intended results of the respective management system(s).	
Throughout the audit process, the management system demonstrated overall conformance with the requirements of the audit standard.	

Number of non-conformities identified:

0 Major	0 Minor	0 Opportunity for improvement
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The audit team concluded that based on the results of the said audit, the system had demonstrated the state of development and maturity of a quality management system and the certification was continued.

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## CUSTOMER SATISFACTION

The satisfaction of our customers is paramount to the continuity of our business. A material topic to all our divisions, customer satisfaction determines our ability to secure new and repeated business as well as fortify our ongoing relationships to achieve economic success. We strive to fulfil our customer needs and exceed their expectations with the ENCORP Good to Great mission. Each Division adopts different targets and measures of customer satisfaction due to the diversity of its business.

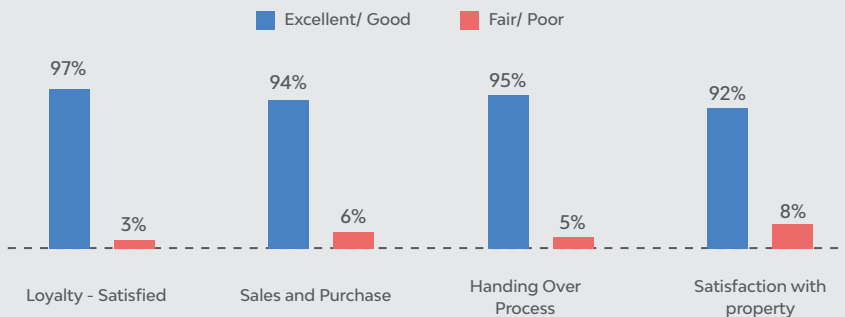
We have conducted customer satisfaction surveys during project handovers to gauge our customer satisfaction levels and are pleased to report that in 2020/2021, our customer satisfaction results have surpassed our target for the customers satisfaction rate of Dahlia Encorp Cahaya Alam.



Handing Over of Dahlia, Encorp Cahaya Alam in FY2019

### Dahlia, Encorp Cahaya Alam

Dahlia Customer Satisfaction for 2020/2021



Overall  
Achieved

**95%**



## ECONOMIC PERFORMANCE

Economic performance is imperative to the sustainability of the company and ensures the business operations are aligned with all our governance aspects as it supports the growth of our business operations. It is a top priority for ENCORP as well as for our stakeholders, and as such, appropriate risk management plans and processes have been set in place in order to maximise value returned to our shareholders.

We believe our people are our greatest asset contributing to our economic performance. Therefore, we ensure our employees benefit from our continuous economic performance via provision of employee benefits. Employee benefits plan are also part of the requirement under the Employment Act 1955 for every applicable employee. We contribute to the Employee Provided Fund (EPF) for each employee as part of their retirement savings. On the right is the total value and percentage (out of our revenue generated) that we have committed to our employees' retirement plans.



Revenue (RM'000)

**RM 146,704**



Employee EPF (RM'000)

**RM 863**

0.59% of Revenue





## PROCUREMENT

ENCORP recognises the importance of managing procurement and suppliers properly as they are an important part of operations. We actively seek initiatives to enhance the way we procure goods and services. Environmental impact and transparency of our supply chain are important considerations for the business to be sustainable. The procurement activities adhere strictly to the Procurement Policy and Procedures, which provides clear guidance to ensure fairness, transparency, and accountability of purchase decisions.

We aim to obtain the best value for all purchases, and ensure rigorous governance of suppliers.

As an industry leader and a responsible corporate citizen, we recognise our role in spearheading the advancement of the construction sector by maintaining, nurturing and supporting a vibrant local supply chain. All our suppliers must achieve the minimum points of the preliminary qualification assessment and become registered approved suppliers before they can be invited to submit quotations and become an appointed supplier of ENCORP.

It is crucial for us to ensure that the spill over effect of the country's infrastructure investment properly flows through to medium and smaller contractors and suppliers down the value chain, ultimately achieving the objective of stimulating the local economy. Quotations evaluated by the Procurement Department have stated justifications for selection, which is then approved in accordance to the Limits of Authority.

Type of Vendor	Service
Consultant	<ul style="list-style-type: none"><li>• Architect Consultancy Services</li><li>• Civil Structural (C&amp;S) and Mechanical and Electrical (M&amp;E)</li><li>• Quantity Surveyor Consultancy Services</li><li>• Town Planner Consultancy Services</li></ul>
Contractor	<ul style="list-style-type: none"><li>• Building Work Contractor</li><li>• Interior Design Work Contractor</li></ul>
Supplier	<ul style="list-style-type: none"><li>• Information Technology (IT) Supplier</li><li>• Security Service Supplier</li><li>• Pest Control Supplier</li><li>• M&amp;E Supplier</li><li>• Civil Work Supplier</li><li>• Landscaping, Cleaning, Sound and Lightening Supplier</li></ul>

Our preference to source locally results in multiple economic benefits. Local procurement contributes to improved risk management as can secure timely delivery compared to overseas shipments.

ENCORP proactively engages its local suppliers in order to have control over the product quality, as well as timeliness in delivery, while maintaining good cost control.

This helps us to minimise the risk of project delays, cost overruns and ensure quality delivery. Local procurement also allows for better budget and risk mitigation since many variable factors such as foreign exchange rates, tax implications, shipping and fuel surcharges are more predictable compared to overseas sourcing. Without the need to ship from abroad, we are essentially registering a lower carbon footprint by sourcing locally while enabling local supply chain growth.

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## ●●● MONITORING OUR ● ENVIRONMENTAL FOOTPRINT

As part of our effort in minimising any adverse environmental impact on the usage of paper and energy conservation, our Technology department has initiated and improved the IT systems as below:

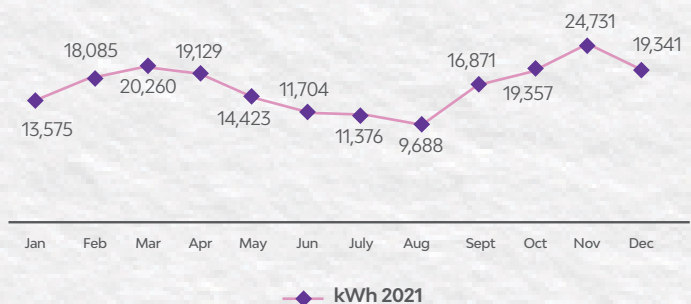
Application/Software	Objectives
e-PR	Provide platform for electronic payment requisition in replacement of the manual process.
Online training requisition	Provide platform for user to apply for training in replacement of hardcopy manual forms.
Online equipment loan requisition	Provide platform for user to request equipment from Technology department.
Online dispatch requisition	Provide platform for user to request for dispatch services in replacement of communication through Whatsapp, calls or email.
MS Defender (Email filtering system)	Advanced security to defend against cyber threats including email filtering setting.
Teamviewer	Platform for remote support. Technology department can remotely access user notebook to resolve issues that are not related to physical/hardware support.
Online employee satisfactory survey	Yearly survey online form requested by Corporate Communications Department.
Survey for Fraud & Corruption	Assisting Risk & Governance Department to gather information on anti-bribery risk and measures within ENCORP.
User survey on Business Continuity and Disaster Recover requirement	Created survey for Disaster Recovery Plan project.
Online customer satisfaction form & QR CODE for Clover phase	Assisting Corporate Communications Department to create online survey form for new project.

## ENERGY EFFICIENCY

In 2021, to conserve electricity consumption, ENCORP had initiated some energy-saving actions:

- Property Maintenance Office has provided a routine servicing programme to all air-cond units to ensure smooth operation and to reduce the energy consumption.
- Awareness to all employees on electricity saving through an energy saving campaign.
- Optimising the space used for employees' workstations whilst providing sufficient work areas to ensure a comfortable and safe workplace environment.
- Work from home due to the COVID-19 pandemic.

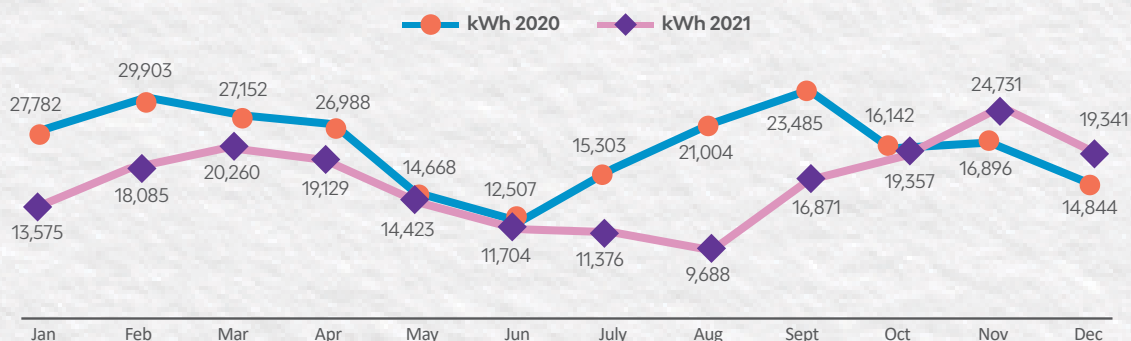
**Energy Consumption at Corporate Office 2021**



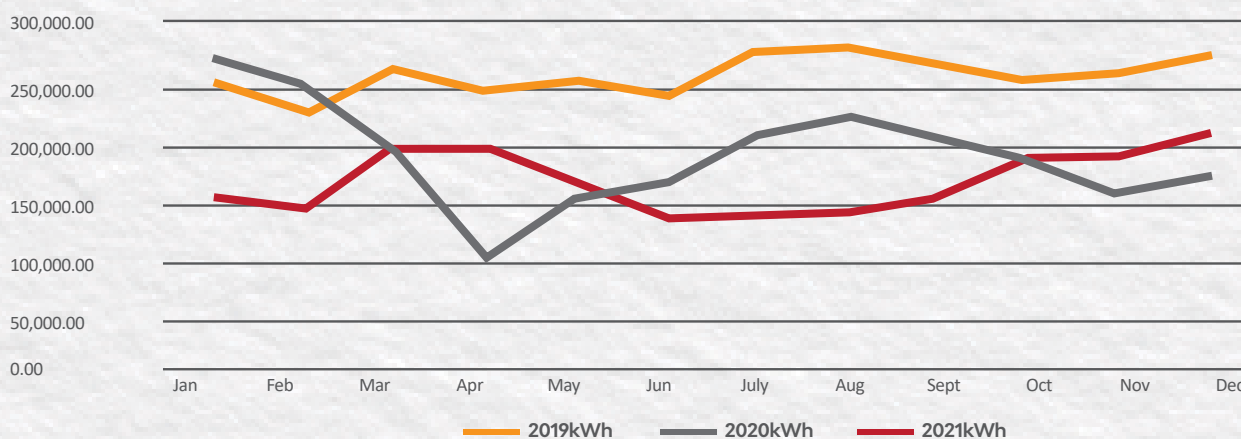
Our total energy consumption at our corporate office was **198,540kWh** for year 2021, a significant reduction by 20% compared to **246,674kWh** for year 2020. The graph above illustrates the energy consumption on a monthly basis.



Energy Consumption 2020 vs 2021



## ENERGY CONSUMPTION FOR STRAND MALL



Year	2021	2020	2019
Absolute Energy used kWh	2,025,853	2,313,942	3,148,831
Percentage reduction	12%	27%	Not Applicable

For three (3) years (2019-2021) Strand Mall's absolute energy use was a total of 7,488,626kWh energy and consume substantial amounts of energy.

As the building owner and managers, we seek to minimise our environmental impact by investing in resource efficiency and look to embed conservation practices into our operations. Our total energy saving consumption in 2021 was 1.1MWh. Comparing to our normalised portfolio, this is a reduction in energy consumption of 36% from 2019 energy consumption, which is equivalent to the energy required to power 3,255 Malaysian homes.<sup>1</sup>



Throughout the year, all our business divisions continued to undertake various energy efficiency initiatives that helped to reduce our overall energy consumption. This included initiatives such as the new installation of a baby chiller to optimise the energy consumption at night for Strand Mall, by using sensors and an automatic variable speed device at all retail outlets, as well as maximum demands.

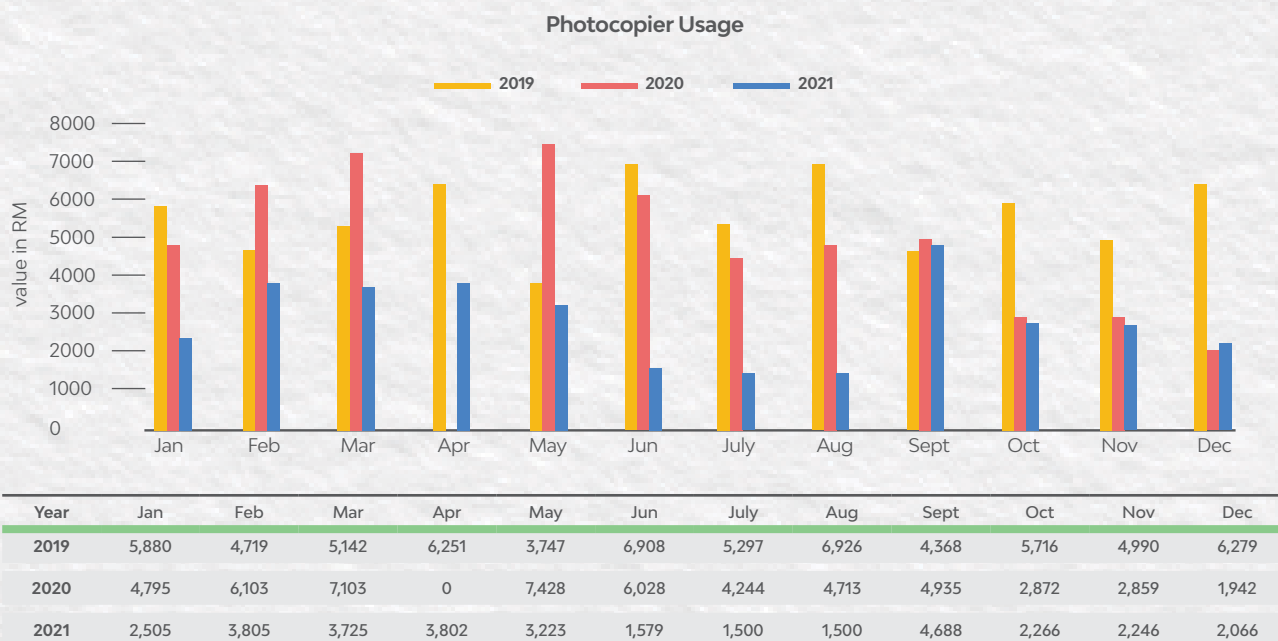
Note:

1. Ahmed, M.S.; Mohamed, A.; Homod, R.Z.; Shareef, H.; Khalid, K. Awareness on energy management in residential buildings: A case study in kajang and putrajaya. J. Eng. Sci. Technol. 2017, 12, 1280-1294.



## REDUCING PAPER USE

Since launching our digitisation initiatives, we have been able to stabilise our paper consumption at the workplace. We continue to encourage our employees to only print necessary material. We monitor our employees' use of printing through password controls on paper copier machines and printers. Monthly reports are generated on printing volumes which are then sent on to the respective business units to analyse. These business units are also encouraged to implement internal measures to reduce paper usage where possible. Our total printing usage was RM32,905 for year 2021, a significant reduction of 38% compared to RM53,022 for year 2020. The graph below illustrates the usage of paper for photocopier machines on a monthly basis.







The significant reason for the reduction in printing use was due to the Movement Control Order as employees worked from home during the COVID-19 pandemic.

## EFFLUENT AND WASTE

Waste is produced during construction and upon completion of projects. Our goal is to minimise waste generation in both stages and encourage the use of recycling and reusing to minimise the volume of waste going into landfills. We work with our contractors and tenants to achieve the best possible outcomes.



Source of Waste	Type of Waste
Corporate Office	<ul style="list-style-type: none"><li>General Waste </li><li>Paper Waste </li></ul>
Project Site	<ul style="list-style-type: none"><li>Pre-Construction Phase <i>Trees of various girth, shrubs, and bushes</i> </li><li>Construction Phase <i>Construction debris, concrete pile and structure and concrete slab</i> </li></ul>

Our waste management strategy can be summarised as follows:

- Designed for Less. We incorporate waste separation and collection facilities in our developments to make it easier for tenants to recycle their waste. We designed a slip trap to prevent soil from getting discharged into the drains.
- Built with Less. We encourage our contractors to minimise the use of wood in construction and recycle waste. Our contractors are required to disclose how much waste they generate and how they dispose of the waste.
- Disposing Less. We engage with our tenants to segregate all their waste, going beyond regulatory requirements in cultivating a recycling culture in our developments.

## COMPLIANCE TO ENVIRONMENTAL REGULATIONS

ENCORP is conscious of the environmental impact of its business and operations. All our projects sites are therefore governed by stringent policies on environmental protection, including aspects such as waste management etc. For instance, we conduct routine and scheduled monitoring and inspection of water, and air pollution, as well as record and analyse key parameters to ensure they are within the levels set by regulation. Besides, we also abide by the local environmental regulations and compliance requirements.

We take compliance seriously and ensure adherence to all relevant rules and regulations. We adhere to the Environmental Quality Act 1974 (amendment) 1996 and its subsequent Regulations and Orders. We did not receive any stop work orders or fines by the authorities for our Encorp Cahaya Alam project.

At Encorp Cahaya Alam, a 210-acre vibrant and integrated collection of commercial developments, with green features in place to benefit the community in an environment-friendly manner. The development has been designated as open spaces and boasts sustainable landscape design planning which emphasises the reintroduction and propagation of indigenous trees and plants that create more shade and provide habitats for animals in a harmonious ecosystem. As a Group, we managed to allocate an average of 20% of total development for open spaces, which is beyond the local authority's requirement of 10%.



Encorp Cahaya Alam



Green features and social amenities in Encorp Cahaya Alam for public use



Edible garden in the park

Original trees and plants maintained in the development



Pedestrian walkways



Cycling and jogging path



Planting of trees to ensure environmental sustainability



Planting of trees to ensure environmental sustainability



Public facilities such as kindergarten and surau







## SAFE WORKPLACE



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At ENCORP, health and safety is one of our most significant material issues. Due to the nature of our business, we are dedicated to ensuring that our health and safety practices comply with those required by law and are always seeking to enhance our standards so that they are in accordance with global best practices.

The safety of our employees is of utmost priority. To ensure the highest level of safety, we have a Health and Safety Policy which is shared with all our contractors and relevant stakeholders.

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### ENCORP BERHAD SAFETY STATEMENT

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ENCORP is committed to the practice of inspiring confidence by ensuring the health, safety and wellbeing of its employees and the protection of the environment.

To achieve this goal, ENCORP believes in embedding the principles and policies of Safety, Health and Environment in all our employees and those involved in our daily activities, with a particular focus on leadership by top management.

In this regard, ENCORP complies with the provisions of the Occupational Safety and Health Act 1994, its regulations and all approved codes of practice. It does so by:

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- Ensuring awareness, accountability, commitment and cooperation among all Heads of Department and other top management with respect to Occupational Safety and Health and its impact on the performance of the company and employees.
- Identifying any and all hazards in the workplace, whether at the office or at construction sites, assessing and controlling risks to provide a safer working environment for employees and those involved in our activities.
- Periodically reviewing policies, procedures, documentation and training content to ensure effectiveness and to keep up to date with current laws and regulations.
- Setting Occupational Safety, Health and Environment (OSHE) targets and objectives and ensuring that these targets are monitored.

Encorp will continue striving towards achieving the highest standards in OSHE through training, commitment, support and supervision to ensure a safe and healthy working environment.

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### OUR SAFETY PERFORMANCE

In FY2021, there were no accidents or injuries recorded within the company.

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Type of Stakeholder	Gender	Minor Injuries	Major Injuries	Fatalities	Loss Time Injury
Employees	Male	0	0	0	0
	Female	0	0	0	0

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### SAFETY OF COMMUNITY IN COMBATING COVID-19



The COVID-19 pandemic has brought on unprecedented challenges, both for the Company and ENCORP businesses. Against this backdrop, we have adopted new strategies and methods of engagement to ensure business continuity and safeguard our employees and site workers. ENCORP was proactive and moved swiftly to adapt to altered operating conditions amidst the new normal by following the Standard Operating Procedures of the relevant authorities such as the Ministry of Health (MOH) and the National Security Council (MKN).

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## ESTABLISHING GOVERNANCE AND LEADERSHIP IN MANAGING COVID-19

We launched our COVID-19 Guideline in May 2020 and make the necessary SOP changes required by the authority to provide a safe and healthy working environment and to control the spread of COVID-19 in the workplace. We also collaborated with our Strand Mall anchor tenant Alpha Fertility Centre to ensure all our ENCORP staff, tenant, and relevant stakeholders received their vaccination for a better protection against COVID-19 and the continuity of our business.

In response to COVID-19, ENCORP has put in place procedures to ensure compliance with the SOPs including maintaining records of employees' vaccination and regular testing for COVID-19. Employee who do not comply with the requirement will be declined from entering to our office, mall, sales gallery and project-sites.

### Our Response to COVID-19

ENCORP continues to perform the necessary due diligence in controlling the COVID-19 outbreak. The following are the initiatives implemented to prevent COVID-19 at ENCORP's workplaces, shopping mall and project sites.



### Action by Employers

- Communicate to employees about COVID-19:
  - Advise employees on preventive methods; including personal hygiene and respiratory etiquette.
  - Remind employees of the need to practise hand hygiene regularly e.g. via e-mail, social media, gamification etc.
  - Provide regular updates on COVID-19 to employees.
  - Provide information on how to use surgical masks.
  - Provide appropriate health education materials regarding COVID-19 to all employees.
- Instruct Safety Officer to monitor symptoms of employees at the workplace.
- Collaborate with Alpha Fertility Centre to vaccinate employees and Strand Mall tenants.
- Encourage employees to measure temperature regularly and monitor if there is any respiratory symptoms.
- Consider obtaining travel declaration from employees on travel history.
- If employee develops symptoms:
  - **At home:**
    - Wear a surgical mask and seek medical attention at the nearest health facility immediately.
    - Avoid contact with family members.
    - Accompanying person should also wear a surgical mask.
  - **At workplace:**
    - Relieve staff members from work if they are sick.
    - Wear a surgical mask and seek medical attention at the nearest health facility immediately.
    - Avoid contact with fellow employees.
    - Accompanying person should also wear a surgical mask.
- Monitor sick leave and absenteeism among employees. Keep records of sick leave including reasons for leave, duration of leave and current status.



### Action by Employees

- Always maintain good personal hygiene:
  - Frequent hand washing with soap and water or hand sanitizer.
  - Practise respiratory etiquette.
- Employees are encouraged to take their meals at their desk.
- Limit food handling and sharing of food in the workplace.
- Keep updated on COVID-19 general news.
- If develop symptoms:
  - Need to alert the superior immediately.
  - Wear a surgical mask.
  - Seek medical treatment immediately.
  - Avoid contact with fellow employees.

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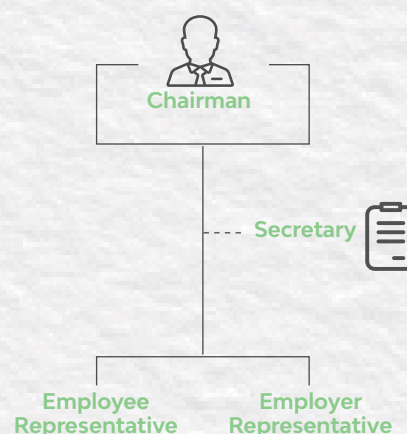
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## SAFETY & HEALTH COMMITTEE

A Safety and Health Committee is established at all of our operating units to provide an avenue for the management and workers to meet regularly and collectively improve the workplace safety and health. Workers' representatives are elected by the workers themselves and comprise representatives from various sections of the operating unit. Each operational unit's committee is trained annually by the Company's Safety and Health Officer on OSHE related matters and updates.

### Safety and Health Committee Responsibilities:

- Assist in the development of health and safety rules and a safe working system;
- Review the effectiveness of safety and health programmes;
- Analyse trends of accidents, near-miss incidents, dangerous occurrences, occupational poisoning and occupational disease occurring at the workplace;
- Report any unsafe or unhealthy work conditions or practices at the workplace to the management together with recommendations for corrective actions;
- Conduct investigations on accidents occurring at the workplace; and
- Promote and conduct OSHE activities such as health and safety campaigns, competitions and promotions.



## SAFETY INITIATIVES

Initiative	Purpose	Date
Emergency Preparedness on COVID-19	<ul style="list-style-type: none"> <li>• Protocol on facing COVID-19 and Action Plan</li> <li>• Simulation exercise to test the effectiveness of the Emergency Response Plan</li> </ul>	On going yearly
Preventive measures on COVID-19	<ul style="list-style-type: none"> <li>• Prepare Guideline, SOP, and work protocol pertaining to COVID-19</li> <li>• Project Site COVID-19 OHSE Inspection</li> <li>• COVID-19 SOP Compliance at Corporate Office, Strand Mall, Project sites and Sales Gallery</li> <li>• Provide face mask, hand sanitizer, disinfectant, infrared thermometer, hand gloves, face shield &amp; protective barriers for Corporate Office, Strand Mall and Sales Gallery</li> <li>• Training and knowledge sharing for all ENCORP employees</li> </ul>	As per MOH directive Monthly Daily Daily On going yearly

Initiative	Purpose	Date
Training	<ul style="list-style-type: none"> <li>New Hires Orientation</li> <li>Safety at Workplace</li> <li>Scaffolding Safety</li> <li>Emergency Response Plan</li> <li>Health, Safety &amp; Environment in Construction Industry</li> </ul>	On going as and when required
Plant & machinery inspection	Monthly workplace assessment is conducted following the relevant Regulations/Act: <ul style="list-style-type: none"> <li>Machinery: FMA 1967, Part III &amp; V</li> <li>False Work Safety, Working/Loading Platform, Scaffolding, Public Safety, Electricity Safety, Formwork &amp; False work : FMA (BOWEC), Reg. 1986</li> <li>Floor Opening, Expose Floor Edge, Working at Height, Access to Workplace, Workers Quarters, Site Cleanliness and Tidiness, Storage of Material, Emergency Response &amp; Preparedness and Personal Protective Equipment &amp; Others : Safety, Health &amp; Welfare, Reg. 1970</li> </ul>	Monthly
Fire Certificate by Bomba	<ul style="list-style-type: none"> <li>Building Fire Certificate for Strand Mall (Basement – 7th floor)</li> </ul>	Annually

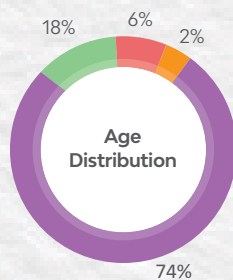
### DIVERSITY AND EQUAL OPPORTUNITY

Equality is about ensuring everybody has an equal opportunity, and is not treated differently or discriminated against because of their characteristics. Diversity is about taking into account the differences between people and groups of people, and placing a positive value on those differences.

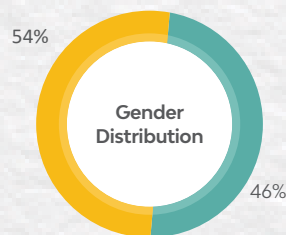
Benefits of equality and diversity in ENCORP:

- Equality and diversity add new skills to teams.
- Diversity in the workplace promotes innovation.
- Diversity and inclusion opens new markets.
- Valuing diversity improves your brand's reputation.
- Diversity management opens up new talent.

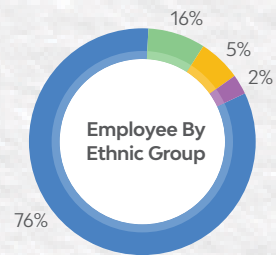
The charts below shows the age and gender distribution at ENCORP. We have an experienced team where 2% of our employees are aged above 60 years, followed by 18% aged between 51 to 60 years, 74% aged between 30 to 50 years, 6% aged below 30 years. Our gender distribution comprised of 46% female and 54% male, which is equally distributed.



Age	Total no.
Above 60 years	2
51-60 years	18
30-50 years	73
Below 30 years	6

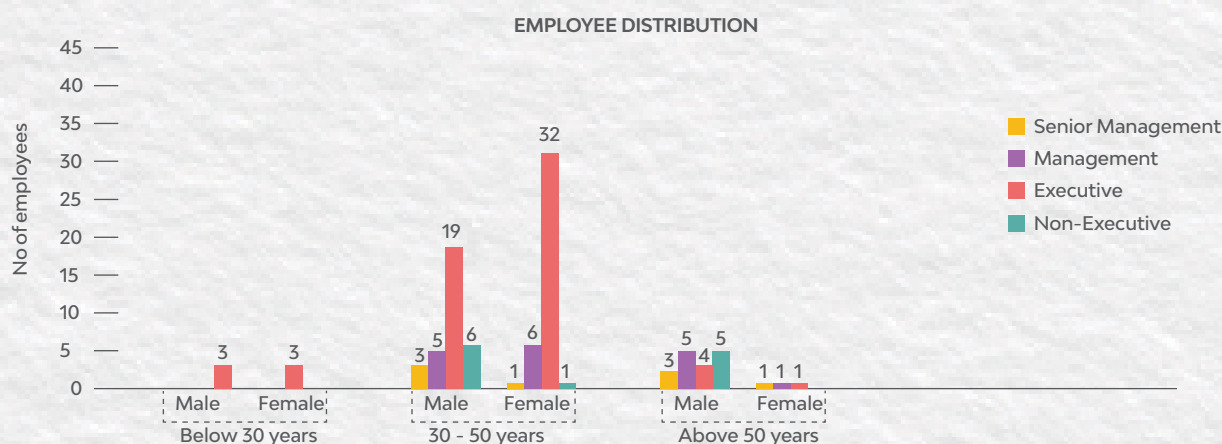


Gender	Total no.
Female	46
Male	53



Ethnic	Total no.
Malay	75
Chinese	17
Indian	5
Others	2





ENCORP, believes that by empowering women, we will be able to elevate the Company to greater heights. Multiple events were organised in 2021 for our female employees which include:

- Flexible Working Hours**  
 We provide flexible working hours to the women in our workforce to help them in juggling work, family and life-related matters. The flexible working hours of our female employees has increased flexibility with their work schedule while allowing them to maintain a progressive and productive work environment.
- Women's Check Up**  
 Female employees are entitled for annual medical check-ups such as pap smears, mammograms and others.
- Medical Coverage for Child Birth**  
 Female employees entitled to full term child birth medical coverage.

## EMPLOYEE BENEFITS

ENCORP employees enjoy benefits as stipulated in the Employment Act 1955. ENCORP is committed to providing competitive pay, comprehensive benefits and a professional working environment that fosters both innovation and rewards performance. Total employee compensation includes several sustainable employment components:

Company Leave	
Annual Leave	Maternity Leave
Public Holidays	Paternity Leave
Annual Leave Brought Forward	Compassionate & Calamity Leave
Medical Leave	Marriage Leave
Hospitalisation Leave	Pilgrimage Leave
Prolonged Illness Leave	Examination Leave
	Replacement Leave
Medical - Outpatient Annual Limit (Employee & Dependents)	
Employee and Dependents Entitlement	
Executive Medical Check Up (Employee only)	
Dental Treatment (Employee only)	
Pregnancy only for any kind of full term childbirth (Female employee only)	
Group Hospitalisation & Surgical	
ENCORP provides Hospitalisation and Surgical Insurance coverage plans for its employees and eligible dependents to seek medical consultation, treatment and prescribed medicines.	

#### COVID-19 Assistance

Hardship allowance  
Sanitation Kits  
Home Sanitation

#### Employees' Insurance Scheme

All employees of ENCORP are insured under the:

- Group Term Life Insurance scheme
- Group Personal Accident Insurance scheme

#### Allowances

Allowances will be given to employees with specific duties requirements and grades:



Mobile phone



Overtime meal



Shift



Laundry



Relocation



Car



Acting capacity responsibilities



Housing



Site



Extra responsibility

#### Benefits

- Professional Association Membership
- Club Membership Fee
- Employee Welfare
- Entertainment Expenses Claim
- Winter Clothing

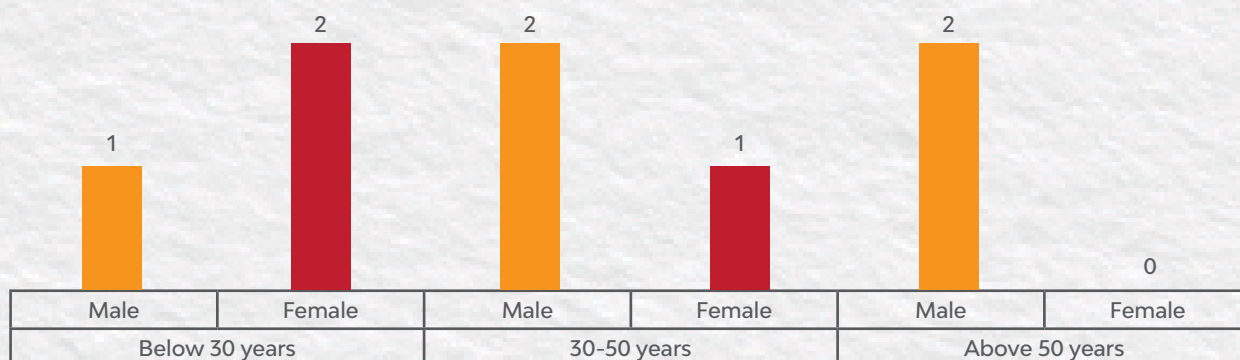


## EMPLOYEE HIRES AND TURNOVER

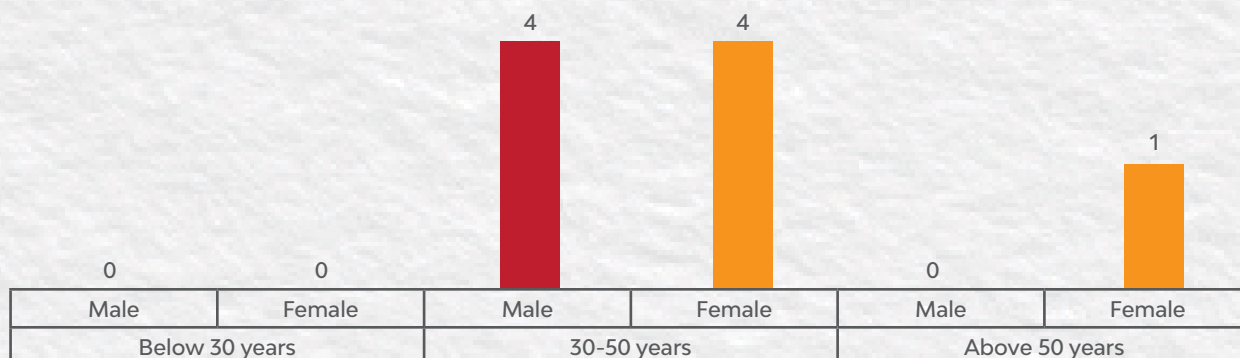
ENCORP offers an attractive working environment that keeps our employees engaged and motivated. ENCORP continues to offer competitive salaries and benefits, creating opportunities for growth whilst recognising and appreciating employees in a timely manner. We continue to focus our efforts to equip our employees with the skills and capabilities to deliver as high performing teams. We place great importance on employee engagement and provide a conducive workplace to retain our talents.

Our new employee hires and employee turnover for 2021 are shown in the graphs below, with our employee turnover rate of 19%.

New Employee Hires



Resignations



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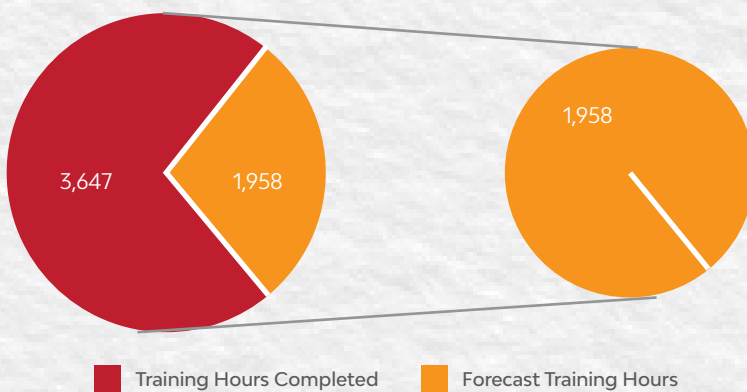


## LEARNING AND DEVELOPMENT

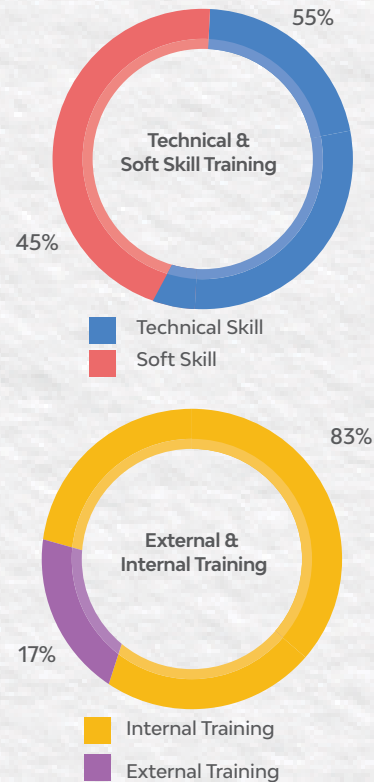
We are committed to enhancing the continual professional and personal growth of our employees. In 2021, ENCORP employees clocked over 3,647 training hours. We offered a wide spectrum of learning and development programmes in 2021 to enhance our employees' potential, covering technical programmes, emergency response preparedness and crisis management, leadership skills, selling skills and other soft skills.

### 2021 Training Programme breakdown:

#### Forecast Training Hours vs Training Hours Completed



#### Type of Trainings



## EMPLOYEE SATISFACTION AND INTER-DEPARTMENTAL SERVICE SURVEY

At ENCORP, we conduct an employee satisfaction survey at the end of every year to obtain our employees' feedback of ENCORP and to ensure better communication including perception and expectations, as well as strengths, weaknesses and areas for improvement. We value our employees' feedback as it allows us to improve our management and business practices.

Two surveys were conducted in 2021; an employee satisfaction survey and inter-departmental service survey. The employee satisfaction survey covered job satisfaction, provision of tools, technologies and resources in order to conduct daily work, training adequacy and utilisation of skills and abilities. On the other hand, our inter-departmental survey which showed participation from employees from various operating units, covered the topics on responsiveness such as speed, communication and cooperation. All feedback was anonymous. In general, the results showed that our service level ranged an average of 75% which fell under the category of "Good", an improvement from our score of 71% in 2020 and above the quality target of 70%.

## ENRICHING OUR COMMUNITY

ENCORP strives for harmonious co-existence with local communities as a "great citizen," recognising the fact that companies are also members of society. We not only contribute to society through our businesses, but also promote a wide range of local contribution activities and cooperate in achieving common regional and social goals in all countries and regions in which we do business and thereby contribute to their progress.

We also assist our employees in participating in local contribution activities as "great citizens" and offer volunteer programs in which employees can make the most of their diverse skills and capabilities, including local human resources development and environmental conservation activities in local communities.



## EMPLOYEE ENGAGEMENT

The following are highlights of our employee engagement activities in 2021.

Event	Date	Category	Description
COVID-19 care kits distribution	May	Corporate/Festive Engagement	<ul style="list-style-type: none"> <li>Distributed COVID 19 care kits filled with hand sanitizer, facemask, antibacterial wet wipes and handwash</li> </ul>
CSR Foodbank	June-December	CSR	<ul style="list-style-type: none"> <li>Set-up the CSR Foodbank at Strand Mall</li> <li>Distributed to the Food Riders and Kota Damansara community</li> </ul>
Virtual Yassin Recitation	July-November	Corporate/Festive Engagement	<ul style="list-style-type: none"> <li>To keep Muslim employees engaged and motivated</li> </ul>
Quiz 1 – Merdeka Trivia	August	Competition	<ul style="list-style-type: none"> <li>Merdeka 2021 Virtual Quiz Challenge</li> </ul>
Merdeka 2021 Virtual Challenge	August	Competition	<ul style="list-style-type: none"> <li>Virtual Merdeka challenge to relive the spirit of patriotism towards our beloved country</li> <li>To enhance employees engagement at the comfort of their home during the pandemic</li> </ul>
So Malaysian Lah! Photo Contest	September	Competition	<ul style="list-style-type: none"> <li>For employees to get creative by stories, and scenes of Malaysia through a picture</li> </ul>
Football/Futsal	October-December	Sports	<ul style="list-style-type: none"> <li>To encourage healthy living through sports and in particular football</li> </ul>
Zumba	October	Motivational Booster	<ul style="list-style-type: none"> <li>To have a balanced lifestyle</li> </ul>
Hari Sukan Negara Health Talk	October	Educational	<ul style="list-style-type: none"> <li>To provide knowledge on mental health and healthy lifestyle as part of the new norm</li> </ul>
Deepavali Gift Pack	November	Corporate/Festive Engagement	<ul style="list-style-type: none"> <li>To continue the tradition of organising a Deepavali treat for all employees</li> </ul>



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In addition, to encourage employees to instil in their children the aspiration to acquire knowledge, we also awarded the children of our employees who achieved excellent academic performances. The employees' children who excelled in major public examinations like Malaysia Certificate of Education (SPM) and Degree Programmes were awarded with cash awards.

**2021**

**Recognition of  
Employees' Children  
who excelled in Key  
Examinations**

ENCORP awarded cash rewards to 3 children of our employees who achieved 7As in SPM, 8As in SPM and a Bachelor of Science Degree with Second Class Honours, First Division in Accounting examination.



Employee: Lee Lay Hong  
Child: Su Wen Yeu  
Achievement: Bachelor of Science Degree with Second Class Upper Honours



Employee: Chan Yee Chun  
Child: Chan Shin Yuet  
Achievement: 8As in SPM



Employee: Arman Idzmy Bin Omar  
Child: Nur Shafiqah Mardhiah  
Achievement: 7As in SPM





## LOCAL COMMUNITY ENGAGEMENT

ENCORP is also committed to contribute to the society by assisting the less fortunate. In 2021, we collectively dedicated about 674 hours of service from 99 ENCORP volunteers, an average of 7 hours per employee, to local communities. The major activities organised were as follows:

**a) Food distribution to the less fortunate community in Johor (5 May 2021)**

ENCORP sponsored essential items such as dry food and transported these items to Johor for distribution. ENCORP worked with Pertubuhan Warisan Melayu Negeri Johor in efforts to assist 60 underprivileged families in Johor especially those who were hit the hardest during the COVID-19 pandemic.

**b) ENCORP Foodbank distribution to the Food Riders, Kota Damansara Community and Employees in Need (19 June – 4 December 2021)**

As a response to the COVID-19 pandemic, ENCORP sets up a Food Bank station at Strand Mall to distribute basic necessities to the low-income families from the Kota Damansara community who faced adverse situations related to food insecurity. Items such as toiletries, rice, salt, sugar, sauces, flour, cooking oil, drinks and fresh eggs were sponsored by ENCORP employees. On appointment basis, a total of 291 Kota Damansara households were assisted.

ENCORP's assistance were extended to six (6) identified employees who received food bank items and cash donation as a form of encouragement for employees to pull through hard times.

**c) Food Packs Distribution to CAC Stadium Melawati (August – October 2021)**

In appreciation of the frontliners and volunteers of the COVID-19 Assessment Centre Stadium Melawati (CAC) for all their hard work and patience in helping the community through the COVID-19 pandemic, ENCORP distributed a total of 1,600 breakfast and 1,600 lunch food packs.

The activity includes supporting four (4) small local-business food operators within Kota Damansara to help to keep their operations running during the COVID-19 pandemic. In support of ENCORP's Eco Campaign, the food operators provided paper food packaging to reduce plastic waste.

**d) ENCORP Eco Campaign (11 June - 26 October 2021)**

ENCORP organised an environmental awareness programme throughout the organisation. 77 employees collectively gathered 1,904 reusable and recyclable materials weighing 151kg ranging from papers, plastic bottles, aluminium, batteries, light bulbs and old clothing. All items collected were separated and disposed properly at IPC Recycling & Buy Back Centre.

**e) Flash Flood Aid (21 – 23 December 2021)**

ENCORP came forward to help the flood-affected families who were evacuated to the Shah Alam City Council (MBSA) flood relief centre. In the hour of need, ENCORP distributed basic necessities such as towels, toiletries, soap laundry detergent, baby milk powder, feminine products and dry food items such as instant noodles, sachet drinks, instant porridge and biscuits.

The effort continues to provide immediate assistance to our employees who are also amongst those affected by the flash flood. We came together as a family to provide aid, temporary accommodation at Encorp Strand Residences homestay, support and assistance including post-flood clean up.

**f) Donation to Majlis Belia Felda Malaysia (27 December 2021)**

ENCORP donated RM10,000 to Majlis Belia Felda Malaysia in collaboration with Yayasan FELDA and FELDA in supporting of the "Program Mobilisasi Sukarelawan Pasca Banjir Belia Felda" to assist flood victims within FELDA areas by helping with post-flood clean up and providing food items. 312 volunteers were involved in the two (2)-day programme.

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## COVID-19 RELIEF MEASURES AND SUPPORT

ENCORP acknowledges the difficulties of employees and the community during this challenging time. As part of ENCORP's response to the COVID-19 pandemic, ENCORP has made contributions within the workplace and for the community includes:

Hybrid Work From Home Work Model: employees with the option to either work on-site or remotely	4 sets of non-contact Temperature Assessment Devices throughout ENCORP's premises		Over 90 litres of hand sanitiser for employees and public
1,600 foodpack meals for frontliners of COVID-19 Assessment Centre Stadium Melawati	Over 4,200 face masks	Over 434 COVID-19 test kits for employees and visitors	Donation in-kind for 291 Kota Damansara households
Donation in-kind for 60 Johor households	Supported 4 small local-business food operators within Kota Damansara	Cash donation for 6 identified employees	Disinfection service for 6 employee homes

## CONCLUSION

Moving forward, we aim to emphasise more on monitoring and managing the impact of Environmental, Economy, Social (ESG) that arise in our business operations as well as to incorporate sustainable development practices in our projects.





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Garden Lake at Encorp Cahaya Alam



### 2021 HIGHLIGHTS



5 May

ENCORP collaborated with Pertubuhan Warisan Melayu Negeri Johor and provided essential items to sixty underprivileged families in Johor who were affected by the COVID-19 pandemic.



11 June - 26 Oct

Collective drive for recyclable items. All items were separated and disposed properly at IPC Recycling & Buy Back Centre.



19 June - 4 Dec

ENCORP set up a Food Bank station at Strand Mall to distribute basic necessities to a total of 291 Kota Damansara households and Food Riders.



Aug - Oct

Breakfast and lunch food packs distributed to frontliners and volunteers of the CAC Stadium Melawati.



10 Sept

ENCORP's 21<sup>st</sup> Annual General Meeting.







## 2021 HIGHLIGHTS



16 Dec

Winner of Human Resources Asia Best Companies to Work for in Asia 2021 at the HR Asia Awards.



21 - 23 Dec

ENCORP distributed basic necessities to the flood-affected families who were evacuated to the Shah Alam City Council (MBSA) flood relief centre.



21 Dec

ENCORP's effort continues to provide immediate assistance to the plight of our employees who were also amongst those unfortunate victims of the flash flood.



27 Dec

ENCORP donated to Majlis Belia Felda Malaysia in collaboration with Yayasan FELDA in support of the "Program Mobilisasi Sukarelawan Pasca Banjir Belia Felda" to assist flood victims within FELDA regions.



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ENCORP IN THE NEWS

THE STAR  
1 April 2021

STAR812, THURSDAY 1 APRIL 2021

## Encorp posts Q4 net profit of RM56mil

PETALING JAYA: Encorp Bhd recorded a net profit of RM56mil for its fourth quarter ended Dec 31, 2020, compared with a net loss of RM30mil in the previous corresponding period, mainly due to a reversal of accretion interest for 2019 and cumulative accretion interest as at the third quarter of 2020 of RM16.8mil.

In a filing with Bursa Malaysia, the property firm said earnings during the quarter were also spurred by cumulative interest charges of RM9.1mil as at the third quarter of 2020.

Additionally, Encorp said its revenue in the fourth quarter dipped to RM445.4mil compared with RM462.3mil a year earlier.

"The decrease in revenue is mainly attributed from reduced sales of properties, as the movement control order imposed due to the Covid-19 pandemic crisis had restricted marketing and sales activity significantly."

Encorp said the revenue recorded for its property development segment during the fourth quarter was generated from the launch of landed developments Dahlia and Clover parcels at Encorp Cahaya Alam.

"The sales of high-rise properties in Johor and Selangor remained weak due to overhang and poor buying sentiment arising from the Covid-19 pandemic."

For its financial year ended 31, 2020, Encorp's net loss was RM3.8mil compared to RM46.4mil in the previous corresponding period, while it dipped to RM134.1mil from RM160.8mil a year earlier.

Commenting on its prospect for 2021, Encorp said property sentiment has been affected by the current economic situation.

"Landed residential projects continue to remain in demand, while high-rise residential projects in strategic locations continue to remain strong. However, high-rise residential properties continue to remain challenging at this juncture due to the current economic situation," it said.

ENCORP CORP

ENCORP

## Encorp shares trade higher as major shareholder eyes exit

KUALA LUMPUR (Aug 18): Encorp Bhd, whose major shareholder Federal Land Development Authority (FELDA) is looking to dispose of its stake, saw its shares trading higher today.

The counter opened four sen higher at 30 sen. On market close, it remained under gains to settle at 31.5 sen, up 15.0 sen or 4.82%, after 100 million shares were traded.

The rise in the property developer's share price was in line with Bursa Malaysia's overall upward trend on positive political developments and expectations of higher corporate earnings.

The Edge Malaysia reported that FELDA is looking at selling Encorp with an asking price of RM5.

THE EDGE  
23 August 2021

## Encorp: Appointment of three new directors 'sparks interest'



● The Strand Mall in Kota Damansara is one of Encorp's key assets (Photo by The Edge)

EDGEPROP.MY (/NEWS/AUTHOR?NAME=EDGEPROP.MY)  
September 18, 2021 | Updated 7 months ago

KUALA LUMPUR (Sept 18): Excitement and gains in share price seem to have originated from the appointment last week of three new directors at the property development company Encorp Bhd, reported The Edge Malaysia.

THE EDGE  
18 September 2021



ENCORP BERHAD (Company No: 200001004231 (506836-X))

## RECOGNITION OF A GROWING ENCORP

01

Winner of HR Asia:  
Best Companies to Work for in Asia Awards 2017, 2018, 2019 and  
2021

Winner of Employer of Choice Award (Silver),  
Malaysia HR Awards 2017

02

Winner of Employer of Choice Award (Silver) Private Sector,  
Malaysia International HR Awards 2018

Winner of Property Development (CSR),  
Malaysia Social Media Week Awards 2017

03

Winner of Best Investor Relations Company,  
7th Asian Excellence Recognition Awards 2017

Winner of Property Development,  
Selangor Business Excellence Awards 2017

04

Winner of Jury for Encorp Strand Mall,  
Universal Design Award 2016

Finalist of Best Mixed Development for Encorp Strand,  
iProperty.com People's Choice Awards 2016

05

**Winner of HR Asia:  
Best Companies to Work  
for in Asia Awards 2021**

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## GROUP FINANCIAL HIGHLIGHTS



**N1** There is no margin available due to the loss position for that year.

**N2** The results are attributable to owners of the parent company.

**N3** The net gearing ratio is calculated using the loans and borrowing amount plus trade and other payables however excluding the Sukuk Murabahah, cash and bank balances, fixed deposits and investment securities. The Sukuk Murabahah has been excluded as the Sukuk is secured by the assignment of the contract Concession Payments and the Project Escrow Account and the Sukuk does not have any financial recourse to the Group.

**N4** Includes property development cost.



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FINANCIAL RATIOS	2021	2020	2019	2018	2017
Profit before tax margin (%)	1.3%	1.2%	N1	0.8%	N1
Basic loss per share (sen)	(3.44)	(1.18)	(15.30)	(2.54)	(12.23)
Closing share price as at end of year (RM)	0.330	0.235	0.31	0.43	0.65
Price-earning ratio (times)	(0.10)	(0.21)	(0.02)	(0.17)	(0.05)
Return on capital employed (ROCE)	0.07	0.05	0.06	0.06	0.04
Return on equity (ROE) <sup>N2</sup>	(0.031)	(0.010)	(0.13)	(0.02)	(0.09)
Net gearing ratio (%) <sup>N3</sup>	5%	11%	57%	55%	53%
Net assets per share (RM) <sup>N2</sup>	1.12	1.15	1.13	1.32	1.34
Shares ('000)	316,685	316,685	306,474	293,952	293,952

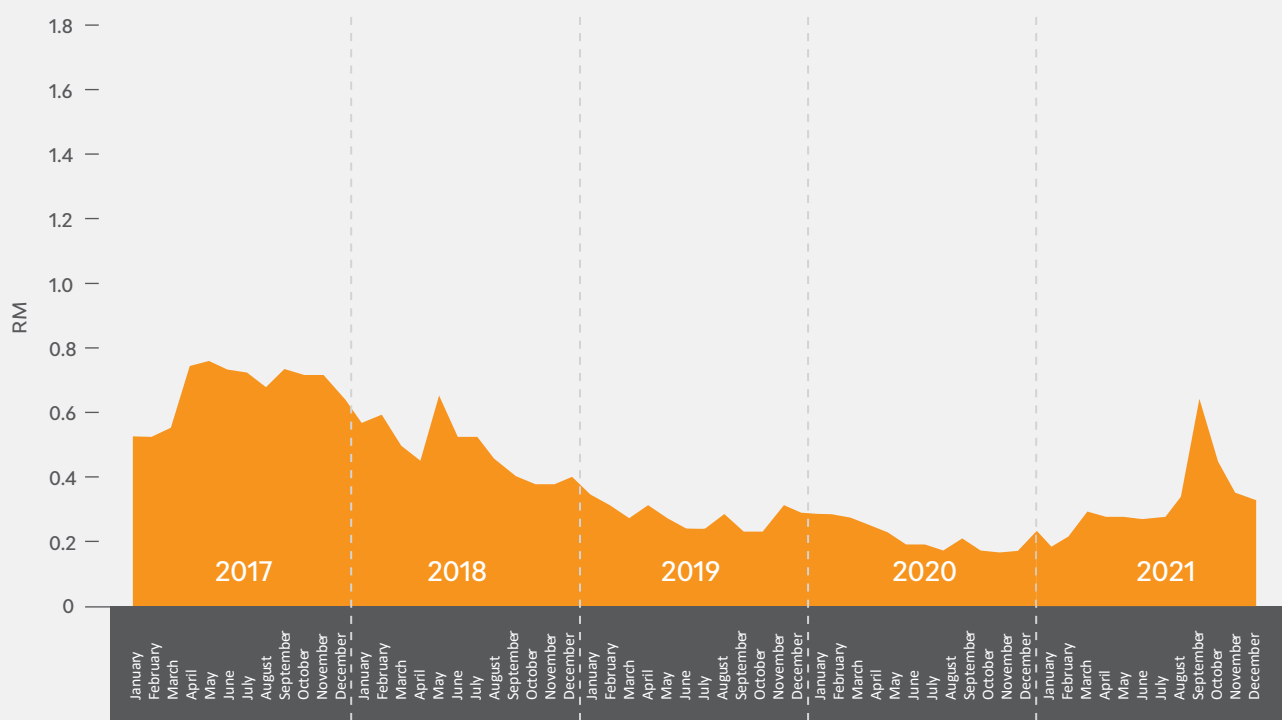
KEY BALANCE SHEET DATA	2021 RM'000	2020 RM'000	2019 RM'000	2018 RM'000	2017 RM'000
Property, plant and equipment	4,828	5,084	5,298	5,623	6,258
Investment properties	290,290	284,050	303,050	303,620	314,740
Land held for property development	17,034	36,683	501,581	511,739	404,814
Trade and other receivables	650,160	756,225	807,763	906,193	906,851
Inventories <sup>N4</sup>	113,007	144,937	148,122	157,417	266,211
Cash & cash equivalents and Investment Security	179,301	157,691	173,369	179,858	145,761
Other assets	36,732	11,768	29,465	44,259	97,260
Assets of disposal group classified as held for sale	-	-	-	100	97
Right-of-use asset	17,597	19,622	21,056	-	-
<b>Total Assets</b>	<b>1,308,949</b>	<b>1,416,060</b>	<b>1,989,704</b>	<b>2,108,809</b>	<b>2,141,992</b>
Loans and borrowings	90,244	103,191	93,041	136,571	122,940
Sukuk Murabahah	651,860	721,943	785,021	841,275	895,984
Trade and other payables	90,065	87,863	633,292	626,364	572,145
Other liabilities	15,862	33,590	23,121	33,094	70,096
Liabilities of disposal group classified as held for sale	-	-	-	950	945
Lease liabilities	20,074	21,370	22,005	-	-
<b>Total Liabilities</b>	<b>868,105</b>	<b>967,957</b>	<b>1,556,480</b>	<b>1,638,254</b>	<b>1,662,110</b>
Total Equity	440,844	448,103	433,224	470,555	479,882
Non-controlling interest	87,095	84,370	87,335	82,343	86,345
Shareholders' equity <sup>N2</sup>	353,749	363,733	345,889	388,212	393,537

### SHARE PERFORMANCE

Stock Exchange	Stock Name	Stock Code
Bursa Malaysia Securities Berhad	ENCORP	6076

During the year	2017	2018	2019	2020	2021
Highest (RM)	0.92	0.83	0.45	0.31	0.70
Lowest (RM)	0.57	0.35	0.27	0.17	0.18

Share Price (Bursa Malaysia)  
Based on month-end closing price







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Clover show unit, Encorp Cahaya Alam

## CORPORATE GOVERNANCE OVERVIEW STATEMENT

The Board of Directors (“the Board”) reaffirms its commitment to and supports the best practices of the Malaysian Code on Corporate Governance 2021 (“the Code”) which sets out broad principles, intended outcome and guidance to promote and cultivate a strong culture of good corporate governance for listed companies.

The Board strives to ensure that the highest standards of corporate governance are practiced to protect and enhance shareholders’ value.

During the financial year ended 31 December 2021, the Board continued to adhere to the principles and recommendations of the Code. The Board is pleased to report to the shareholders on how the Company has applied each Practice as set out in the Code in the Corporate Governance Overview Statement below, along with certain departures from the Code. For full details in relation to the compliance and/or departure from each Practice set out in the Code during the financial year ended 31 December 2021, please refer to the Corporate Governance Report 2021 on the Company’s website at [www.encorp.com.my](http://www.encorp.com.my).

### PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

#### I. Board’s Role and Responsibilities

The Board is charged with leading and managing the Company in an effective and responsible manner and is collectively responsible for meeting the objectives and goals of the Company. Each Director has a legal duty to act in good faith and in the best interest of the Company exercising due care and diligence avoiding conflict of interest wherever possible. Directors are to refrain from making improper use of information, property or opportunity gained through the position of Director or engaging in business which is in competition with the Company. The Directors, collectively and individually, are aware of their responsibilities to the shareholders and stakeholders for the manner in which the affairs of the Company are managed.

In line with the Code, the Board has adopted a Board Charter which primarily sets out the Board’s strategic intent and outlines the Board’s roles and responsibilities, to ensure that all Board members are aware of their fiduciary duties and responsibilities, legislations and regulations affecting their conduct. The Board Charter aims to promote highest standards of corporate governance within the Group, so that the interests of the shareholders, customers and other stakeholders are safeguarded.

The Board had adopted and implemented a Code of Conduct and Business Ethics to provide guidance and set common ethical standards to promote consistency in behavior across the Group. It includes, amongst others, guidance on health and safety, disclosure of conflict of interest, maintaining confidentiality and gift and business courtesies. The Directors, management and employees are expected to behave ethically and professionally at all times and protect the reputation of the Company. The Group communicates its Code of Conduct and Business Ethics to all Directors, management and employees.

More information on the Board Charter, and the Code of Conduct and Business Ethics can be found on the Company’s website at [www.encorp.com.my](http://www.encorp.com.my).



The Board has the following principal responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company:

- Setting, reviewing and approving the business plan and overall strategic plan of the Company that supports long term value creation which includes strategies on environmental, economic, social considerations which underpins sustainability for the Company;
- Review, challenge and decide on Management's proposals or the Company and monitor its implementation by Management;
- Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;
- Together with Senior Management, promote good Corporate Governance culture within the Company which reinforces ethical, prudent and professional behavior;
- Identifying principal financial and non-financial risks and ensuring the implementation of appropriate risk management framework to identify, analyse, evaluate, manage and monitor these risks and to set the risk appetite;
- Succession planning, includes appointment, training, fixing compensation of and where appropriate, replacing key management;
- Ensure the Senior Management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and Senior Management;
- Developing and implementing an investor relations programme or shareholders' communications policy for the Company and encouraging the use of information technology for effective dissemination of information;
- Reviewing the adequacy and integrity of the Company's internal control systems and management information systems, including systems for compliance with applicable laws, regulations, rules, directives and guidelines; and
- Ensuring that the Company has appropriate corporate governance structures in place including standards of ethical, prudent and professional behavior and working with Senior Management in promoting a culture of good Corporate Governance and promoting a culture of corporate responsibility.

All the Board Committees are actively engaged and act as oversight committees. They evaluate and recommend matters under their purview for the Board to consider and approve. The Board receives updates from the respective Chairman of the Board Committees on matters that have been discussed and deliberated at the respective meetings.

#### Board Balance

The Board comprises a majority of independent directors where the Chairman is an Independent Non-Executive Director. The current size and composition of the Board are considered adequate to provide an optimum mix of skills and experiences. The Directors, with their diverse professional backgrounds and specialisations, collectively bring considerable knowledge, independent judgements and expertise to the Board. Further, the Chairman also ensures proper balance of power and authority on the Board by encouraging robust discussions during meetings. The Independent Directors also provide an element of objectivity, independent views, evaluations, check and balance on Board deliberations and decisions. This ensures that the interests of the Group, shareholders, employees, customers, suppliers and other business associates are safeguarded.

In addition, the role of the Chairman and the Group Chief Executive Officer ("GCEO") are distinct and separate to ensure that there is a balance of power and authority. The Chairman is responsible for the leadership, effectiveness, conduct and governance of the Board. The GCEO of the Company was appointed on 17 February 2021 to run the day-to-day management of Encorp Group business within the limits of authority delegated by the Board. The GCEO acts as a conduit between the Board and the Management in ensuring the success of the Company's governance and management functions. Notwithstanding that, the GCEO is also responsible to achieve goals and decisions made by the Board, ensure effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to the Group.

To further strengthen the Group's Board governance, the Nominating and Remuneration Committee is given the responsibility to review the roles and responsibilities of the Board and the Board Committees.

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The Board is also of the view that the Chairman of the Board should not involve in any Board Committees in order to ensure check and balance as well as objectivity will not be impaired/influenced by the Chairman of the Board.

Detailed description of these roles can be found on the Board Charter inclusive of the TOR of the Board Committees online at [www.encorp.com.my](http://www.encorp.com.my).

#### Role of Company Secretary

The Board is supported by a suitably qualified and competent company secretary that has legal qualifications, and is qualified to act as company secretary under Section 235(2) of the Companies Act 2016. The Company Secretary provides support to the Board in fulfilling its fiduciary duties and leadership role in shaping the Corporate Governance of the Company. In this respect, Company Secretary plays an advisory role to the Board, particularly with regard to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislation for the affairs of the Board. The Company Secretary reports directly to the Chairman of the Board.

Company Secretary has attended trainings and seminars conducted by the Companies Commission of Malaysia and Bursa Malaysia Securities Berhad ("Bursa Securities") to keep abreast with the relevant updates on statutory and regulatory requirements such as updates on the Main Market Listing Requirements ("MMLR") of Bursa Securities, compliance with the Capital Markets and Services Act 2007, Companies Act 2016 and to ensure the Company's adherence to the Code. Therefore, the Board are regularly updated and advised by the Company Secretary on new statutory and regulatory requirements.

#### Access to Information

The Directors have timely, full and unrestricted access to all information pertaining to the Group's business affairs, whether as a full Board or in their individual capacity, to enable them to discharge their duties effectively. The Board is expected to meet at least four (4) times for each financial year, with additional meetings to be convened when necessary to discuss and resolve on urgent basis.

#### Board Meetings

To ensure that Directors can plan ahead, Board Meetings are scheduled in advance at the beginning of each year. Special Board Meeting is convened as and when necessary for the Board to deliberate on matters that require expeditious decisions.

During the financial year under review, nine (9) Board meetings were held. The summary of attendance of the Board is as follows:

Name of Directors	No. of Meetings Attended
Tuan Haji Hussein Bin Ismail <i>(Retired on 10 September 2021)</i>	4/4
Abdul Rahim Bin Abdul Hamid <i>(Retired on 10 September 2021)</i>	4/4
Tuan Haji Sr. Mohd Ali Bin Abd Karim <i>(Appointed on 14 September 2021)</i>	4/4
YBhg Datuk Haji Jaafar Bin Abu Bakar	9/9
Mahadzir Bin Mustafa	9/9
Datuk Shireen Ann Zaharah Binti Muhiudeen <i>(Appointed on 14 September 2021)</i>	4/4
Tuan Haji Lukman Bin Abu Bakar <i>(Appointed on 14 September 2021)</i>	4/4



## Sustainability

Encorp Group acknowledges the importance of sustainability relating to environmental, social and governance ("ESG") including their risks and opportunities to/for our Group. The Company will implement an ESG policy with the objective to priorities health and safety in the Group's business operations.

The Company is committed to communicate the targets and performances of the ESG to all the stakeholders of the Group regardless internally or externally. Detailed information pertaining to the sustainability of the Group can be found in the Sustainability Report of the Annual Report 2021 which is available on Bursa Securities and the Company's website at [www.encorp.com.my](http://www.encorp.com.my).

## II. Board Composition

The Company is managed and led by Board members from diverse professional backgrounds with relevant experiences and expertise in financial, business and other fields.

Practice 5.2 of the Code states that at least half (1/2) of the Board should comprise of Independent Directors. During the financial year ended 31 December 2021, there were five (5) members of the Board, comprising one (1) Independent Non-Executive Chairman, two (2) Independent Non-Executive Directors and two (2) Non-Independent Non-Executive Director. The Independent Directors make up the majority of the composition of the Board.

This composition also complies with Paragraph 15.02 of the MMLR of Bursa Securities which requires that at least two (2) Directors or one-third (1/3) of the Board, whichever is higher, must be independent directors.

The Board implemented an evaluation process, for assessing the effectiveness and competencies of the Board as a whole. The results of the self-assessment by Directors and the Board's effectiveness as a whole, as compiled by the Company Secretary were tabled to the Board for review and notation. The Board was satisfied with the results of the annual assessment and that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills. The Board was also satisfied with the Board composition comprising individuals of high caliber, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.

### Board Independence

The Board has developed the criteria to assess the independence of the independent directors on an annual basis. When assessing independence, the Board is encouraged to focus beyond the independent director's background, economic and family relationships and consider whether the independent director can continue to bring independent and objective judgment to Board deliberations.

The Board Charter sets outs the restriction on the tenure of an independent director should not exceed a term limit of nine (9) years. Upon completion of the nine (9) years, an independent director may continue to serve on the board as a non-independent director. Otherwise, the Board must justify and seek shareholders' approval at General Meeting in the event it retains the Director as an Independent Director.

The Nominating and Remuneration Committee had performed an annual review on the independence of the Independent Directors. At present, there are no Independent Directors whose tenure exceeds a cumulative term of nine (9) years in the Company.

The Board has undertaken an assessment of the Independent Director as per the criteria defined under the MMLR and other independence criteria applied by the Company which took into account the individual Director's independence of management and free from any business or other relationship which could interfere with the exercise of independent and objective judgment, and his ability to advise the Board on matters relating to transaction where conflict of interest may exist. Based on the assessment done, the Board concluded that each of the Independent Directors continues to demonstrate behaviour that reflect their independence.

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### Appointment of Directors

When appointing a Director, the Nominating and Remuneration Committee and the Board will consider the cultural background, experience, skill, age, gender, competency, knowledge and potential contribution of the candidate, whilst the Practice 5.5 of the Code will also be given due consideration for boardroom diversity. The Nominating and Remuneration Committee considers, evaluates and proposes to the Board any new board appointments, whether of executive or non-executive position. The Nominating and Remuneration Committee recommends suitable candidate for appointment to the Board, the appointment of which will be decided upon by the Board as a whole to ensure a balanced mix of experience and expertise amongst its members. Thereafter, the Board carries out its own assessment based on the recommendations made by the Nominating and Remuneration Committee and determines the appointments to be made.

On the appointment of new Director, the new Director is required to commit sufficient time to attend to the Company's matters before accepting his appointment to the Board. Directors are required to notify the Chairman before accepting any new directorship and to indicate the time expected to be spent on the new appointment. In compliance with Paragraph 15.06(1) of the MMLR, all Directors of Encorp do not hold more than five (5) directorships of listed issuer at any one time.

On 14 September 2021, two new Independent Non-Executive Directors namely Tuan Haji Sr. Mohd Ali Bin Abd Karim and Tuan Haji Lukman Bin Abu Bakar were appointed, were appointed. Their appointment was reviewed and recommended by the Nominating and Remuneration Committee. The Nominating and Remuneration Committee also reviewed and recommended the candidate for Non-Independent Non-Executive Director namely Datuk Shireen Ann Zaharah Binti Muhiudeen. Datuk Shireen Ann Zaharah Binti Muhiudeen was appointed to our Board on 14 September 2021.

The above appointments were recommended by the Company's major shareholder during candidate selection. The Nominating and Remuneration Committee scrutinised the suitability and qualification of the candidates and recommend the same for the Board's approval. In discharging this duty, the Nominating and Remuneration Committee assessed the suitability of the candidates by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.

The Board recognises the challenges in achieving the right balance of diversity on the Board. Nevertheless, the Board is committed to provide fair and equal opportunities and nurturing diversity within the Group. The Board has established a Board Diversity Policy to ensure that through the Nominating and Remuneration Committee, selection and appointment of new board member take into the consideration the candidates from a wide variety of background, without discriminating based on gender, age, ethnic, marital status and religion but on the required mix of skill, knowledge and professional experience which the new director should bring to the Company. With Datuk Shireen Ann Zaharah Binti Muhiudeen's appointment to the Board, Encorp achieved a 20% female representation. The Board is mindful of the Practice 5.9 of the Code and will ensure that suitable women candidates are sought and considered as part of the recruitment exercise. This will be done over time, taking into account the present size of the Board, the merit and suitability of female candidates and the evolving challenges to the Company from time to time.

### Re-Election and Re-Appointment of Directors

In accordance with the Company's Constitution, one-third (1/3) of the Directors are required to retire from office at each Annual General Meeting ("AGM") and all Directors shall retire at least once in every three (3) years. The retiring Directors shall be eligible for re-election at the AGM. Newly appointed directors during the year must offer themselves to the shareholders for re-election at the next AGM following their appointment.

To assist the shareholders in their decision, sufficient information such as personal profiles of the Directors standing for re-election can be found in this Annual Report.





## Directors' Training

All Directors have attended the Mandatory Accreditation Programme prescribed by Bursa Securities.

The Directors constantly participate in training programmes, seminars and conferences to keep themselves abreast with changes and new developments, both in the legal and commercial aspects.

During the financial year ended 31 December 2021, the Directors have attended the following training programmes/seminars/workshops/talks:

Name of Director	Training and Seminars attended
Tuan Haji Sr. Mohd Ali Bin Abd Karim	<ol style="list-style-type: none"><li>1. Understanding the Roles and Responsibilities of the Board, Its Committees and Individual Directors : by Boardroom Corporate Services Sdn. Bhd.</li><li>2. Corporate Liability, ISO 37001 &amp; Adequate Procedures: Implementing Effective Measures Based on the ISO 37001 Anti Bribery Management System: by Trident Integrity Solutions Sdn Bhd.</li></ol>
Datuk Haji Jaafar Bin Abu Bakar	<ol style="list-style-type: none"><li>1. Understanding the Roles and Responsibilities of the Board, Its Committees and Individual Directors : by Boardroom Corporate Services Sdn. Bhd.</li><li>2. Corporate Liability, ISO 37001 &amp; Adequate Procedures: Implementing Effective Measures Based on the ISO 37001 Anti Bribery Management System: by Trident Integrity Solutions Sdn Bhd.</li></ol>
Mahadzir Bin Mustafa	<ol style="list-style-type: none"><li>1. Pemikiran Felda 2040: Fortune 500 Corporation, Satu Pemikiran Baharu</li><li>2. Media Training Breezing Through the Media Interview</li><li>3. Bengkel Pelan Strategik Felda Tahun 2022-2026</li><li>4. Understanding the Roles and Responsibilities of the Board, Its Committees and Individual Directors : by Boardroom Corporate Services Sdn. Bhd.</li><li>5. Corporate Liability, ISO 37001 &amp; Adequate Procedures: Implementing Effective Measures Based on the ISO 37001 Anti Bribery Management System: by Trident Integrity Solutions Sdn Bhd.</li></ol>
Datuk Shireen Ann Zaharah Binti Muhiudeen	<ol style="list-style-type: none"><li>1. Understanding the Roles and Responsibilities of the Board, Its Committees and Individual Directors : by Boardroom Corporate Services Sdn. Bhd.</li><li>2. Corporate Liability, ISO 37001 &amp; Adequate Procedures: Implementing Effective Measures Based on the ISO 37001 Anti Bribery Management System: by Trident Integrity Solutions Sdn Bhd.</li></ol>
Tuan Haji Lukman Bin Abu Bakar	<ol style="list-style-type: none"><li>1. Understanding the Roles and Responsibilities of the Board, Its Committees and Individual Directors : by Boardroom Corporate Services Sdn. Bhd.</li><li>2. Corporate Liability, ISO 37001 &amp; Adequate Procedures: Implementing Effective Measures Based on the ISO 37001 Anti Bribery Management System: by Trident Integrity Solutions Sdn Bhd.</li></ol>

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### III. Remuneration

#### Board Remuneration

The Nominating and Remuneration Committee recommends the remuneration package for the Executive Director/ GCEO to the Board for approval. The Executive Director abstains from deliberation and voting on decisions in respect of his own remuneration.

The Nominating and Remuneration Committee comprised of two (2) Independent Non-Executive Directors and one (1) Non-Independent Non-Executive Director as follows:-

Name of Member	Designation	Directorship
Abdul Rahim Bin Abdul Hamid (Retired on 10 September 2021)	Chairman	Independent Non-Executive Director
Datuk Haji Jaafar Bin Abu Bakar (Redesignated as Chairman on 5 November 2021)	Chairman	Independent Non-Executive Director
Datuk Shireen Ann Zaharah Binti Muhiudeen (Appointed on 5 November 2021)	Member	Non-Independent Non-Executive Director
Tuan Haji Lukman Bin Abu Bakar (Appointed on 5 November 2021)	Member	Independent Non-Executive Director

The Nominating and Remuneration Committee assists the Board in fulfilling the following functions:

#### (i) New appointments, re-election and re-appointment

- to establish clear and appropriate criteria on the selection and recruitment of the Board;
- to consider and recommend to the Board candidates for directorship based on a variety of sources including existing Board members, management, major shareholders and/or independent sources, taking into consideration the candidates' skills, knowledge, expertise, experience, time, commitment, character, professionalism, independence and integrity that fit the Company's objectives and strategic goals;
- to recommend to the Board candidates to fill the seats on Board as Directors or Board Committees having regard to their ability to discharge the responsibilities/functions as required under the MMLR of Bursa Malaysia Securities Berhad;
- to evaluate the balance of skills, knowledge, experience and diversity (including gender diversity), age, cultural background on the Board and senior management;
- to evaluate and recommend to the Board on the re-election and re-appointment of the directors who are subject to retirement at annual general meeting;
- to evaluate and recommend to the Board the appointment, promotion and termination of the executive director, chief executive officer and senior management;
- to ensure each of the Director, chief executive officer or key senior management has the character, experience, integrity, competence and time to effectively discharge his role as Director, chief executive officer or key senior management as required under Paragraph 2.20A of the MMLR before appointment and fulfills the requirements under Section 198 of Companies Act, 2016 and Paragraph 15.05 of the MMLR.

#### (ii) Evaluation

- to establish clear and appropriate criteria on annual assessment of the Board;
- to assess annually the effectiveness and competencies of the Board as a whole, the Board Committees and the contribution of each individual director; and
- to assess annually the independence of the independent directors



**(iii) Succession planning and training**

- to establish appropriate plans for succession at Board level and senior management level; and
- to review the training needs of the Board.

**(iv) Remuneration**

- to establish formal and transparent remuneration policies and procedures to attract and retain Board members and senior management of the Company and its subsidiaries ("the Group");
- to review and recommend to the Board the remuneration package for executive director, chief executive officer and senior management;
- to review with chief executive officer and executive directors, their goals and objectives and to assess their performance against these objectives as well as contribution to the Company's short-term and long-term corporate strategy; and
- to review and recommend to the Board the annual increments and bonuses of executive directors and senior management team.

**(v) Additional duties and responsibilities**

- to carry out such other responsibilities, functions or assignments as may be defined jointly by the Nominating and Remuneration and the Board from time to time; and
- to carry out such other responsibilities as guided by MMLR and the Code.

The terms of reference of the Nominating and Remuneration Committee is provided in the Company's website at [www.encorp.com.my](http://www.encorp.com.my).

The Nominating and Remuneration Committee deliberated on the following matters in 2021:

- Annual Board assessment on the effectiveness and competencies of the Board as a whole, Board Committees and individual directors;
- Evaluation of the independence of each Independent Director on an annual basis;
- Identification of appropriate training and education programmes with respect to the business, structure and management of the Group as well as the expectations of the Board with regards to their contributions to the Board and Group;
- Proposed appointment of new member and chairman of Nominating and Remuneration Committee; and
- Proposed appointment of new member and chairman of Audit, Risk and Governance Committee.

**Policies and Procedures**

The Executive Director/GCEO is not entitled to annual Directors' fees nor entitled to receive any meeting allowances for the Board and Board Committee meetings that he attends.

Non-Executive Directors are paid yearly fees that are determined by the Board and approved at the AGM. Attendance allowances are also paid to the Non-Executive Directors for each Board or committee meeting they attend.

The Directors' Remuneration Policy was adopted by the Board on 26 November 2015, which aims to attract, develop and retain high performing and motivated Directors with a competitive remuneration package.

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The remuneration of Directors for the financial year ended 31 December 2021 are as follows:

Group	Fees (RM'000)	Salaries / Allowance & Other Emoluments (RM'000)	Defined contribution plan (RM'000)
Tuan Haji Sr. Mohd Ali Bin Abd Karim (Appointed on 14 September 2021)	44	5	-
Datuk Haji Jaafar Bin Abu Bakar	129	18	-
Mahadzir Bin Mustafa	117	15	-
Datuk Shireen Ann Zaharah Binti Muhiudeen (Appointed on 14 September 2021)	14	5	-
Tuan Haji Lukman Bin Abu Bakar (Appointed on 14 September 2021)	23	6	-
Tuan Haji Hussein Bin Ismail (Retired on 10 September 2021)	181	7	-
Abdul Rahim Bin Abdul Hamid (Retired on 10 September 2021)	97	12	-
<b>Total</b>	<b>605</b>	<b>68</b>	<b>-</b>

Company	Fees (RM'000)	Salaries / Allowance & Other Emoluments (RM'000)	Defined contribution plan (RM'000)
Tuan Haji Sr. Mohd Ali Bin Abd Karim (Appointed on 14 September 2021)	36	4	-
Datuk Haji Jaafar Bin Abu Bakar	99	16	-
Mahadzir Bin Mustafa	97	13	-
Datuk Shireen Ann Zaharah Binti Muhiudeen (Appointed on 14 September 2021)	14	5	-
Tuan Haji Lukman Bin Abu Bakar (Appointed on 14 September 2021)	18	5	-
Tuan Haji Hussein Bin Ismail (Retired on 10 September 2021)	167	5	-
Abdul Rahim Bin Abdul Hamid (Retired on 10 September 2021)	83	10	-
<b>Total</b>	<b>514</b>	<b>58</b>	<b>-</b>

#### Senior Management Remuneration

Practice 8.2 of the Code states that the Company should disclose on a named basis the top (5) Senior Management's remuneration component including salary, bonus, benefits in kind and other emoluments in bands of RM50,000. The Board is of the view that such disclosure will give rise to recruitment and talent retention issues. The remuneration for the top five (5) Senior Management for the financial year ended 31 December 2021, ranged as follows:

Remuneration range (RM)	No. of Senior Management
200,001 – 250,000	0
250,001 – 300,000	2
300,001 – 350,000	0
350,001 – 400,000	1
400,001 – 450,000	0
450,001 – 500,000	1
500,001 – 550,000	0
550,001 – 600,000	0
600,001 – 650,000	1

**PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT****I. Audit, Risk and Governance Committee**

The Audit, Risk and Governance Committee is made up of three (3) members comprising of two (2) Independent Non-Executive Directors and one (1) Non-Independent Director appointed by the Board and it has written terms of reference clearly setting out its authority and duties.

The Audit, Risk and Governance Committee take note of Practice 9.2 of the MCCG 2021 that the cooling-off period shall be at least three (3) years before a former partner is appointed as member of the Audit Committee. During the financial year ended 31 December 2021, none of the Audit, Risk and Governance Committee members were former key audit partners of the Company. The Audit, Risk and Governance Committee will review and recommend to the Board to update its terms of reference on the requirement to observe the cooling-off period of at least three (3) years before appointment of a former partner of the external audit firm of the Company as a member of the Audit, Risk and Governance Committee, as recommended by the Code.

The terms of reference and Report of the Audit, Risk and Governance Committee are also provided in this Annual Report and website at [www.encorp.com.my](http://www.encorp.com.my).

The Audit, Risk and Governance Committee assists the Board in fulfilling its oversight responsibilities, primarily reviewing the quarterly and annual financial statements of the Group prior to their submission to the Board for approval, focusing particularly on accounting policies and compliance; reviewing the scope of external audit and audit process; and reviewing the Group's system of internal control and risk management.

The Audit, Risk and Governance Committee currently comprises the following members:

Name	Designation	Directorship
Abdul Rahim Bin Abdul Hamid <i>(Retired on 10 September 2021)</i>	Chairman	Independent Non-Executive Director
Datuk Haji Jaafar Bin Abu Bakar <i>(Redesignated as Chairman on 30 November 2021)</i>	Chairman	Independent Non-Executive Director
Mahadzir Bin Mustafa	Member	Non-Independent Non-Executive Director
Tuan Haji Lukman Bin Abu Bakar <i>(Appointed on 30 November 2021)</i>	Member	Independent Non-Executive Director

More information on the Audit, Risk and Governance Committee and its activities for year 2021 is also available in this Annual Report.

**Relationship with External Auditors**

Through the Audit, Risk and Governance Committee, the Group has established a transparent relationship with the external auditors in seeking professional advice and ensuring compliance with the laws and regulations. The external auditors were invited to attend the Audit, Risk and Governance Committee Meeting to give their views on the state of affairs of the Company, where necessary. The external auditors also highlight to the Board any material deficiency pertaining to the system of internal control and compliance issues of the Group.

The Company has established an External Auditors Policy to assess and monitor the external auditors. The Audit, Risk and Governance Committee has assessed the independence of Ernst & Young PLT and was satisfied with their competency and independence. The Audit, Risk and Governance Committee has therefore recommended the re-appointment of Ernst & Young PLT as auditors to the Board, upon which shareholders' approval will be sought at the forthcoming AGM.

## II. Risk Management and Internal Control Framework

### Risk Management Committee

The Risk Management Committee comprises the Heads of Departments and Group's senior management. The Risk Management Committee reports to the Audit, Risk and Governance Committee on a quarterly basis. The Audit, Risk and Governance Committee assists the Board in providing oversight over the Group's management of risk and reviews the adequacy of compliance and control throughout the Group.

### Internal Control

The Board of Directors recognises the pivotal role of a strong internal control system in keeping the Group on course towards its goal of maximising shareholders' value. To this extent, the need for a strong internal control environment has been ingrained into the culture of the Group by the Board and Management.

The effectiveness of the Group's system of internal control is reviewed periodically by the Audit, Risk and Governance Committee. The Group's Statement on Risk Management & Internal Control is set out in this Annual Report.

### Whistle Blowing Policy

As part of its commitment to uphold the highest standards of ethics, integrity and accountability, the Group has formalised a Whistle Blowing Policy. This is essentially a mechanism to enable the employees to disclose internally any serious malpractice or misconduct without fear of reprisal. This policy provides a safe and acceptable platform for employees to channel their concerns about illegal, unethical or improper business conduct affecting the Group.

The complainant should report immediately if they have a reasonable belief that a wrongdoing has been, is being or it believed to have committed. The complainant is encouraged to make a report via the following methods:

- Meet or contact any Risk and Governance Department staff to make a report; and
- In writing and delivered either by hand, mail to the Chairman of Audit, Risk and Governance Committee.

The Board and the Management give their assurance that the whistle-blower identities are kept confidential and the whistle-blower will not be at risk to any detrimental action as a result of raising a concern with good faith. The Company, however, does not extend this assurance to someone who maliciously raises a matter which is untrue. If an investigation is necessary, the investigation team shall have full access to people, documentation and evidences as required and necessary to carry out the investigation in accordance to the authority assigned by the Board.

The Whistle-Blowing Policy is provided on the Company's website at [www.encorp.com.my](http://www.encorp.com.my).

### Anti-Bribery and Corruption Guideline ("ABAC Guideline")

The Board had also adopted the Anti-Bribery and Corruption Guideline to ensure that it has adequate procedures in place to prevent persons associated with the Group from undertaking corrupt conduct in relation to the business activities.

The ABAC Guideline is provided on the Company's website at [www.encorp.com.my](http://www.encorp.com.my).

### Internal Audit Function

The internal audit function of the Company is outsourced to an independent professional firm, BDO Governance Advisory Sdn Bhd, which assists the Audit, Risk and Governance Committee in discharging its duties and responsibilities. They act independently and with due professional care and report directly to the Audit, Risk and Governance Committee.

The outsourced Internal Audit is an integral part of the Group's internal control system, with the function reporting directly to the Audit, Risk and Governance Committee. The primary role is to provide independent, objective assurance and consulting services designed to add value and improve the operations in the Group.

Further details of Internal Audit are also available in this Annual Report.

**PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS****I. Communication with Stakeholders**

The Company adheres strictly to the disclosure requirements under the MMLR of Bursa Securities. The financial results of the Company are announced quarterly to Bursa Securities via Bursa Link. Material transactions and events are also announced accordingly.

The Company recognises the importance of effective communication with shareholders, investors and the public in general. In this respect, the Company keeps shareholders, investors and the public informed through announcements, release of quarterly financial results, annual reports, circulars and general meetings. In line with the practices under the Code, a Stakeholders' Communication Policy was implemented to handle the process of handling queries from its stakeholders.

The Company maintains regular and effective communication with its shareholders and stakeholders by attending to shareholders' and investors' e-mails and phone calls enquiries, Company general meetings and other Company events. The Notice for the Company's Annual General Meetings provides information to the shareholders regarding the details of the AGM, their entitlement to attend the AGM, their rights to appoint a proxy and information as to who may count as a proxy.

The Company's website has a dedicated section that provides all relevant information on the Company which is accessible to the public. While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material information.

**Corporate Disclosure Policy**

The Board has formalised a Corporate Disclosure Policy ("CDP") which aims to provide accurate, timely, consistent and fair disclosure of corporate information to enable informed and orderly market decision by the investors and stakeholders. The CDP sets out the policies and procedures for disclosure of material information of the Group. The CDP is applicable to all Directors and employees of the Group.

**II. Conduct of General Meetings**

The AGMs serve as the principal avenue for shareholders to engage the Board and Management in a constructive two-way dialogue. Shareholders are encouraged to actively participate during the AGMs by raising questions and providing feedbacks to the Board and Management Team.

In view of the COVID-19 pandemic situation Encorp had successfully convened its Twenty First Annual General Meeting as a virtual meeting conducted via live streaming. All members participated the AGM online and voted electronically using the Securities Services e-Portal. Meanwhile, shareholders and proxies of the Company were also able to submit their questions electronically via the virtual event platform during the AGM.

Proper notices of AGM or any general meeting are at all times dispatched to the shareholders at least 21 days prior to the meetings, unless otherwise required by law, in order to provide sufficient time for shareholders to understand and evaluate the subject matter. Notwithstanding that, the Code strongly advised that the notice of AGM should be given to the shareholders at least 28 days prior to the meeting. The Notice convening the 2021 AGM was issued to shareholders on 24 May 2021, which was more than 28 days prior to the AGM date. Each item of special business included in the notice of the meeting is accompanied by a full explanatory statement for the proposed resolution to facilitate better understanding and evaluation of issues involved.

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During the AGM, the Board encourages participation from shareholders by having question and answer session during the AGM (inclusive of the Chairman of the Board, Audit, Risk and Governance Committee and Nominating and Remuneration Committee) were available to provide meaningful responses to queries raised. Shareholders had direct access to the Board during the AGM proceedings and to participate in the question-and-answer session on the resolutions being proposed or on the Group's operations in general. Shareholders who are unable to participate in the virtual AGM are allowed to appoint proxies to participate and vote on their behalf in accordance with the Company's Constitution. The GCEO, Board members in attendance and the external auditors, if so required, will endeavor to respond to shareholders' questions during the meeting. All questions posed by shareholders during the AGM were well attended by the Board and/or the Management.

Lastly, the AGM minutes and summary of Q&A dialogues had been published on our corporate websites for public viewing following the conclusion of the 21st AGM.

The minutes of the AGM was made available to shareholders within 30 business days after the 21st AGM of the Company's website at [www.encorp.com.my](http://www.encorp.com.my).

#### **Future Priorities**

The Board will continue to enhance the corporate disclosure requirements in the best interest of the Company's shareholders and stakeholders in the upcoming years. The areas to be prioritised would be those principles which have not adopted by the Company as disclosed in the Corporate Governance Report 2021.

This Corporate Governance Overview Statement was approved by the Board of Directors on 28 February 2022.



## ADDITIONAL COMPLIANCE INFORMATION



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### PURSUANT TO MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

#### Audit and Non-Audit Fees

During the financial year under review, the fees paid / payable to the external auditors, Ernst & Young PLT and its affiliated companies in relation to the audit and non-audit services rendered to Encorp Berhad and its subsidiaries are as follows:

	Group (RM)	Company (RM)
Statutory audit services provided by Ernst & Young PLT	254,000	80,000
Non-audit services provided by Ernst & Young PLT	18,000	10,000
Advisory services provided by affiliates of Ernst & Young PLT	N/A	N/A
<b>Total</b>	<b>272,000</b>	<b>90,000</b>

#### Material Contracts

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

#### Recurrent Related Party Transactions

The Company was given shareholders' mandate to enter into recurrent related party transactions for the sale of properties in the ordinary course of business, provision of comprehensive facilities management services, construction and property development works with related parties ("Recurrent Transactions") at the Twenty First Annual General Meeting held on 10 September 2021.

There were no Recurrent Transactions conducted during the financial year ended 31 December 2021.

#### Utilisation of Proceeds

During the financial year ended 31 December 2021, there were no proceeds raised by the Company from corporate proposals.

## ●●●○ AUDIT RISK AND GOVERNANCE COMMITTEE REPORT

The Board of Directors is pleased to present the report on the Audit, Risk and Governance Committee ("ARGC") for the financial year ended 31 December 2021.

### MEMBERSHIP AND MEETINGS OF THE ARGC

During the financial year ended 31 December 2021, the ARGC convened three (3) meetings which were attended by the members as tabulated below:-

Name of members	Directorship	No. of Meetings Attended
Abdul Rahim Bin Abdul Hamid (Retired on 10 September 2021)	Chairman, Independent Non-Executive Director	2/2
Datuk Haji Jaafar Bin Abu Bakar (Redesignated as Chairman on 30 November 2021)	Chairman, Independent Non-Executive Director	3/3
Mahadzir Bin Mustafa	Non-Independent Non-Executive Director	3/3
Tuan Haji Lukman Bin Abu Bakar (Appointed on 30 November 2021)	Independent Non-Executive Director	-

The Chief Executive Officer, Head of Finance, the Head of Risk & Governance Management and the representatives from the external auditors and internal auditors and/or advisor also attended the meetings at the invitation of the ARGC. The Company Secretary acts as the secretary of the ARGC.

### TERMS OF REFERENCE OF ARGC

#### Objective

The objective of the ARGC is to assist the Board in discharging its responsibility relating to the Group's financial reporting, as well as, to assist the Board in fulfilling its fiduciary duties in relation to governance, ethics and risk management.

#### Composition

The Board shall appoint the ARGC members from amongst themselves, comprising no fewer than three (3) non-executive directors. The majority of the ARGC members shall be independent directors.

The Board adopts the definition of "independent director" as defined under the Main Market Listing Requirements ("Main Market LR") of Bursa Malaysia Securities Berhad ("Bursa Securities").



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All members of the ARG C shall be financially literate and at least one (1) member of the ARG C must be:

- (a) a member of the Malaysian Institute of Accountants ("MIA"); or
- (b) if he is not a member of MIA, he must have at least three (3) years of working experience; and
  - he must have passed the examinations specified in Part 1 of the First Schedule of the Accountants Act 1967; or
  - he must be a member of one of the associations of the accountants specified in Part II of the First Schedule of the Accountants Act 1967; or
- (c) fulfils such other requirements as prescribed or approved by Bursa Securities.

No alternate director of the Board shall be appointed as a member of the ARG C. Any former key audit engagement partner of the external auditors of the Company must first observe a cooling-off period of at least three (3) years before he/she is eligible for appointment as a member of the ARG C.

If a member of the ARG C resigns, dies, or for any reason ceases to be a member resulting in non-compliance to the composition criteria as stated above, the Board shall fill the vacancy within three (3) months.

#### Chairman

The members of the ARG C shall elect a Chairman from amongst their number who shall not be the Chairman of the Board and who is an independent director.

In the absence of the Chairman, the other members shall amongst themselves elect a Chairman who must be an independent director to chair the meeting.

#### Secretary

The Company Secretary shall be the Secretary of the ARG C and as a reporting procedure, the Minutes shall be circulated to all members of the Board.

#### Meetings

The ARG C shall meet regularly and hold at least four (4) meetings in a year, with due notice of issues to be discussed, and shall record its conclusions in discharging its duties and responsibilities. However, the Company only conducted three (3) ARG C meetings for the financial year ended 31 December 2021 due to insufficient quorum. Nevertheless, the agendas were deferred, and properly attended, deliberated and approved at the Board of Directors' meeting held on 30 November 2021. The ARG C will ensure that future meetings were scheduled and managed suitably.

In addition, the Chairman may call for additional meetings at any time at the Chairman's discretion. ARG C meetings may be held at two (2) or more venues within or outside Malaysia using any technology that enables the members as a whole to participate for the entire duration of the meeting.

Upon the request of the external auditors, the Chairman of the ARG C shall convene a meeting of the ARG C to consider any matter the external auditors believe should be brought to the attention of the Directors or Shareholders.

The Chairman of the ARG C shall engage on a continuous basis with senior management, such as the chief executive officer, chief operating officer, the Head of Finance, the internal auditors and the external auditors in order to be kept informed of matters affecting the Company.

The Chief Executive Officer, Chief Operating Officer, the Head of Finance, a representative of the internal auditors and a representative of the external auditors should normally attend meetings. Other Board members and employees may attend meetings upon the invitation of the ARG C.



The ARGC shall be able to convene meetings with the external auditors without the presence of other directors and employees at least once a year.

Questions arising at any meeting of the ARGC shall be decided by a majority of votes of the members present.

A member of the ARGC shall abstain from discussion or deliberation and voting on matters which give rise to an actual or perceived conflict of interest for him.

#### **Resolution in Writing**

A resolution in writing, signed by all the members of the ARGC for the time being entitled to receive notice of a meeting of the Audit, Risk and Governance, shall be as valid and effectual as if it had been passed at a meeting of the ARGC duly convened and held.

#### **Minutes**

Minutes of each meeting shall be kept at the registered office and distributed to each member of the ARGC and also to the other members of the Board. The Chairman of the ARGC shall report on each meeting to the Board.

The minutes of the ARGC meeting shall be signed by the Chairman of the meeting at which the proceedings were held or by the Chairman of the next succeeding meeting.

#### **Quorum**

In order to form a quorum for the ARGC meeting, the majority of members present must be independent directors.

#### **Authority**

The ARGC shall, in accordance with a procedure to be determined by the Board and at the expense of the Company:-

- (a) have explicit authority to investigate any matter within its terms of reference;
- (b) have full and unlimited/unrestricted access to all information and documents/resources required to perform its duties;
- (c) obtain independent professional or other advice; and
- (d) have direct communication channels with the external auditors and persons carrying out the internal audit function or activity

Where the ARGC is of the view that the matter reported by it to the Board has not been satisfactorily resolved resulting in a breach of the Main Market LR of Bursa Securities, the ARGC shall promptly report such matter to Bursa Securities.



## Duties

The duties of the ARGC shall be:-

### (a) oversee all matters relating to external audit

- to discuss with the external auditors where necessary, the nature and scope of the audit and ensure co-ordination of audits where more than one audit firm is involved;
- to discuss problems and reservations arising from the interim and final audits and any matter the auditors may wish to discuss (In the absence of management, where necessary);
- to review with the external auditors, their management letter and management's response, the external auditors' report and the audited financial statements before the same are presented to the Board for approval;
- to review with the external auditors, their evaluation of the systems of internal control and risk management framework of the Group;
- to consider the appointment of external auditors taking into consideration, amongst others, the suitability, independence, experience, resource and objectivity as well as the appropriateness of their audit fees as recommended by the management;
- to assess the suitability and independence of external auditors in respect of the provision of audit and non-audit services to the Group and the Company in accordance with the terms of all relevant professional and regulatory requirements;
- to annually assess the performance of the external auditors and report to the Board on the independence of the external auditors and obtaining their assurance on the continued registration with Audit Oversight Board;
- to consider any letter of resignation of external auditors and any questions of resignation and dismissal;
- to review the level of assistance given by the employees of the Group to the external auditors; and
- to undertake continuous professional development to keep abreast of relevant developments in accounting and auditing standards, practices and rules.

### (b) oversee all matters relating to internal audit

- to review and ensure that the Company and Group maintains a sound and effective system of internal controls and risk management framework;
- to review the adequacy of the scope, functions, competency, experience and resources of the internal audit function;
- to ensure the internal audit is carried out objectively and is independent from the management of the Company and the functions which it audits;
- to review and approve the internal audit plan and internal audit annual budget;
- to ensure co-ordination of external audit with internal audit;
- to review major findings of internal audit reviews and management's response and ensure that appropriate actions are taken on the recommendations of the internal audit function;
- to review any assessment of the performance of the member of the internal audit function;
- to approve any appointment or termination of senior staff members of the internal audit function; and
- to keep itself informed of resignations of internal audit staff members and provide resigning staff member an opportunity to submit his/ her reasons for resigning.

### (c) review of financial statements

To review the quarterly and year end financial statements of the Group before submission to the Board, focusing particularly on:

- any changes in accounting policies and practices;
- significant audit issues and adjustments arising from audit;
- going concern assumption;
- compliance with the applicable approved accounting standards and regulatory requirements; and
- compliance with the Main Market LR of Bursa Securities and other legal requirements.

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**(d) review of systems of internal control and risk management**

- to review the reports of respective risk management teams in relation to the adequacy and integrity of the Group's internal control systems in mitigating risks;
- to review and recommend the risk management policy, procedures and risk management framework to the Board;
- to review the effectiveness of the risk management framework and to ensure that the framework adopted is based on an internationally recognised risk management framework that is able to identify, assess, manage and monitor significant financial and non-financial risks in a regular and timely manner;
- to provide guidance on the overall risk strategy for implementation and ensure that the principles and requirements of managing risk are consistently adopted throughout the Group;
- to communicate to the Board the critical risks (present & potential) the Group faces, their profile change (if any) and the management action plans to manage these risks; and
- to conduct annual review and periodic testing of the Group's internal control and risk management framework.

**(e) governance responsibilities**

- to review the Group's governance framework as guided by the Malaysian Code of Corporate Governance and other best practices in corporate governance;
- to review the Group's policies to support the implementation of the Group's governance framework; and
- to review and monitor the Group's policies and practices in compliance with legal and regulatory requirements.

**(f) additional duties and responsibilities**

- to review any related party transactions and conflict of interest situation that may arise within the Group or the Company including any transaction, procedure or course of conduct that raises questions of management integrity;
- to verify the allocation of Employees' Share Option Scheme ("ESOS") and Employees' Share Grant Scheme ("ESGS") in compliance with the criteria as stipulated in the by-laws of the ESOS and ESGS of the Company, if any; and
- to carry out such other responsibilities, functions or assignments as may be defined jointly by the ARGc and the Board from time to time.

**Review of Committee**

The Nominating and Remuneration Committee shall review the term of office and performance of the ARGc and each of its members at least once a year to determine whether the ARGc and its members have carried out their duties in accordance with the terms of reference and thereafter make its recommendations to the Board for consideration.

The ARGc shall review its terms of reference periodically and recommend any changes it considers necessary.

**TRAINING**

The ARGc members have attended the following training, seminars and conferences during the year to acquire relevant knowledge that enables them to discharge their duties effectively:

1. Understanding the Roles and Responsibilities of the Board, Its Committees and Individual Directors
2. Corporate Liability, ISO 37001 & Adequate Procedures: Implementing Effective Measures Based on the ISO 37001 Anti Bribery Management System
3. Fortune 500 Corporation, Satu Pemikiran Baharu
4. Corporate Director Series
5. Personality Profile and Self Development Plan Workshop



## SUMMARY OF ACTIVITIES OF THE ARGC DURING 2021

In accordance with its Terms of Reference, the following activities were undertaken during the year by the ARGC:

- Reviewed the quarterly unaudited financial statements of the Company and the Group for the financial quarters ended 31 December 2020, 31 March 2021, 30 June 2021 and 30 September 2021 with Management prior to the Board's deliberation and approval for their release to the Bursa Securities. The review focused particularly on:-
  - Any change in or implementation of accounting policies and practices;
  - Significant adjustments arising from the audit, if any;
  - The going concern assumption;
  - Significant and unusual events; and
  - Compliance with accounting standards and other legal requirements.
- Reviewed the draft audited annual financial statements for the financial year ended 31 December 2020 with Management and the external auditors before recommending it to the Board for approval and release to the Bursa Securities.
- Reviewed and discussed Management Accounts with Management.
- Reviewed and deliberated on the Enterprise Risk Management (ERM) report which was updated on quarterly basis by the Risk Management Department.
- Reviewed and discussed the audit report, the extent of assistance rendered by Management, issues and reservations arising from statutory audit with the external auditors.
- Assessed the performance of the external auditors, including their suitability and independence and recommended the same to the Board for re-appointment.
- Met with the external auditors without the presence of the Executive Board members and Management and no major issues were highlighted.
- Reviewed the internal audit activities carried out by the Internal Auditors and deliberated on significant audit findings identified, audit recommendations made and management's action plans to ensure that the risks issues were adequately addressed.
- Reviewed and recommended the Corporate Governance Overview Statement, Corporate Governance Report, ARGC Report and Statement on Risk Management & Internal Control and Statement of Sustainability and to the Board for approval.
- Reviewed with the external auditor, the audit plan inclusive of areas of audit emphasis, audit fees, and scope for the year as well as the audit procedures to be followed prior to commencement of annual audit for 2021;
- Reviewed related party transactions entered into by the Group.
- Reviewed and recommended to the Board the Circular to Shareholders in respect of the proposed shareholders' mandate for recurrent related party transactions.
- Discussed the implication of any development or latest changes and pronouncements issued by the statutory and regulatory bodies on the Group.
- Updated the Board on the issues and concerns discussed during their meetings and made the necessary recommendations to the Board.

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### SUMMARY OF ACTIVITIES OF THE INTERNAL AUDIT FUNCTION DURING THE YEAR

The internal audit function of the Company has been outsourced to an independent professional firm, BDO Governance Advisory Sdn Bhd, which assists the ARGC in discharging its duties and responsibilities. They act independently and with due professional care and report directly to the ARGC.

The internal audit provides risk-based and objective assurance on the adequacy and effectiveness of the risk management, internal control and governance processes.

During the financial year ended 31 December 2021, the major activities carried out by the out-sourced internal audit were as follows:

- Performed risk-based internal audits as specified in the approved annual audit plan;
- Issued internal audit reports to the ARGC detailing audit issues and recommendations for corrective actions to be adopted by Management, to overcome the deficiencies or to enhance controls. The identified key internal audit areas performed in 2021 are the following:
  - Human Resource Function
  - Project Management for Project Cahaya Alam
- Report status of action plans arising from internal audit issues highlighted to ARGC; and
- Conducted follow-up on selected areas upon ARGC's request.

The costs incurred for the internal audit function for the financial year ended 31 December 2021 amounted to RM41,870.00.



## STATEMENT ON RISK MANAGEMENT & INTERNAL CONTROL

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The Board of Directors (the Board) is pleased to present its Statement on Risk Management and Internal Control for inclusion in the Annual Report 2021 of Encorp Berhad (ENCORP or Company).

This Statement serves to outline the nature and scope of risk management and internal control system of the Company and its subsidiaries (Group) for the financial year ended 31 December 2021 (FYE2021) and covers all of the Group's operations except for associate companies as guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers. This Statement is prepared pursuant to paragraph 15.26(b) of the Main Market Listing Requirements (MMLR) of Bursa Malaysia Securities Berhad (Bursa Securities) and Practice 10.1 for Principle B of the Malaysian Code on Corporate Governance (MCCG) 2021.

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### BOARD'S RESPONSIBILITY

The Board recognises and affirms its overall responsibility in maintaining a risk management framework and internal control systems within the Group as well as constantly to review the adequacy and integrity of the system to safeguard the assets of the Group as well as to protect shareholder's interest and investment. The system of risk management and internal control covers financial, operational, management information systems, organisational and compliance controls. The implementation of the control systems is undertaken by the management which regularly reports on identified risks and action taken to mitigate and/or minimise such risks. The oversight of these critical areas is carried out by the Board and assisted by the Risk Management Committee (RMC).

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The Group's risk management and internal control systems are designed to efficiently and effectively manage risks that may prevent the achievement of the Group's business objectives, and to provide information for accurate reporting, decision making and ensuring compliance with regulatory and statutory requirements. The Board also ensures that there is a robust framework on ongoing risk management processes in identifying, evaluating and managing significant risks faced by the Group to promote long-term success of the Group.

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In view of the limitations that are inherent in any systems of internal controls, the Board recognises that these systems can only manage rather than eliminate, the possibility of poor judgement in decision-making, human error, control process being deliberately circumvented by employees and others, management overriding controls and the occurrence of unforeseeable circumstances. Accordingly, it should be noted that these systems can only provide reasonable and not absolute assurance against material misstatement or loss. Nonetheless, in striving for continuous improvement, the Board will put in place appropriate actions plans, when necessary, to further enhance the Group's systems of risk management and internal control.

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During FYE2021, the RMC reviewed, appraised and assessed the controls and actions in place to mitigate and manage the overall Group's risk exposure, as well as raised issues of concerns and recommended mitigating actions. The RMC reports to the Audit, Risk and Governance Committee (ARGC) on a quarterly basis where key risks and mitigating actions are deliberated and implemented. The ARGC subsequently presents a summary of the respective key risks and action plans to the Board. Where there are internal controls and risk-related matters warranting the attention of the Board, these matters are recommended by the ARGC to the Board for its deliberation and decision.

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There is an ongoing process for identifying, evaluating and managing the significant risks faced by the Group in its achievement of objectives and strategies. The process has been in place during the year up to the date of approval of the annual report and is subject to review by the Board.

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## RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

The Group has a well-defined organisational structure which formally defines the lines of reporting, as well as the accountabilities and responsibilities of the respective functions within the Group and delegated authority limits by the Board. The corporate structure enhances the ability of each subsidiary or department, as the case may be, to focus on its assigned core or support functions within the Group. Key processes have been established in reviewing the adequacy and effectiveness of the risk management and internal control system.

### 1. RISK MANAGEMENT

The Board fully supports the contents of Practices 10.1 and 10.2 of the MCCG which call for the establishment of an effective risk management and internal control framework and the disclosure thereof.

The Group's risk management activities are governed by the Risk Management Policy and Risk Management Framework approved by the Board.

The Board has delegated the responsibility of risk management oversight and control to the ARG. However, the Board as a whole remains responsible for all the actions of the committee with regards to the execution of the delegated role. The ARG reviews the Group's enterprise-wide risk management framework and ensures effectiveness of process to identify, evaluate, control, report and manage risks. The Chairman of the ARG would inform the Directors of any salient matters noted by the ARG and which require the Board's notice or direction. Mandate and commitment from the Board and ARG are key contributors to the success factors in the implementation of enterprise risk management programmes.

The ARG is assisted by RMC, which consists of Group Chief Executive Officer (GCEO), risk managers and respective Heads of Department, is responsible for developing, executing and maintaining an effective risk management system, including the continual review process of identified risks and the effectiveness of mitigation strategies and controls. The periodic reporting to both the Board and ARG on the risk management activities undertaken by the RMC, keeps the Board and ARG apprised and advised of all aspect of the enterprise risk management, and significant risks and risk trends.

At operating unit level, risk owners are responsible for identifying risks that may have an impact on achieving their operational/financial and other business objectives. Gross risks are ranked accordingly, after taking into consideration of gross likelihood and gross impact should the risks occur, before they are ranked according to the residual risks, after taking into consideration the effectiveness of controls and action plans taken or proposed to be taken to mitigate such identified risks. Detailed action plans would then be implemented in order to manage such risks to an acceptable level.

Detailed Risk Registers are used to capture the identified key risks and controls information. The identified key risks and controls are assessed and categorised to highlight the source of risk, their impacts and the likelihood of occurrence. Risk profiles for the major departments are presented to the RMC for deliberation and approval for adoption.

The enterprise risk management processes are undertaken 4 times a year to assess and evaluate risks that may impede the Group from achieving its strategic and operational objectives, as well as developing action plans to mitigate such risks. The enterprise risk management reviews are carried out to address major risk areas of concern, if any from the perspectives of the environment, regulatory and legal governance, operational controls, financial, the customer, products and services, suppliers and human capital.

During the FYE2021, all risks identified by respective owners together with the controls and action plans undertaken or proposed to be undertaken to mitigate and manage the risk exposure are reviewed, appraised and assessed by RMC. Where applicable, the RMC had also raised other issues of concerns and recommended additional mitigation actions to further mitigate the risk exposure. RMC then reports the key risks and mitigations actions which have been deliberated and recommended to be implemented on a quarterly basis to ARG. After due deliberation, ARG would then present a summary of the key risks, mitigation actions and its recommendation to the Board for final endorsement.



Identified key risks of the group were assessed and recorded in the risk register for continuous monitoring. Being in the property and project development businesses, it is inherent that the group is facing with the key risks such as project progress challenges, increasing cost of construction, liquidity and sales.

ENCORP's assurance function such as internal auditors provide further independent assurance on the adequacy and effectiveness of risk management and internal control systems as part of their audit reviews. All reports relating to the risk management process are brought to the attention of the Board through the ARGC.

## 2. AUDIT

### • Internal Audit (IA) Function

The Group has outsourced its internal audit function to an independent professional firm, BDO Governance Advisory Sdn Bhd (BDO), which assists both the Board and ARGC by conducting independent assessment of the adequacy and operating effectiveness of the Group's internal control system. To ensure independence from Management, the internal audit function reports directly to the ARGC.

The Internal Audit function provides assurance to the ARGC through the internal audit reviews on various operating units within the Group based on the internal audit plan approved by the ARGC. Internal Audit also facilitates and evaluates the effectiveness of the governance, risk management and internal control framework and recommends enhancement, where appropriate, for the improvement of the control policies and procedures. Findings arising from these reviews are presented, together with Management's response and proposed action plans, to the ARGC. The ARGC receives reports on the Internal Audit findings and is updated regularly on issues that require further follow-up and rectification by management. Further details of the activities of the internal audit function are provided in the Audit, Risk and Governance Committee Report.

The RGD performed checks for due compliance by the respective operating units with Group's policies and procedures as well as the effectiveness and adequacy of the internal control systems and accordingly highlighted material audit findings, together with recommendations and proposed action plans.

### • External Auditors

The external auditors' annual audit strategy, audit plan, scope of work, and audit procedures for the financial year in relation to the audit services on the Group's financial statements as well as non-audit services are reviewed and approved by the ARGC. Further details on the oversight of the external auditors are set out in the Audit, Risk and Governance Committee Report.

### • Quality Management System

The Group's Property Division and its subsidiaries have been accorded ISO 9001:2015 Quality Management System (QMS) accreditation, demonstrating the Group's quest in consistently improving the strength of its internal controls. As part of the requirements of the certification, scheduled audits are conducted internally by the Compliance & Sustainability unit of the RGD as well as by auditors of the relevant certification bodies.

## OTHER INTERNAL CONTROL PROCESSES

Apart from risk management and audits, the Group's system of internal controls also comprises the following key elements:

### 1. INTEGRITY AND ETHICAL VALUES

The Board acknowledges that tone at the top is a prerequisite for an ethical corporate culture that shapes the Company's values and forms the bedrock for sustainable growth of the business. The Board is cognisant that ethical leadership has been made even more imperative with the operationalisation of corporate liability provision [vide the Malaysian Anti-Corruption Commission (Amendment) Act 2018] on 1 June 2020 which places the onus on Directors and Management to proactively avert corrupt practices through the establishment of adequate procedures and exercise of due diligence.

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Taking into account on the reform measure introduced by the corporate liability provision as well as the accompanying Guidelines and Adequate Procedures as released by National Centre for Governance, Integrity and Anti-Corruption, the Group will continue to reinforce its ethical framework which is currently composed of the following key components:

- **Code of Conduct and Business Ethics Guideline (the Code)**

The Code is a vital and an integral part of Group's governance framework as it defines the core principles and ethical standards in conducting business and engagement with all stakeholders besides reinforcing the need for compliance with relevant laws and regulations. All employees of the Group are called upon to adhere to the Code in carrying out their duties and responsibilities to guide them to observe high standards of personal and corporate integrity in their dealings with internal and external stakeholders. In addition, the Group has an Employee Handbook that guides the Group's employees in their day-to-day conduct, conducting themselves with integrity and objectivity and not be placed in a position of conflict of interest.

- **Whistleblowing Policy and Guideline**

The Whistleblowing Policy and Guideline has been established and implemented to provide an avenue for stakeholders of the Company to raise genuine concerns to designated recipients within the Group in a safe and confidential manner related to possible illegal actions, improprieties in relation to financial reporting, unethical conduct, potential breaches of business conduct, non-compliance with laws and regulatory requirements as well as other malpractices within the Group to the management without fear of retaliation. Avenues are also available for stakeholders to escalate bona fide concerns directly to the Chairman of ARGCC, especially if the report pertains to a member of Company's Management team. The Whistleblowing Policy and Guideline set out the protection accorded to whistleblowers who disclose such irregularities in good faith.

- **Anti-Bribery and Corruption Guideline**

The Anti-Bribery and Corruption Guideline (ABC) has been developed with the purpose of fulfilling the legal and regulatory requirements and sets out the overall position on bribery and corruption in all forms. The ABC guideline provide guidance to Director, employees or persons performing services for the Group on how to deal with common forms of bribery and corrupt activities, including but not limited to guidelines for and/or prohibitions against the following:

- Paying commissions and incentive payments;
- Paying unofficial facilitation fees;
- Giving kickbacks and gifts;
- Providing entertainment and hosting hospitality events;
- Making political donations and contributions; and
- Making donations, charitable support and sponsorships.

## 2. AUTHORITY AND RESPONSIBILITY

- **Organisation Structure**

The Group has a clear organisational structure which formally defines the lines of reporting, as well as the accountabilities and responsibilities of the respective functions within the Group. The corporate structure enhances the ability of each subsidiary or department, as the case may be, to focus on its assigned core or support functions within the Group.

- **Board Committees**

The Board has established several committees to assist in discharging its duties. These include the ARGCC and Nomination and Remuneration Committee. These Board Committees have been delegated with specific duties to review and consider all matters within their scope of responsibility as defined in their respective terms of reference.



- **Audit, Risk and Governance Committee**

The ARGC, with the assistance of the RMC, is responsible for providing an independent oversight of the implementation and operation of Group's risk management framework, policies and performs regular risk management assessments and through RGD, reviews the internal control procedure and processes, and evaluates the adequacy and effectiveness of the risk management and internal control system. The committee also seeks the observations of the independent external auditors of the Group, whenever required.

The ARGC also ensures that there are continuous efforts by Management to address and resolve areas with control weaknesses. Further details are set out in the Audit, Risk and Governance Committee Report.

- **Risk Management Committee**

The RMC is responsible for monitoring and performing regular reviews on the Group's risk management processes and for ascertaining if the enterprise-wide risk management framework approved by the Board is properly implemented throughout the Group's business and operations. The RMC reports directly to the ARGC. The RMC is chaired by the GCEO and includes representatives from all departments.

- **Nomination and Remuneration Committee**

This Committee assists the Board to,

- establish formal and transparent procedures for the appointment of new directors to the Board;
- identify, consider, assess and recommend new directors to the Board;
- develop the Group's remuneration policy and determine the remuneration package for the Company's directors holding executive positions;
- review and recommends the appropriate remuneration payable to each director for their services at the Board level as well as at the respective committees of the Board; and
- annually review the effectiveness of the Board as a whole (in relation to its size and composition) and the contribution of each individual Director (including Board Committees).

- **Management Committee (MC)**

The MC comprising key senior management personnel reports to the Board and is responsible for the development and effective implementation of strategic business plans for the Group in line with the strategic directions approved by the Board. The MC reports regularly to the Board on the progress of the execution of the strategic business plans approved by the Board with periodic financial and operational performance of the various business departments as well as other strategic, financial and operational matters.

- **Limits of Authority (LOA)**

LOA duly approved by the Board are prescribed to govern the authority limits granted to the designated personnel who are duly authorised to carry out their respective job responsibilities as well as to represent the Group in all official correspondences and documentations on behalf of the Group covering procurement, payments, investments, acquisitions and disposals. The LOA are reviewed periodically and updated in line with changes in the organisation to incorporate any changes that affect the authority limit.

### 3. PLANNING, MONITORING AND REPORTING

- **Performance, Monitoring and Reporting**

Regular, comprehensive and up-to-date information are conveyed to the Board and its committees of the Group including major subsidiaries covering finance, operations and other business indicators such as economic and market conditions at their monthly or periodic meetings, facilitating the monitoring of performance against the corporate strategy and business plans.

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#### • Performance Review

The preparation of periodic and annual results and the state of affairs of the Group are reviewed and approved by the Board before releasing the same to the regulators whilst the full year financial statements are audited by the external auditors before their issuance to the regulators and shareholders.

#### • Financial Budgeting

Annual budgets for the forthcoming year by departments and Group are prepared and submitted by each department in the Group for review by Senior Management prior to tabling to the Board for approval. Actual performance is reviewed against the budget with explanations provided for material variances. It provides the Board with comparative information to assess and monitor the performance of the Group.

### 4. POLICIES, PROCEDURES AND VALUES

- The Group's policies, procedures and guidelines are properly documented and have been put in place to ensure compliance with internal controls, relevant laws and regulations which are subject to periodic review and improvements, have been communicated to all levels and are easily accessible to all employees on the Company's intranet platform to ensure that all employees are aware of and will comply with them. Standard operating policies, procedures and guidelines are updated to reflect changes in processes or to resolve operational deficiencies. Instances of non-compliance with such policies and procedures are reported thereon by IA to ARGC.
- Proper guidelines for recruitment, selection and termination, compensation and benefits, code of conduct, human capital development and performance appraisal system based on the Group and individual Key Performance Indicators (KPIs), core values and competencies of personnel are in place. Employee engagements and customer satisfaction surveys, where applicable, are conducted to gain feedbacks for continuous improvement.
- The Group's Vision, Mission and Core Values, are shared and communicated to all levels of employees of the Group and are accessible on the Company's official website and intranet. The Code of Conduct & Ethics for Employees is available on Company's website at [www.encorp.com.my](http://www.encorp.com.my).
- Centralised controls of selected key functions of the Group include:
  - Project Management (including Planning & Design, Contracts, Liaison with Authorities);
  - Procurement and Tender;
  - Health, Safety and Environment;
  - Finance & Accounts (including Budget, Tax and Treasury);
  - Legal & Company Secretarial;
  - Sales & Marketing;
  - Mall Management (including Leasing & Marketing);
  - Human Resource & Administration;
  - Corporate Communications; and
  - Technology.

The centralisation of these key functions enables the Management to have a more effective and efficient control over of the Group's operations, whilst monitoring and managing the risks associated therewith.

### 5. COMMUNICATION AND INVESTOR RELATIONS

#### • Reporting to Shareholders and other Stakeholders

The Group has established processes and procedures to ensure that Quarterly and Annual Reports, which cover the Group's performance, are submitted to Bursa Malaysia Securities Berhad for release to shareholders and stakeholders on a timely basis. All quarterly results are reviewed by the Board prior to their announcements.

The Annual Report of the Group is issued to the shareholders within the stipulated time as prescribed under the MMLR of Bursa Securities.



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## INSURANCE COVERAGE AND SAFEGUARDING OF MAJOR ASSETS

As an entity with a diversified business portfolio, the Group faces exposure to various form of risks. Where possible, all such insurable risks relating to the Group's business operations, assets and employees are adequately insured in order to minimise any adverse financial impact.

Sufficient insurance coverage is in place to enable major assets to be adequately covered against mishaps, calamities and thefts that may result in material losses to the Group. The insurance coverage is reviewed at regular intervals to ensure its adequacy vis-à-vis the Group's risk appetite. At the same time, physical security measures are taken to safeguard these major assets. Information technology-based assets (software and hardware) are upgraded from time to time to mitigate the possibility of security breaches.

## MATERIAL JOINT VENTURES AND ASSOCIATES

The Group's system of internal control applies principally to ENCORP and its subsidiaries. Joint ventures have been excluded because the Group does not have full management and control over them.

This statement does not cover the risk management, and internal control framework and processes of the Group's material joint ventures and associates as these areas fall within the control of their shareholders and management.

The Group safeguards its interests in those entities by appointing representatives on their respective boards and in some cases, through their management or operational committees. The representatives provide the Board with performance-related information to enable informed and timely decision-making on the Group's investments in such companies.

It also important to note that the IA independently reviews the internal control systems to provide to the ARGC with sufficient assurance that the systems of internal control are effective to address the risks identified.

The Board is satisfied with the design of the control system and is of the view that the system which is in place for the year under review is sound and sufficient to safeguard shareholders' investment, customers' interest and the Group's assets.

## ASSURANCE FROM MANAGEMENT

In line with the Guidelines, the Management have provided the Board with reasonable assurance that the Group's existing risk management and internal control system are in place and operating adequately and effectively in all material aspects. All internal control weaknesses identified during the period under review have been or are being addressed. There were no major internal control weaknesses that require disclosure in the Annual Report. The Management has also committed to continuously review and take measures to strengthen the risk management and internal control system to ensure its adequacy and robustness.

## REVIEW OF THE STATEMENT BY EXTERNAL AUDITORS

As required by Paragraph 15.23 of the MMLR of Bursa Securities, the External Auditors of the Company, Messrs. Ernst & Young PLT, have performed limited assurance procedures on the Statement in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE3000 (Revised), Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and Audit and Assurance Practice Guide (AAPG) 3 - Guidance for Auditors on Engagements to report on the Statement on Risk Management and Internal Control included in this Annual Report issued by the Malaysian Institute of Accountants.

AAPG 3 does not require the external auditors to form an opinion on the adequacy and effectiveness of the risk management and internal controls system of the Group including the assessment and statements by the Board and management thereon. The external auditors are also not required to consider whether the processes described to deal with material internal control aspects of any significant problems disclosed in the annual report will, in fact, remedy the problems. The review by the external auditors was made solely for the benefit of the Board in connection with the compliance with the MMLR of Bursa Securities by the Company. The external auditors do not assume responsibility to any person other than the Board in respect of any aspect of their review.



Based on their review, Messrs. Ernst & Young PLT have reported to the Board that nothing has come to their attention that causes them to believe that the Statement included in this annual report is not prepared, in all material respects, in accordance with the disclosures required by Paragraphs 41 and 42 of Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, nor is the Statement factually inaccurate.

#### THE BOARD'S CONCLUSION

For the financial year under review and up to the date of issuance of this statement, the Board satisfied that the existing level of systems of risk management and internal control is effective to enable the Group to achieve its business objectives and there were no material losses, contingencies or uncertainties identified from the reviews resulted from significant control weaknesses that require additional disclosure in this Annual Report.

The Board also received assurance from the GCEO of the Company that the Group's enterprise risk management and internal control systems are operating adequately and effectively in all material aspects, based on the risk management and internal control system of the Company.

The Board will continue to monitor all major risks affecting the Group and will take the necessary measures to mitigate them and continue to enhance the adequacy and effectiveness of the Risk Management and Internal Control system of the Group.

This Statement on Risk Management and Internal Control was approved by the Board on 28 February 2022.



## STATEMENT OF DIRECTORS' RESPONSIBILITY



### On Annual Audited Financial Statements

The Directors have overall responsibility for preparing the annual audited financial statements. Under the Companies Act 2016, the Directors are required to prepare the financial statements in accordance with applicable approved accounting standards which give a true and fair view of the financial position as at the end of each financial year and the financial performance for each financial year of the Company and all its subsidiaries (Group).

In preparing the financial statements for the financial year ended 31 December 2021, the Directors have:

- adopted appropriate accounting policies and applied them consistently;
- used reasonable and prudent judgments and estimations;
- ensured that applicable approved accounting standards and statutory requirements have been followed; and
- prepared the financial statements on the going concern basis.

The Directors are also responsible for ensuring the Group properly keeps adequate accounting records that are sufficient to explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the financial statements comply with the relevant statutory requirements. The Directors have overall responsibility for taking reasonable steps to safeguard the assets of the Group and to prevent and detect frauds and other irregularities.

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## Directors' Report & Audited Financial Statements

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## Directors' report

The directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 December 2021.

## Principal activities

The principal activities of the Company are investment holding and provision of general management support services.

The principal activities and other information of the subsidiaries are disclosed in Note 16 to the financial statements.

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

## Results

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

	Group RM'000	Company RM'000
Loss, net of tax	(8,167)	(5,379)
Loss attributable to:		
Owners of the parent	(10,892)	(5,379)
Non-controlling interest	2,725	-
	(8,167)	(5,379)

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year have not been substantially affected by any item, transaction or event of a material and unusual nature other than as disclosed in Note 14, 29(b) and 36 to the financial statements.

## Reserves and provisions

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

## Dividends

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

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## Directors

The names of the directors of the Company in office since the beginning of the financial year and at the date of this report are:

Datuk Haji Jaafar Bin Abu Bakar  
 Mahadzir Bin Mustafa  
 Mohd Ali Bin Abd Karim (Appointed on 14 September 2021)  
 Datuk Shireen Ann Zaharah Binti Muhiudeen (Appointed on 14 September 2021)  
 Lukman Bin Abu Bakar (Appointed on 14 September 2021)  
 Hussein Bin Ismail (Retired on 10 September 2021)  
 Abdul Rahim Bin Abdul Hamid (Retired on 10 September 2021)

The names of the directors of the Company's subsidiaries since the beginning of the financial year to the date of this report, excluding those who are already listed above are:

Hajah Nor Azlina Binti Haji Amran  
 Hazurin Bin Harun (Appointed on 28 May 2021)  
 Ahmad Feruz Bin Izharuddin  
 Mohd Ibrahim Bin Masrakin (Resigned on 10 May 2021)  
 Ezzuddin Bin Hassan

## Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full time employee of the Company as shown below) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The Directors' benefits are as follows:

	<b>Group</b>	<b>Company</b>
	<b>RM'000</b>	<b>RM'000</b>
<b>Non-executive:</b>		
Fees	644	514
Allowances and other emoluments	72	58
	<u>716</u>	<u>572</u>

## Directors' interests

None of the directors in office at the end of the financial year had any interest in shares in the Company or its related companies.

## Holding company and body

The immediate holding company of the Company is Felda Investment Corporation Sdn. Bhd.. The Directors regard the Federal Land Development Authority ("FELDA"), a body set up under the Land Development Act 1956, as the ultimate holding body.



### Other statutory information

- (a) Before the financial statements of the Group and of the Company were prepared, the directors took reasonable steps:
- (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and have satisfied themselves that all known bad debts have been written off and that adequate allowance had been made for doubtful debts; and
  - (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which the Group and the Company might be expected so to realise.
- (b) At the date of this report, the directors are not aware of any circumstances:
- (i) the amount written off for any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and
  - (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.
- (c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.
- (d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.
- (e) At the date of this report, there does not exist:
- (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or
  - (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.
- (f) In the opinion of the directors:
- (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and
  - (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

### Indemnity and insurance for directors and officers

The Company maintains directors' liability insurance for purpose of Section 289 of the Companies Act 2016, throughout the year, which provides appropriate insurance cover of the directors of the Company. The amount of insurance premium paid during the year amounted to RM38,160.

### Significant events

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Note 14, 16, 29(b) and 36 to the financial statements.

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**Auditors and auditors' remuneration**

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

Auditors' remuneration is as follows:

	<b>Group RM'000</b>	<b>Company RM'000</b>
Ernst & Young PLT	<u>272</u>	<u>90</u>

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young PLT for the financial year ended 31 December 2021.

Signed on behalf of the Board in accordance with a resolution of the directors dated on 29 March 2022.

Mohd Ali Bin Abd Karim  
Director

Datuk Haji Jaafar Bin Abu Bakar  
Director



## Statement by directors

### Pursuant to Section 251(2) of the Companies Act 2016

We, Mohd Ali Bin Abd Karim and Datuk Haji Jaafar Bin Abu Bakar, being two of the directors of Encorp Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 119 to 214 are drawn up in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated on 29 March 2022.

Mohd Ali Bin Abd Karim  
Director

Datuk Haji Jaafar Bin Abu Bakar  
Director

## Statutory declaration

### Pursuant to Section 251(1)(b) of the Companies Act 2016

I, Seow Yoke Wei @ Seow Yoke Loong, being the officer primarily responsible for the financial management of Encorp Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 119 to 214 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared  
by the abovenamed Seow Yoke Wei @ Seow Yoke Loong  
at Petaling Jaya in the Selangor Darul Ehsan  
on 29 March 2022

Seow Yoke Wei @  
Seow Yoke Loong  
CA 21381

Before me,  
Wong Kai Fen (No. B456)  
Commissioner for Oaths

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**Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)**

**Report on the audit of the financial statements**

***Opinion***

We have audited the financial statements of Encorp Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 119 to 214.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and cash flows for the 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 audit 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 Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

***Key audit matters***

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

We have fulfilled the responsibilities described in the *Auditors' responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis of our audit opinion on the accompanying financial statements.



**Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)**

**Report on the audit of the financial statements (cont'd.)**

**Key audit matters (cont'd.)**

**a) Revenue and cost of sales from property development activities**

For the financial year ended 31 December 2021, revenue of RM76,081,000 and cost of sales of RM37,528,000 from property development activities (including sale of completed properties) account for approximately 52% and 86% of the total Group's revenue and cost of sales respectively.

The Group recognises revenue and profit from its property development activities by reference to the progress towards completion of a performance obligation that is satisfied over time. The amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects.

We identified revenue and cost of sales from property development activities recognised by reference to the progress towards completion as matters requiring audit focus as these are areas which involved significant management's judgement and estimates in estimating the total property development costs (which is used to determine the progress towards completion and gross profit margin of property development activities undertaken by the Group).

In assessing the appropriateness of the extent of costs incurred, total estimated costs of construction and total estimated revenue collectively, we have:

- Reviewed samples of sales and purchase agreements entered into with customers to obtain an understanding of the significant performance obligations, terms and conditions to be satisfied;
- Obtained an understanding of management's internal control over the revenue recognition process, including controls over the timing of revenue recognition and the estimation of property development costs, profit margin and progress towards completion of property development activities;
- Evaluated the assumptions applied in estimating the property development costs for property development phases on a sampling basis by examining documentary evidence such as letter of award issued to contractors to support the budgeted costs;
- Evaluated the actual property development costs incurred by examining documentary evidence such as contractors' progress claims and suppliers' invoices; and
- Assessed the mathematical accuracy of the calculation of progress towards completion in respect of revenue and profit recognised.

The Group's accounting policies and disclosures on property development activities based on percentage of completion method, are disclosed in Notes 2.15, 2.16, 2.21(a), 3(a), 3(b), 4, 5, and 15(b) respectively to the financial statements.

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**Independent auditors' report to the members of  
Encorp Berhad  
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**Report on the audit of the financial statements (cont'd.)**

**Key audit matters (cont'd.)**

**b) Valuation of investment properties**

As at 31 December 2021, the carrying amount of investment properties amounted to RM290,290,000 representing approximately 33% and 22% of the Group's total non-current assets and total assets respectively.

Investment properties are stated at fair value and any gain or loss arising from changes in the fair value are included in profit or loss in the year in which they arise. The Group has appointed an independent professional valuer to perform valuations on its investment properties. The valuations are based on assumptions including, amongst others, estimated rental value per square feet, expected market rental growth, void rate and discount rate.

We consider the valuation of the investment properties as an area of audit focus as such valuation involves significant judgement and estimates that are highly subjective.

Our procedures to address this area of focus include, amongst others, the following:

- Assessed the objectivity, independence, reputation, experience and expertise of the independent valuer;
- Reviewed the methodology adopted by the independent valuer in estimating the fair value of the investment properties and assessed whether such methodology is consistent with those used in the industry;
- Evaluated the appropriateness of the data used by the independent valuer as input into their valuations. We interviewed the external valuer, discussed and challenged the significant estimates and assumptions applied in their valuation process; and
- Assessed the adequacy of the disclosures of the Group's accounting policies, significant judgement and estimates, including the basis and assumptions used in determining the fair values of the investment properties.

The Group's accounting policies, significant judgement and estimates and disclosures on investment properties are disclosed in Notes 2.9, 3(d), 8, 14 and 32 respectively to the financial statements.

**c) Impairment of amount due from a subsidiary**

MFRS 9 Financial Instruments requires an entity to recognise a loss allowance for expected credit losses on financial assets that are measured at amortised cost, including amounts due from subsidiaries. Included in the amounts due from subsidiaries of the Company as at 31 December 2021 is an amount due from Encorp Development Pty. Ltd. ("EDPL") of RM50,252,000, net of accumulated impairment loss of RM32,050,000, resulting in a net carrying amount of RM18,202,000.

The Company performed an impairment review in respect of the amount due from EDPL by comparing the carrying amount of the asset and the present value of estimated future cash flows receivable from EDPL.

This is an area of audit focus as the determination of the quantum of the impairment loss is a subjective area due to the significant level of judgement and assumptions applied by management.



**Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)**

**Report on the audit of the financial statements (cont'd.)**

**Key audit matters (cont'd.)**

**c) Impairment of amount due from a subsidiary (cont'd.)**

Our procedures to address this area of focus included, amongst others, the following:

- Obtained an understanding of the relevant internal controls over the process of estimating the recoverable amount due from EDPL; and
- Evaluated the assumptions applied in the determination of the amount and timing of receipts from EDPL in light of the estimation of profits and the resulting cash flows to be derived from the operations of EDPL.

We also reviewed and assessed the adequacy of the disclosures in the financial statements relating to the impairment of the amount due from EDPL in Notes 8 and 18(c).

**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 Director's Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon, which we obtained prior to the date of this auditors' report, and the annual report, which is expected to be made available to us after the date of this auditors' report.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not and will 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 identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors of the Company and take appropriate action.

**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.

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**Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)**

**Report on the audit of the financial statements (cont'd.)**

***Responsibilities of the directors for the financial statements (cont'd.)***

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' responsibilities for the audit of the financial statements***

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

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

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of 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.



**Independent auditors' report to the members of  
Encorp Berhad  
(Incorporated in Malaysia)**

**Report on the audit of the financial statements (cont'd.)**

***Auditors' responsibilities for the audit of the financial statements (cont'd.)***

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

**Report on other legal and regulatory requirements**

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditors, is disclosed in Note 16 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.

Ernst & Young PLT  
202006000003 (LLP0022760-LCA) & AF 0039  
Chartered Accountants

Chuan Yee Yang  
No. 03489/03/2024 J  
Chartered Accountant

Kuala Lumpur, Malaysia  
29 March 2022

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**Statements of comprehensive income**  
**For the year ended 31 December 2021**

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue	4	146,704	134,117	3,840	4,320
Cost of sales	5	(43,617)	(41,773)	-	-
Gross profit		103,087	92,344	3,840	4,320
Other operating income	6	4,657	10,651	3,385	3,541
Selling and marketing expenses		(688)	(686)	-	(1)
Administrative expenses		(17,814)	(11,412)	(7,746)	(17,009)
Finance costs	7	(73,161)	(53,340)	(2,407)	(2,622)
Other operating expenses		(14,197)	(35,997)	(2,451)	(2,059)
Profit/(Loss) before tax	8	1,884	1,560	(5,379)	(13,830)
Income tax expense	11	(10,051)	(8,168)	-	(228)
Loss for the year		(8,167)	(6,608)	(5,379)	(14,058)
<b>Other comprehensive profit/(loss)</b>					
Foreign currency translation	26	908	(3,421)	-	-
<b>Total comprehensive loss for the year</b>		<b>(7,259)</b>	<b>(10,029)</b>	<b>(5,379)</b>	<b>(14,058)</b>
<b>(Loss)/Profit for the year attributable to:</b>					
Owners of the parent		(10,892)	(3,643)	(5,379)	(14,058)
Non-controlling interests		2,725	(2,965)	-	-
		<b>(8,167)</b>	<b>(6,608)</b>	<b>(5,379)</b>	<b>(14,058)</b>
<b>Total comprehensive profit/(loss) attributable to:</b>					
Owners of the parent		(9,984)	(7,064)	(5,379)	(14,058)
Non-controlling interest		2,725	(2,965)	-	-
		<b>(7,259)</b>	<b>(10,029)</b>	<b>(5,379)</b>	<b>(14,058)</b>
<b>Loss per share attributable to owners of the parent (sen per share)</b>					
Basic	12	<b>(3.44)</b>	<b>(1.18)</b>		



**Statements of financial position**  
**As at 31 December 2021**

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Assets</b>					
<b>Non-current assets</b>					
Property, plant and equipment	13	4,828	5,084	188	252
Investment properties	14	290,290	284,050	-	-
Land held for property development	15 (a)	17,034	36,683	-	-
Investment in subsidiaries	16	-	-	130,197	129,960
Intangible assets	17	79	14	78	9
Trade and other receivables	18	543,349	627,313	18,202	18,961
Right-of-use assets	19 (a)	17,597	19,622	17,368	19,196
Deferred tax assets	20	5,653	9,356	-	-
		<u>878,830</u>	<u>982,122</u>	<u>166,033</u>	<u>168,378</u>
<b>Current assets</b>					
Property development costs	15 (b)	5,553	15,253	-	-
Inventories	15 (c)	107,454	129,684	-	-
Trade and other receivables	18	106,811	128,912	72,078	75,852
Contract assets	22	29,031	343	-	-
Tax recoverable		1,227	1,294	-	-
Other investments	21	134,350	127,799	553	3,160
Other current assets	23	742	761	261	164
Cash and cash equivalents	24	44,951	29,892	237	1,081
		<u>430,119</u>	<u>433,938</u>	<u>73,129</u>	<u>80,257</u>
<b>Total assets</b>		<u>1,308,949</u>	<u>1,416,060</u>	<u>239,162</u>	<u>248,635</u>
<b>Equity and liabilities</b>					
<b>Equity attributable to owners of the parent</b>					
Share capital	25	399,016	399,016	399,016	399,016
Treasury shares	25	(327)	(327)	(327)	(327)
Other reserves	26	23,561	22,653	-	-
Accumulated losses		(68,501)	(57,609)	(252,657)	(247,278)
<b>Owners' equity</b>		<u>353,749</u>	<u>363,733</u>	<u>146,032</u>	<u>151,411</u>
Non-controlling interest		87,095	84,370	-	-
<b>Total equity</b>		<u>440,844</u>	<u>448,103</u>	<u>146,032</u>	<u>151,411</u>

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**Statements of financial position**  
**As at 31 December 2021 (cont'd.)**

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Non-current liabilities</b>					
Trade and other payables	27	18,387	17,668	-	-
Loans and borrowings	28	618,394	719,175	18,548	19,833
Deferred tax liabilities	20	4,664	1,422	-	-
		<u>641,445</u>	<u>738,265</u>	<u>18,548</u>	<u>19,833</u>
<b>Current liabilities</b>					
Trade and other payables	27	71,678	70,195	53,297	56,289
Other current liabilities	29	4,655	21,407	-	-
Contract liabilities	22	4,650	8,326	-	-
Loans and borrowings	28	143,784	127,329	21,285	21,102
Income tax payable		1,893	2,435	-	-
		<u>226,660</u>	<u>229,692</u>	<u>74,582</u>	<u>77,391</u>
<b>Total liabilities</b>		<u>868,105</u>	<u>967,957</u>	<u>93,130</u>	<u>97,224</u>
<b>Total equity and liabilities</b>		<u>1,308,949</u>	<u>1,416,060</u>	<u>239,162</u>	<u>248,635</u>

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Consolidated statement of changes in equity  
For the year ended 31 December 2021

	Attributable to owners of the parent					
	Non-distributable					
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Other reserves (Note 26) RM'000	Accumulated losses RM'000	Total RM'000	Non-controlling interest RM'000
						Total equity RM'000
At 1 January 2021	399,016	(327)	22,653	(57,609)	363,733	84,370
						448,103
(Loss)/Profit for the year	-	-	-	(10,892)	(10,892)	2,725
Other comprehensive profit	-	-	908	-	908	-
Total comprehensive profit/(loss)	-	-	908	(10,892)	(9,984)	2,725
						(7,259)
At 31 December 2021	399,016	(327)	23,561	(68,501)	353,749	87,095
						440,844



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**Consolidated statement of changes in equity**  
For the year ended 31 December 2021 (cont'd.)

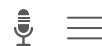
	Attributable to owners of the parent					Total equity RM'000
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Other reserves (Note 26) RM'000	Accumulated losses RM'000	Non-controlling interest RM'000	
<b>At 1 January 2020</b>	397,280	(327)	2,902	(53,966)	87,335	433,224
Loss for the year	-	-	-	(3,643)	(2,965)	(6,608)
Other comprehensive loss	-	-	(3,421)	-	-	(3,421)
<b>Total comprehensive loss</b>	-	-	(3,421)	(3,643)	(2,965)	(10,029)
Waiver of amounts due to the ultimate holding body	-	-	23,172	-	-	23,172
Private placement exercise, representing transaction with owners (Note 25)	1,736	-	-	-	-	1,736
<b>At 31 December 2020</b>	399,016	(327)	22,653	(57,609)	84,370	448,103

The accompanying accounting policies and explanatory information form an integral part of the financial statements.

Company statement of changes in equity  
For the year ended 31 December 2021

	Non-distributable			
	Share capital (Note 25) RM'000	Treasury shares (Note 25) RM'000	Accumulated losses RM'000	Total RM'000
At 1 January 2021	399,016	(327)	(247,278)	151,411
Loss for the year	-	-	(5,379)	(5,379)
At 31 December 2021	399,016	(327)	(252,657)	146,032
At 1 January 2020	397,280	(327)	(233,220)	163,733
Private placement exercise (Note 25)	1,736	-	-	1,736
Loss for the year	-	-	(14,058)	(14,058)
At 31 December 2020	399,016	(327)	(247,278)	151,411

The accompanying accounting policies and explanatory information form an integral part of the financial statements.





**Statements of cash flows**
**For the year ended 31 December 2021**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from operating activities</b>				
Profit/(Loss) before tax	1,884	1,560	(5,379)	(13,830)
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	340	422	100	175
Depreciation of right-of-use assets	2,025	1,983	1,828	1,828
Amortisation of intangible assets	13	62	9	56
Interest expense	73,161	53,340	2,407	2,622
Distribution income from money market investment securities	(3,157)	(3,435)	(26)	(105)
Loss/(Gain) on fair value of investment securities	782	236	1	(2)
Gain on disposal of property, plant and equipment	(50)	-	(50)	-
Interest income	(231)	(2,751)	(3,303)	(3,344)
Deposit forfeited	(80)	(286)	-	-
Provision for short-term accumulating compensated absences	237	243	77	98
Net changes in fair value of investment properties	7,688	19,000	-	-
Inventories written down	4,131	1,322	-	-
Expected credit losses on:				
- trade receivables	1,388	646	360	1,791
- other receivables	74	27	507	12,452
Impairment on intangible assets	-	7,404	-	-
Land held for development written down	-	1,159	-	-
Impairment on investment in subsidiary	-	-	513	-
Unrealised foreign exchange loss/(gain)	1,272	(4,872)	1,272	(4,872)
Effects of modification on liabilities at amortised costs	(96)	(1,396)	-	-
Liquidated and ascertained damages	-	1,810	-	-
Reversal of liquidated and ascertained damages	(51)	-	-	-
Reversal of expected credit losses:				
- trade receivables	(973)	(248)	(419)	-
- other receivables	(882)	-	(885)	-
Impairment on other investments	-	4,645	-	-
Development expenditure written off	-	2,497	-	-
<b>Operating cash flows before working capital changes carried forward</b>	<b>87,475</b>	<b>83,368</b>	<b>(2,988)</b>	<b>(3,131)</b>



## Statements of cash flows

For the year ended 31 December 2021 (cont'd.)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Cash flows from operating activities (cont'd.)</b>				
Operating cash flows before working capital changes brought forward (cont'd.)	87,475	83,368	(2,988)	(3,131)
Changes in working capital:				
Land held for development and development expenditure	29,349	(528)	-	-
Inventories	4,171	8,077	-	-
Trade and other receivables	105,864	55,669	3,698	859
Contract assets and contract liabilities	(32,364)	9,254	-	-
Other current assets	19	(380)	(97)	(31)
Trade and other payables	2,363	(39,159)	(3,069)	4,492
Other current liabilities	(16,701)	5,059	-	-
Cash generated from/(used in) operations	180,176	121,360	(2,456)	2,189
Interest paid	(47,346)	(51,544)	(1,229)	(1,382)
Income taxes paid	(4,179)	(2,599)	-	-
<b>Net cash flows generated from/ (used in) operating activities</b>	<b>128,651</b>	<b>67,217</b>	<b>(3,685)</b>	<b>807</b>
<b>Cash flows from investing activities</b>				
Purchase of property, plant and equipment (Note (a))	(84)	(208)	(36)	(108)
Purchase of intangible assets (Note (a))	(78)	(10)	(78)	(10)
Proceeds from disposal of property, plant and equipment	50	-	50	-
(Investment in)/Withdrawal of other investments	(7,333)	(1,729)	2,632	(3,053)
Investment in subsidiary	-	-	(750)	-
Interest received	3,388	2,751	3,303	3,344
<b>Net cash flows (used in)/generated from investing activities</b>	<b>(4,057)</b>	<b>804</b>	<b>5,121</b>	<b>173</b>

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**Statements of cash flows**
**For the year ended 31 December 2021 (cont'd.)**

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
<b>Cash flows from financing activities</b>				
Proceeds from issuance of ordinary shares	-	1,736	-	1,736
(Placement)/Withdrawal of deposits	(22)	214	-	-
Drawdown of loans and borrowings (Note (b))	11,978	14,651	-	-
Repayment of loans and borrowings (Note (b))	(119,700)	(94,500)	-	-
Repayment of principal portion of lease liabilities (Note (b))	(2,495)	(2,448)	(2,280)	(2,279)
<b>Net cash flow used in financing activities</b>	<b>(110,239)</b>	<b>(80,347)</b>	<b>(2,280)</b>	<b>(543)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>14,355</b>	<b>(12,326)</b>	<b>(844)</b>	<b>437</b>
Effect of exchange rate changes on cash and cash equivalents	682	(3,421)	-	-
<b>Cash and cash equivalents at beginning of year</b>	<b>27,121</b>	<b>42,868</b>	<b>1,081</b>	<b>644</b>
<b>Cash and cash equivalents at end of year (Note 24)</b>	<b>42,158</b>	<b>27,121</b>	<b>237</b>	<b>1,081</b>

(a) Property, plant and equipment and intangible assets were acquired by way of the following:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Cash	162	218	114	118

**Statements of cash flows****For the year ended 31 December 2021 (cont'd.)**

- (b) Reconciliation of movement of liabilities to cash flows arising from financing activities.

The movement of borrowings in the statements of cash flow is as follows:

**At 31 December 2021**

Group	As at 1 January 2021	Net changes from financing cash flows	Others/ Non-cash changes	As at 31 December 2021
Loans and borrowings (Note 28)	825,134	(107,722)	24,692	742,104
Lease liabilities (Note 19(b))	21,370	(2,495)	1,199	20,074
Total liabilities from financing activities	846,504	(110,217)	25,891	762,178

**Company**

Loans and borrowings (Note 28)	20,000	-	-	20,000
Lease liabilities (Note 19(b))	20,935	(2,280)	1,178	19,833
Total liabilities from financing activities	40,935	(2,280)	1,178	39,833

**At 31 December 2020****Group**

Loans and borrowings (Note 28)	878,062	(79,849)	26,921	825,134
Lease liabilities (Note 19(b))	22,005	(2,448)	1,813	21,370
Total liabilities from financing activities	900,067	(82,297)	28,734	846,504

**Company**

Loans and borrowings (Note 28)	20,000	-	-	20,000
Lease liabilities (Note 19(b))	21,974	(2,279)	1,240	20,935
Total liabilities from financing activities	41,974	(2,279)	1,240	40,935

The accompanying accounting policies and explanatory information form an integral part of the financial statements.



## Notes to the financial statements

### 31 December 2021

#### 1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 45-1, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan. The principal place of business of the Company is located at No. 45-G, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

The principal activities of the Company are investment holding and provision of general management support services. The principal activities of the subsidiaries are disclosed in Note 16.

The immediate holding company of the Company is Felda Investment Corporation Sdn. Bhd.. The Directors regard the FELDA, a body set up under the Land Development Act 1956, as the ultimate holding body.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 29 March 2022.

#### 2. Summary of significant accounting policies

##### 2.1 Basis of preparation

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

The financial statements of the Group and of the Company have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

##### Considerations in respect of COVID-19 (coronavirus) and the current economic environment

The COVID-19 pandemic continued to be a worldwide concern in year 2021 with the emergence of new variants of the virus.

On 11 January 2021, the Malaysian government re-introduced the Movement Control Order ("MCO") from 13 January 2021 to 4 March 2021 due to an increase in Coronavirus cases in December 2020 and January 2021, followed by a Conditional Movement Control Order ("CMCO") until 17 May 2021. On 28 May 2021, the Government of Malaysia announced that a nationwide full MCO ("FMCO") would be reinstated from 1 June 2021 to 14 June 2021. The FMCO was subsequently extended to 28 June 2021. On 27 June 2021, the FMCO was revised to Phase 1 of the National Recovery Plan ("NRP"). On 1 July 2021, most of Selangor and some localities in Kuala Lumpur were announced to be placed under Enhanced MCO ("EMCO") from 3 July 2021 to 16 July 2021.

The EMCO was revised to Phase 1 of the NRP starting 17 July 2021. The Government of Malaysia has announced the transition of NRP in Selangor, Kuala Lumpur and Putrajaya to Phase Two effective 10 September 2021, Phase Three on 1 October 2021 and Phase Four on 18 October 2021.

The Group and the Company have taken into consideration the COVID-19 impact and the current economic environment on the basis of preparation of the financial statements. The directors continue to consider it appropriate to adopt the going concern basis of accounting in preparing the financial statements.

**2. Summary of significant accounting policies (cont'd.)****2.2 Adoption of new and revised pronouncements**

As of 1 January 2021, the Group and Company have adopted the following pronouncements that are applicable and have been issued by the MASB as listed below:

**Effective for annual periods beginning on or after 1 January 2021**

Amendments to MFRS 16	Covid-19 Related Rent Concessions (Amendments to MFRS 16 Leases)
Amendments to MFRS 9, MFRS 139, MFRS 7, MFRS 4 and MFRS 16	Interest Rate Benchmark Reform - Phase 2 (Amendments to MFRS 9 Financial Instruments, MFRS 139 Financial Instruments: Recognition and Measurement, MFRS 7 Financial Instruments: Disclosures, MFRS 4 Insurance Contracts, and MFRS 16 Leases)

The application of these amendments did not have any material impact on the Group's and the Company's current period or any prior period and is not likely to affect future periods financial statements.

**2.3 Standards issued but not yet effective**

The Group and the Company have not adopted the following standards and interpretations that have been issued but are not yet effective:

**Effective for annual periods beginning on or after 1 January 2022:**

Amendments to MFRS 1	Annual Improvements to MFRS Standards 2018–2020
Amendments to MFRS 3	Reference to the Conceptual Framework (Amendments to MFRS 3 Business Combinations)
Amendments to MFRS 9	Annual Improvements to MFRS Standards 2018–2020
Amendments to MFRS 116	Property, Plant and Equipment—Proceeds before Intended Use (Amendments to MFRS 116 Property, Plant and Equipment)
Amendments to MFRS 137	Onerous Contracts—Cost of Fulfilling a Contract (Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets)
Amendments to MFRS 141	Annual Improvements to MFRS Standards 2018–2020

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## 2. Summary of significant accounting policies (cont'd.)

### 2.3 Standards issued but not yet effective (cont'd.)

The Group and the Company have not adopted the following standards and interpretations that have been issued but are not yet effective: (cont'd.)

#### Effective for annual periods beginning on or after 1 January 2023:

MFRS 17	Insurance Contracts
Amendments to MFRS 17	Initial Application of MFRS 17 and MFRS 9—Comparative Information (Amendment to MFRS 17 Insurance Contracts)
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current (Amendments to MFRS 101 Presentation of Financial Statements)
Amendments to MFRS 101	Disclosure of Accounting Policies (Amendments to MFRS 101)
Amendments to MFRS 108	Definition of Accounting Estimates (Amendments to MFRS 108)
Amendments to MFRS 112	Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to MFRS 112)

#### Deferred:

Amendments to MFRS 10 and MFRS 128	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture Associate or Joint Venture (Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates and Joint Venture)
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The directors expect that the adoption of the above standards will have no significant impact to the financial statements in the period of initial application.

### 2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries as at 31 December 2021. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (such as existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.



## 2. Summary of significant accounting policies (cont'd.)

### 2.4 Basis of consolidation (cont'd.)

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with other vote holder(s) of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

### 2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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

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## 2. Summary of significant accounting policies (cont'd.)

### 2.5 Business combinations and goodwill (cont'd.)

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit ("CGU") and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### 2.6 Foreign currency

#### (a) Functional and presentation currency

The Group's consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the parent company's functional currency. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency. The Group uses the direct method of consolidation and on disposal of a foreign operation, the gain or loss that is reclassified to profit or loss reflects the amount that arises from using this method.

#### (b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment in a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recognised in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss are recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).





## 2. Summary of significant accounting policies (cont'd.)

### 2.6 Foreign currency (cont'd.)

#### (b) Transactions and balances (cont'd.)

In determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of advance consideration.

#### (c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is reclassified to profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

### 2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Group and the Company and the cost of an item can be measured reliably.

Subsequent to recognition, property, plant and equipment except for freehold land are stated at cost net of accumulated depreciation and accumulated impairment losses, if any. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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## 2. Summary of significant accounting policies (cont'd.)

### 2.7 Property, plant and equipment (cont'd.)

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Motor vehicles	5 years
Office equipment, furniture and fittings	5 - 10 years
Office renovation	10 years
Buildings	50 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### 2.8 Leases

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

For a contract that contains a lease component and non-lease components, the Group and the Company allocate the consideration in the contract to each lease and non-lease component on the basis of their relative stand alone prices.

#### As a lessee

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



## 2. Summary of significant accounting policies (cont'd.)

### 2.8 Leases (cont'd.)

#### As a lessee (cont'd.)

##### (i) Right-of-use assets

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

Office premise	15 years
Office equipment, furniture and fittings	3 years

If ownership of the leased asset transfers to the Group and the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. The policy for the recognition and measurement of impairment losses is in accordance with Note 2.11.

##### (ii) Lease liabilities

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

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## 2. Summary of significant accounting policies (cont'd.)

### 2.8 Leases (cont'd.)

#### As a lessee (cont'd.)

##### (ii) Lease liabilities (cont'd.)

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

##### (iii) Short-term leases and leases of low-value assets

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

#### As a lessor

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

### 2.9 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on an annual valuation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee or internal appraisals by the directors.



## 2. Summary of significant accounting policies (cont'd.)

### 2.9 Investment properties (cont'd.)

A property interest under an operating lease is classified and accounted for as an investment property on a property-by-property basis when the Group holds it to earn rentals or for capital appreciation or both. Any such property interest under an operating lease classified as an investment property is carried at cost.

Investment properties are derecognised either when they have been disposed of (i.e. at the date the recipient obtains control) or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition. The amount of consideration to be included in the gain or loss arising from the derecognition of investment property is determined in accordance with the requirements for determining the transaction price in MFRS 15.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property, plant and equipment, set out in Note 2.7 up to the date of change in use.

### 2.10 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

#### Computer software

The Group and the Company have developed the following criteria to identify computer software to be classified as intangible asset:

- software or license that is embedded in computer-controlled equipment, including operating system that cannot operate without that specific software is an integral part of the related hardware and is treated as property and equipment; and
- application software that is being used on a computer is generally easily replaced and is not an integral part of the related hardware and is classified as intangible asset.

Computer softwares considered to have finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the other intangible asset may be impaired. The amortisation period and the amortisation method for other intangible assets with finite useful lives are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on other intangible assets with finite lives is recognised in the statement of profit or loss in the expense category that is consistent with the function of the intangible assets.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

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## 2. Summary of significant accounting policies (cont'd.)

### 2.11 Impairment of non-financial assets

The Group and the Company assess the carrying amounts of the Group's and the Company's non-financial assets, other than deferred tax assets and inventories for completed properties, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group and the Company estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash generating unit ("CGU's") fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group and the Company base its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. A long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.



## 2. Summary of significant accounting policies (cont'd.)

### 2.12 Financial assets

#### Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through OCI, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's and the Company's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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

#### Subsequent measurement

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

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

#### Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Group and the Company. The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

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

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## 2. Summary of significant accounting policies (cont'd.)

### 2.12 Financial assets (cont'd.)

#### Financial assets at amortised cost (debt instruments) (cont'd.)

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

The Group's and the Company's financial assets at amortised cost include trade receivables, sundry receivables, contract assets and cash and cash equivalents included under other non-current financial assets.

#### Financial assets at fair value through OCI (debt instruments)

The Group and the Company measure debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group does not have debt instruments at fair value through OCI.

#### Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.



## 2. Summary of significant accounting policies (cont'd.)

### 2.12 Financial assets (cont'd.)

#### Financial assets at fair value through profit or loss (cont'd.)

This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's and the Company's statement of financial position) when:

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

When the Group and the Company have transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group and the Company continue to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group and the Company also recognise an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group and the Company have retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

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## 2. Summary of significant accounting policies (cont'd.)

### 2.13 Impairment of financial assets

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

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

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

The Group and the Company consider a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group and the Company may also consider a financial asset to be in default when internal or external information indicates that the Group and the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group and the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### 2.14 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- The cost of unsold properties comprises cost associated with the acquisition of land, direct costs and appropriate proportions of common costs; and
- The cost of trading goods is determined using the purchase costs on a first-in-first-out basis.

#### (a) Land held for property development

Land held for property development (classified within non-current assets) comprise land banks which are in the process of being prepared for development but have not been launched, or where development activities are not expected to be completed within the normal operating cycle. Such land is classified within non-current assets and is stated at the lower of cost or net realisable value.





## 2. Summary of significant accounting policies (cont'd.)

### 2.15 Inventories (cont'd.)

#### (a) Land held for property development (cont'd.)

Cost associated with the acquisition of land includes the purchase price of the land, professional fees, stamp duties, commissions, conversion fees and other relevant levies.

Land held for property development is reclassified as property development costs at the point when development activities have commenced and where it can be demonstrated that the development activities can be completed within the normal operating cycle.

#### (b) Property development costs

Property development costs comprise all costs that are directly attributable to development activities or that can be allocated on a reasonable basis to such activities.

Where the financial outcome of a development activity can be estimated reliably, property development revenue and expenses are recognised in profit or loss by using the stage of completion method. The stage of completion is determined by the proportion that property development costs incurred for work performed to date bear to the estimated total property development costs.

Where the financial outcome of a development activity cannot be estimated reliably, property development revenue is recognised only to the extent of property development costs incurred that are likely to be recoverable. Property development costs are recognised as expenses in the period in which they are incurred.

Incremental costs of obtaining a contract with a customer are recognised as assets if the entity expects to recover those costs. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

Any expected loss on a development project, including costs to be incurred over the defects liability period, is recognised as an expense immediately.

Property development costs not recognised as an expense are recognised as an asset, which is measured at the lower of cost and net realisable value.

The excess of revenue recognised in profit or loss over billings to purchasers is classified as contract assets and the excess of billings to purchasers over revenue recognised in profit or loss is classified as contract liabilities.

#### (c) Completed properties

Costs comprise costs of acquisition of land including all related costs incurred subsequent to the acquisition necessary to prepare the land for its intended use, related development costs to projects and direct building costs.

Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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## 2. Summary of significant accounting policies (cont'd.)

### 2.16 Contract assets and Contract liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer when that right is conditioned on something other than the passage of time, for example, billings require certification by the customer. Upon receipt of such certification from a customer, the amount recognised as contract assets is reclassified to trade receivables. Contract assets are subject to impairment assessment.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue or other income when the Group performs the contract.

### 2.17 Provisions

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

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

### 2.18 Financial liabilities

#### Initial recognition and measurement

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

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. Refer to the accounting policy on leases for the initial recognition and measurement of lease liabilities, as this is not in the scope of MFRS 9.

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



## 2. Summary of significant accounting policies (cont'd.)

### 2.18 Financial liabilities (cont'd.)

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

##### (a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group and the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

##### (b) Other financial liabilities

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

Other financial liabilities are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

After initial recognition of loans and borrowings, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

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## 2. Summary of significant accounting policies (cont'd.)

### 2.18 Financial liabilities (cont'd.)

#### Derecognition

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

#### Offsetting of financial instruments

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

### 2.19 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Capitalisation of borrowing costs will cease when the qualifying assets are ready for their intended use. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### 2.20 Employee benefits

#### (a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company.

Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur and they lapse if the current period's entitlement is not used in full and do not entitle employees to a cash payment for unused entitlement on leaving the Group.



## 2. Summary of significant accounting policies (cont'd.)

### 2.20 Employee benefits (cont'd.)

#### (b) Defined contribution plans

The Group and the Company participate in the national pension schemes as defined by the laws of the countries in which it has operations. The Malaysian companies in the Group and the Company make contributions to the Employee Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

### 2.21 Revenue recognition

Revenue is recognised when or as a performance obligation in the contract with customer is satisfied, i.e. when the "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation is a promise to transfer a distinct goods or service (or a series of distinct goods or services that are substantially the same and that have the same pattern of transfer) to the customer that is explicitly stated in the contract and implied in the Group's and the Company's customary business practices.

Revenue is measured at the amount of consideration to which the Group and the Company expect to be entitled in exchange for transferring the promised goods or services to the customers, excluding amounts collected on behalf of third parties such as taxes. If the amount of consideration varies due to discounts, rebates, refunds, credits, incentives, penalties or other similar items, the Group and the Company estimate the amount of consideration to which it will be entitled based on the expected value or the most likely outcome. If the contract with customer contains more than one performance obligation, the amount of consideration is allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services promised in the contract.

The revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The control of the promised goods or services may be transferred over time or at a point in time. The control over the goods or services is transferred at point in time unless one of the following overtime 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; or
- 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.

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**2. Summary of significant accounting policies (cont'd.)****2.21 Revenue recognition (cont'd.)****(a) Property development**

Contracts with buyers may include multiple promises to buyers and therefore accounted for as separate performance obligations. In this case, the transaction price will be allocated to each performance obligation based on the standalone selling prices. When these are not directly observable, they are estimated based on expected cost plus margin.

The revenue from property development is measured at the fixed transaction price agreed under the sale and purchase agreement.

Revenue from property development is recognised as and when the control of the asset is transferred to the buyer and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the asset that will be transferred to the buyer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at point in time. The Group recognises revenue from property development over time if it creates an asset with no alternative use to the Group, and the Group has an enforceable right to payment for performance completed to date. Revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation (i.e. by reference to the property development costs incurred to date as a percentage of the estimated total costs of development of the project). The input method depicts the Group's progress of performance in the assets created which has no alternative use to the Group. Otherwise, revenue is recognised at a point in time when the buyer obtains control of the asset.

Revenue from sales of vacant land is recognised upon delivery of vacant land where the control of the vacant land has been transferred to the buyer.

**(b) Construction contracts**

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments. Under the terms of the contracts, the Group has an enforceable right to payment for performance completed to date and that the customer controls the assets during the course of construction by the Group and that the construction services performed does not create an asset with an alternative use to the Group.



## 2. Summary of significant accounting policies (cont'd.)

### 2.21 Revenue recognition (cont'd.)

#### (b) Construction contracts (cont'd.)

Revenue from construction contracts is recognised progressively over time based on the percentage of completion by using the cost-to-cost method ("input method"), based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. Work done is measured based on external certification of project activities. Full provision is made for any foreseeable losses which is offset against revenue. There is no significant financing component in construction contracts with customers as the period between the recognition of revenue under the percentage of completion and the milestone payment is generally less than one year.

#### (c) Sale of completed properties

Revenue from the sale of completed properties are recognised when the performance obligation in the contract with customer is satisfied (i.e. when the control of the asset underlying the particular performance obligation is transferred to the customer).

Revenue from the sale of completed properties are recognised upon handing over of vacant possession where control of the asset has been transferred to the customer. Revenue is recognised based on the price specified in the contract, net of rebates and discounts.

#### (d) Concession income

Concession income is recognised when the performance obligation has been performed and fulfilled (i.e. when the ownership has passed upon the completion and handover of each unit of the teachers' quarters to the Government).

Pursuant to the Privatisation Agreement, the concession income is payable by the Government from the completion and handover of each cluster of the teachers' quarters up to the end of the concession period ("the residual concession period").

Accordingly, the Group is compensated with deferred payment income over time in accordance to the Privatisation Agreement. The concession will expire in the year 2028.

#### (e) Interest income

Interest income is recognised using the effective interest method.

#### (f) Distribution income

Distribution income from money market investment security is recognised when the Group receives the distribution voucher from the investment security.

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## 2. Summary of significant accounting policies (cont'd.)

### 2.21 Revenue recognition (cont'd.)

#### (g) Dividend income

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

#### (h) Management fees

Revenue from management fee is recognised when performance of services are completed, net of taxes and discounts.

#### (i) Rental income

Rental income is recognised on a straight-line basis over the lease term. The aggregate cost of incentives provided to lessees is recognised as a reduction of rental income over the lease term on a straight-line basis.

### 2.22 Taxes

#### (a) Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group and the Company operate and generate taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### (b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and



## 2. Summary of significant accounting policies (cont'd.)

### 2.22 Taxes (cont'd.)

#### (b) Deferred tax (cont'd.)

Deferred tax liabilities are recognised for all temporary differences, except: (cont'd.)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

The Group offsets deferred tax assets and deferred tax liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

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## 2. Summary of significant accounting policies (cont'd.)

### 2.23 Equity instruments

#### (a) Share capital and share issuance expenses

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

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

#### (b) Treasury shares

When shares of the Company, that have not been cancelled, recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares. When treasury shares are reissued by resale, the difference between the sales consideration and the carrying amount is recognised in equity.

### 2.24 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group and the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group and the Company.

### 2.25 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life of the asset, based on the pattern of consumption of the benefits of the underlying asset by equal annual instalments.





## 2. Summary of significant accounting policies (cont'd.)

### 2.26 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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group and the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset 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.

The Group and the Company use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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## 2. Summary of significant accounting policies (cont'd.)

### 2.27 Current versus non-current classification

The Group and the Company present assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- (i) Expected to be realised or intended to be sold or consumed in normal operating cycle;
- (ii) Held primarily for the purpose of trading;
- (iii) Expected to be realised within twelve months after the reporting period; or
- (iv) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- (i) It is expected to be settled in normal operating cycle;
- (i) It is held primarily for the purpose of trading;
- (ii) It is due to be settled within twelve months after the reporting period; or
- (iii) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

## 3. Significant accounting judgements and estimates

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

In the process of applying the Group's accounting policies, management did not make any significant judgement which may have significant effect on the amount recognised in the financial statements.

### Key sources of estimation uncertainty

The key assumptions 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 are discussed below:

#### (a) Property development

The Group uses percentage of completion method to recognise revenue and profit from its property development activities. The amount of revenue and profit recognised are dependent on, amongst others, the extent of costs incurred to the total estimated costs of construction to derive at the percentage of completion, the actual number of units sold and the estimated total revenue for each of the respective projects. These areas involve significant judgement and estimates in estimating the total property development costs (which is used to determine the percentage of completion and gross profit margin of property development activities undertaken by the Group).

The revenues, cost of sales, carrying amounts of assets and liabilities of the Group arising from property development activities are disclosed in Notes 4, 5, 15(a) and 15(b).



### 3. Significant accounting judgements and estimates (cont'd.)

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

The key assumptions 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 are discussed below: (cont'd.)

#### (b) Provision for affordable housing

Provision for affordable housing is recognised for anticipated losses to be incurred for the development of low cost housing under the requirements of the local Government attributable to a premium housing project. The Group is of the view that the expected costs should be accrued progressively as and when the premium housing is constructed. 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 development of premium housing based on the following conditions:

- The master and building plans are approved;
- The developer commenced development; and
- Sales of the affordable housing are controlled, whereby eligibility of buyers is dictated by the authority and the developer has no ability to impose selling price higher than what the authority dictates.

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.

In the prior year, the Group had entered into a Development Rights Agreement ("DRA") with certain parties related to the non-controlling interest of the Group to transfer the development rights to develop affordable housing. The DRA is conditional and subject to the fulfilment of certain conditions precedent ("CPs"). These CPs have been fulfilled during the year. Consequently, the provision for affordable housing has been derecognised as at 31 December 2021, as disclosed in Note 29(b).

#### (c) Provision for expected credit losses ("ECL") of trade and other receivables and contract assets

When measuring ECL, the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other. Where these assumptions are not readily available, the ECL 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 effective interest rate.

Significant estimate is required in determining the impairment of trade and other receivables and contract assets. Impairment loss measured based on expected credit loss model is based on assumptions on risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation based on the Group's past collection records, existing market conditions as well as forward looking estimates as of the end of the reporting period. Details are disclosed in Note 18(c).

#### (d) Fair value adjustments of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine the fair values as disclosed in Notes 14 and 32. The key assumptions in determining the fair values of investment properties, including the sensitivity analysis of key assumptions are disclosed in Note 32.

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#### 4. Revenue

Revenue of the Group and of the Company consists of the following:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<u>Derived from third parties</u>				
Sale of development properties	68,719	47,999	-	-
Concession income	66,038	72,744	-	-
Sale of completed properties	7,362	9,055	-	-
Rental income	4,585	4,319	-	-
<u>Derived from related companies</u>				
Management fees from subsidiaries	-	-	3,840	4,320
	<u>146,704</u>	<u>134,117</u>	<u>3,840</u>	<u>4,320</u>
<b>Timing and recognition</b>				
Revenue recognised:				
- At a point in time	7,362	9,055	-	-
- Over time	139,342	125,062	3,840	4,320
	<u>146,704</u>	<u>134,117</u>	<u>3,840</u>	<u>4,320</u>

Revenue expected to be recognised in the future relating to performance obligations that are unsatisfied (or partially satisfied) as at the reporting date, are as follows:

Group	2021 RM'000	2020 RM'000
Sale of development properties:		
Within one year	67,383	38,081
More than one year less than two years	2,583	-
	<u>69,966</u>	<u>38,081</u>

#### 5. Cost of sales

	Group	
	2021 RM'000	2020 RM'000
Property development costs (Note 15(b))	42,673	35,869
Development expenditure written off (Note 15(a))	-	2,497
Costs of completed properties *	(5,145)	(3,345)
Mall operating expenses	4,380	4,831
Consultancy service	1,709	1,921
	<u>43,617</u>	<u>41,773</u>

**5. Cost of sales (cont'd.)**

\* As disclosed in Note 29(b), the provision for affordable housing of RM15,995,000 was derecognised during the year. The net credit in the current year includes the effects of the reversal of provision for affordable housing amounting to RM9,154,000, while the reversal of the remaining RM6,841,000 is adjusted as a reduction against the property development costs, and reflected in the profit or loss based on the percentage of completion of the related premium housing phases.

The net credit in the prior year relates to the costs savings arising from the finalisation of amounts due to certain contractors.

**6. Other operating income**

Included in other operating income are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(Loss)/Gain on fair value adjustment of investment securities	(4)	4	(1)	2
Rental income	752	934	-	-
Interest income				
- At amortised cost	231	2,751	3,303	3,344
Distribution income from money market investment securities	3,157	3,435	26	105
Amounts recovered:				
- other receivables	-	7	-	-
Gain on disposal of property, plant and equipment	50	-	50	-
Deposit forfeited	80	286	-	-
Grant income #	106	218	1	86
Effects of modification on other liabilities at amortised costs	96	1,396	-	-

# Being amount received pursuant to the wage subsidy program by the Government of Malaysia.

**7. Finance costs**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Interest expense of financial liabilities that are not at fair value through profit or loss:				
- Sukuk Murabahah	67,042	73,441	-	-
- Bank credit facilities, bank loans and bank overdrafts	4,509	4,703	847	900
Sub-total	71,551	78,144	847	900



**7. Finance costs (cont'd.)**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Sub-total (cont'd.)	71,551	78,144	847	900
- Unwinding of discount on other liabilities at amortised costs*	29	1	-	-
- Interest on advances from immediate holding company	382	482	382	482
- Interest charged by third party	-	1,296	-	-
- Reversal of interest on accretion of deferred payment to ultimate holding body @	-	(27,847)	-	-
Interest expenses on lease liabilities	1,199	1,264	1,178	1,240
	<u>73,161</u>	<u>53,340</u>	<u>2,407</u>	<u>2,622</u>

\* The recognition of time value of money of financial liabilities of the Group at amortised cost.

@ In the prior year, the effects of the reversal of the interest on accretion of deferred payment to FELDA, the ultimate holding body, was accounted for in profit or loss while the waiver of the cumulative amounts due to FELDA was accounted for as an equity transaction, following the execution of the settlement agreement entered into by a subsidiary of the Group, Encorp Bukit Katil Sdn. Bhd. with FELDA.

**8. Profit/(Loss) before tax**

The following items have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Auditors' remuneration:				
- current year	254	254	80	80
- other service	18	18	10	10
Expected credit losses:				
- trade receivables (Note 18(c))	1,388	646	360	1,791
- other receivables (Note 18(c))	74	27	507	12,452
Depreciation of:				
- property, plant and equipment (Note 13)	340	422	100	175
- right-of-use assets (Note 19(a))	2,025	1,983	1,828	1,828
Amortisation of intangible assets (Note 17)	13	62	9	56
Loss on fair value of investment properties (Note 14)	7,688	19,000	-	-

**8. Profit/(Loss) before tax (cont'd.)**

The following items have been included in arriving at profit/(loss) before tax: (cont'd.)

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Loss/(Gain) on fair value adjustment of investment securities	782	236	1	(2)
Impairment loss on:				
- intangible assets (Note 17)	-	7,404	-	-
- Investment in subsidiary (Note 16)	-	-	513	-
Inventories written down	4,131	1,322	-	-
Gain on disposal of property, plant and equipment	(50)	-	(50)	-
Operating lease - minimum lease payments on:				
- premises	-	-	450	450
- equipment	84	131	71	84
- others	2	8	1	2
Reversal of expected credit losses:				
- trade receivables (Note 18(c))	(973)	(248)	(419)	-
- other receivables (Note 18(c))	(882)	-	(885)	-
Unrealised loss/(gain) on foreign exchange	1,272	(4,872)	1,272	(4,872)
(Reversal of)/Liquidated and ascertained damages (Note 29(a))	(51)	1,810	-	-
Impairment on other investments (Note 21)	-	4,645	-	-
Development expenditure written off (Note 15(a))	-	2,497	-	-
Land held for development written down (Note 15(a))	-	1,159	-	-

**9. Employee benefits expense**

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
Wages and salaries	7,231	5,820	3,567	3,172
Social security contributions	66	63	31	33
Contributions to defined contribution plan	863	781	429	418
Provision of short term accumulating compensated absences (Note 27(c))	237	243	77	98
Other benefits	1,372	1,517	885	1,042
	9,769	8,424	4,989	4,763

**10. Directors' remuneration**

The details of remuneration receivable by directors of the Group and of the Company during the financial year were as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Non-executive:</b>				
Fees	644	698	514	564
Allowances and other emoluments	72	89	58	79
Total directors' remuneration	<u>716</u>	<u>787</u>	<u>572</u>	<u>643</u>

**11. Income tax expense**

The major components of income tax expense/(credit) for the years ended 31 December 2021 and 2020 are:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
<b>Statement of profit or loss:</b>				
<b>Current income tax:</b>				
- Malaysian income tax	4,774	5,503	-	-
- Over provision in prior years	(1,668)	(768)	-	-
	<u>3,106</u>	<u>4,735</u>	<u>-</u>	<u>-</u>
<b>Deferred income tax (Note 20):</b>				
- Relating to origination and reversal of temporary differences	5,783	3,417	-	228
- Under provision in prior years	1,162	16	-	-
	<u>6,945</u>	<u>3,433</u>	<u>-</u>	<u>228</u>
Income tax expense	<u>10,051</u>	<u>8,168</u>	<u>-</u>	<u>228</u>

**11. Income tax expense (cont'd.)**Reconciliation between tax and accounting profit

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The reconciliation of income tax expense/(credit) and the product of accounting profit/(loss) multiplied by the applicable corporate tax rate for the years ended 31 December 2021 and 2020 are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit/(Loss) before tax	1,884	1,560	(5,379)	(13,830)
Tax expense/(credit) at Malaysian statutory tax rate of 24%	452	374	(1,291)	(3,319)
Different tax rates in other countries	(38)	(343)	-	-
<u>Adjustments:</u>				
Non-deductible expenses	6,572	4,991	304	3,729
Income not subject to tax	(997)	(7,129)	(6)	(26)
Deferred tax assets not recognised	4,270	8,367	993	(156)
Over provision of tax expense in prior years:				
- current taxation	(1,668)	(768)	-	-
- deferred tax	1,162	16	-	-
Deferred tax recognised at different tax rate	298	2,660	-	-
Income tax expense recognised in profit or loss	10,051	8,168	-	228

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## 12. Loss per share

### (a) Basic

Basic loss per share amounts are calculated by dividing loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

The following table reflects the loss and share data used in the computation of basic loss per share for the years ended 31 December:

	2021 RM'000	2020 RM'000
Loss for the year attributable to owners of the parent used in the computation of basic loss per share	(10,892)	(3,643)
	<b>Number of Shares</b>	
	2021 '000	2020 '000
Weighted average number of ordinary shares for basic loss per share computation*	316,299	308,236

\* The weighted average number of shares takes into account the weighted average effect of changes in ordinary shares transactions and net of treasury shares.

	2021 sen	2020 sen
Basic loss per share	(3.44)	(1.18)

### (b) Diluted

Diluted loss per share amounts are calculated by dividing profit/(loss) for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

At the date of this report, the Company has no other dilutive potential ordinary shares. Accordingly, the diluted loss per share is not presented.



**13. Property, plant and equipment**

Group	Motor vehicles RM'000	Office equipment, furniture and fittings RM'000	Office renovation RM'000	Buildings RM'000	Total RM'000
<b>At 31 December 2021</b>					
<b>Cost</b>					
At 1 January 2021	720	2,698	3,898	5,070	12,386
Additions	-	84	-	-	84
Disposals	(288)	-	-	-	(288)
At 31 December 2021	432	2,782	3,898	5,070	12,182
<b>Accumulated depreciation</b>					
At 1 January 2021	720	2,048	3,751	783	7,302
Recognised in profit or loss (Note 8)	-	161	78	101	340
Disposals	(288)	-	-	-	(288)
At 31 December 2021	432	2,209	3,829	884	7,354
<b>Net carrying amount</b>					
At 31 December 2021	-	573	69	4,186	4,828
<b>At 31 December 2020</b>					
<b>Cost</b>					
At 1 January 2020	720	2,490	3,898	5,070	12,178
Additions	-	208	-	-	208
At 31 December 2020	720	2,698	3,898	5,070	12,386
<b>Accumulated depreciation</b>					
At 1 January 2020	720	1,897	3,581	682	6,880
Recognised in profit or loss (Note 8)	-	151	170	101	422
At 31 December 2020	720	2,048	3,751	783	7,302
<b>Net carrying amount</b>					
At 31 December 2020	-	650	147	4,287	5,084

**13. Property, plant and equipment (cont'd.)**

Company	Office renovation RM'000	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
<b>At 31 December 2021</b>				
<b>Cost</b>				
At 1 January 2021	2,766	642	1,484	4,892
Additions	-	-	36	36
Disposals	-	(288)	-	(288)
At 31 December 2021	2,766	354	1,520	4,640
<b>Accumulated depreciation</b>				
At 1 January 2021	2,715	642	1,283	4,640
Recognised in profit or loss (Note 8)	41	-	59	100
Disposals	-	(288)	-	(288)
At 31 December 2021	2,756	354	1,342	4,452
<b>Net carrying amount</b>				
At 31 December 2021	10	-	178	188
<b>At 31 December 2020</b>				
<b>Cost</b>				
At 1 January 2020	2,766	642	1,376	4,784
Additions	-	-	108	108
At 31 December 2020	2,766	642	1,484	4,892
<b>Accumulated depreciation</b>				
At 1 January 2020	2,603	642	1,220	4,465
Recognised in profit or loss (Note 8)	112	-	63	175
At 31 December 2020	2,715	642	1,283	4,640
<b>Net carrying amount</b>				
At 31 December 2020	51	-	201	252

Included in property, plant and equipment of the Group are two units of terrace shop offices amounting to RM4,183,000 (2020: RM4,284,000) which have been pledged as a fixed charge for term loans and revolving credit facilities as disclosed in Note 28(b).

**14. Investment properties**

Investment properties comprising shopping mall, shop office and car park units, are held either to earn rental income or for capital appreciation or for both. The investment properties are classified as Level 3 in the fair value hierarchy as disclosed in Note 32.

At fair value	Shopping Mall RM'000	Terrace Shop office RM'000	Car park RM'000	Total RM'000
<b>Group</b>				
At 1 January 2020	183,000	120,050	-	303,050
Fair value adjustments (Note 8)	(19,000)	-	-	(19,000)
At 31 December 2020 and 1 January 2021	164,000	120,050	-	284,050
Transferred from inventories	-	-	7,800	7,800
Fair value adjustments	-	(1,560)	-	(1,560)
At 31 December 2021	164,000	118,490	7,800	290,290
<b>Fair value for financial reporting purposes</b>				
Market value as estimated by the professional external valuer	164,000	118,490	7,800	290,290

**Transfer of inventories to investment properties**

On 20 December 2021, the Group transferred 516 car park units from inventories to investment properties due to the change in use of the car park units for generating investment income for the Group.

A fair value loss of RM6,128,000 was recognised on the difference between the fair value of the car park units and their previous carrying amount upon the transfer. In arriving the market value of property, the Group has adopted comparison method and investment method. The valuer considered the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value together with the capitalisation of the net annual income stream that is expected to be received from property after deducting annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalisation rate.

	2021 RM'000
Cost of car park units transferred from inventories	13,928
Fair value loss on the car park units	(6,128)
Fair value of car park units	7,800

As at 31 December 2021, there was no further change in the fair value of the car park units.

**14. Investment properties (cont'd.)**

The following properties have been pledged as security for borrowings:

- (i) 9 units of terrace shop offices are charged as security for term loans and revolving credit facilities as disclosed in Note 28(b), 28(e) and 28(f); and
- (ii) Shopping mall included in the investment properties has been pledged as security for bank loan as disclosed in Note 28(b).

**15. Inventories**

		Group	
	Note	2021 RM'000	2020 RM'000
<b>Non-current</b>			
Land held for property development (at cost)	(a)	17,034	36,683
<b>Current</b>			
Property development cost (at cost)	(b)	5,553	15,253
Properties held for sale (at lower of cost and net realisable value)	(c)	107,454	129,684
		113,007	144,937
Total inventories at the lower of cost and net realisable value		130,041	181,620

**(a) Land held for property development**

Group	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
<b>At 31 December 2021</b>				
<b>Cost</b>				
At 1 January 2021	21,664	13,867	14,300	49,831
Addition	-	-	405	405
Transfer to property development cost (Note 15(b))	-	(10,180)	(9,664)	(19,844)
Exchange differences	(3,541)	-	-	(3,541)
At 31 December 2021	18,123	3,687	5,041	26,851
<b>Accumulated write-down to net realisable value</b>				
At 1 January 2021	(13,148)	-	-	(13,148)
Exchange differences	3,331	-	-	3,331
At 31 December 2021	(9,817)	-	-	(9,817)
<b>Carrying amount</b>				
At 31 December 2021	8,306	3,687	5,041	17,034



## 15. Inventories (cont'd.)

## (a) Land held for property development (cont'd.)

Group	Freehold land RM'000	Leasehold land RM'000	Development expenditure RM'000	Total RM'000
<b>At 31 December 2020</b>				
<b>Cost</b>				
At 1 January 2020	20,061	397,265	95,283	512,609
Addition	-	-	554	554
Transfer to property development cost (Note 15(b))	-	(3,398)	(3,484)	(6,882)
Derecognition arising from settlement agreement entered into with ultimate holding body	-	(380,000)	(75,556)	(455,556)
Development expenditure written off (Note 5 and Note 8)	-	-	(2,497)	(2,497)
Exchange differences	1,603	-	-	1,603
At 31 December 2020	21,664	13,867	14,300	49,831
<b>Accumulated write-down to net realisable value</b>				
At 1 January 2020	(11,028)	-	-	(11,028)
Charge to profit or loss (Note 8)	(1,159)	-	-	(1,159)
Exchange differences	(961)	-	-	(961)
At 31 December 2020	(13,148)	-	-	(13,148)
<b>Carrying amount</b>				
At 31 December 2020	8,516	13,867	14,300	36,683

In prior year, the capitalisation of cumulative accretion of amount due to FELDA has been derecognised following the execution of the settlement agreement entered into with FELDA.

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**15. Inventories (cont'd.)**
**(b) Property development costs**

Group	Freehold land RM'000	Leasehold land (Note (ii)) RM'000	Development expenditure (Note (i)) RM'000	Total RM'000
<b>At 31 December 2021</b>				
<b>Cumulative property development costs</b>				
At 1 January 2021	26,127	18,175	529,003	573,305
Costs incurred during the year	-	-	13,129	13,129
Transferred from land held for property development (Note 15(a))	-	10,180	9,664	19,844
At 31 December 2021	26,127	28,355	551,796	606,278
<b>Cumulative costs recognised in profit or loss</b>				
At 1 January 2021				(558,052)
Recognised during the year				(42,673)
At 31 December 2021				(600,725)
<b>Property development costs at 31 December 2021</b>				<b>5,553</b>
<b>At 31 December 2020</b>				
<b>Cumulative property development costs</b>				
At 1 January 2020	26,127	14,777	546,521	587,425
Costs incurred during the year	-	-	36,862	36,862
Transfer from land held for property development (Note 15(a))	-	3,398	3,484	6,882
Unsold units transferred to inventories	-	-	(57,864)	(57,864)
At 31 December 2020	26,127	18,175	529,003	573,305



## 15. Inventories (cont'd.)

## (b) Property development costs (cont'd.)

Group	Total RM'000
<b>At 31 December 2020</b>	
<b>Cumulative costs recognised in profit or loss</b>	
At 1 January 2020	(520,522)
Recognised during the year	(37,530)
At 31 December 2020	<u>(558,052)</u>
<b>Property development costs at 31 December 2020</b>	<u>15,253</u>

## Recognition of property development costs to profit or loss

	2021 RM'000	2020 RM'000
Property development costs recognised to profit or loss	42,673	37,530
Liquidated and ascertained damages	-	(1,677)
Contract assets	-	16
Total cost of sales (Note 5)	<u>42,673</u>	<u>35,869</u>

## (i) Development expenditure

Included in development expenditure is the cost to obtain contracts relating to commission fee paid to intermediaries as a result of obtaining property sales contracts. These costs are grouped separately and are charged out to cost of sales based on stage of completion method.

	2021 RM'000	2020 RM'000
As at 1 January	489	-
Cost incurred during the year	2,889	1,160
Recognised during the year	(2,185)	(671)
At 31 December	<u>1,193</u>	<u>489</u>

**15. Inventories (cont'd.)**
**(b) Property development costs (cont'd.)**
**(i) Development expenditure (cont'd.)**

Included in development expenditure are the interior decoration costs as a result of entering into contracts with customers. These costs are grouped separately and are recognised in the statements of profit or loss when the control is transferred to the recipient.

	2021 RM'000	2020 RM'000
As at 1 January	-	1,723
Unsold units transferred to inventories	-	(1,723)
At 31 December	-	-

**(ii) Leasehold land**

The leasehold land held for development was purchased from Perbadanan Kemajuan Negeri Selangor ("PKNS") in prior years. Upon execution of the sale and purchase agreement, the document of title to the properties will be transferred directly from PKNS to the end purchasers.

In prior year, part of the leasehold land for property development with carrying value of RM14,307,000 was pledged as security for a bank loan as disclosed in Note 28(d).

**(c) Properties held for sale**

	Group 2021 RM'000	2020 RM'000
At cost	52,462	107,823
At net realisable value	54,992	21,861
	107,454	129,684

Properties held for sale with a carrying amount of RM14,420,000 (2020: RM14,783,000) is charged as security for term loan facilities as disclosed in Note 28(c).

In prior year, properties held for sale with a carrying amount RM2,060,000 were charged as security for revolving credit as disclosed in Note 28(h).

Properties held for sale of RM4,292,000 (2020: RM4,292,000) are charged as security for revolving credit facilities as disclosed in Note 28(g).

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**16. Investment in subsidiaries**

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interests	
				2021	2020	2021	2020
Encorp Facilities Management Sdn. Bhd.	750	Malaysia	Facilities management services provider	100	100	-	-
<b>Subsidiaries of Encorp Construction &amp; Infrastructure Sdn. Bhd.</b>							
Encorp Systembilt Sdn. Bhd.	50,000	Malaysia	Concessionaire to build and transfer teachers' quarters to the Government of Malaysia	100	100	-	-
Encorp Construction & Engineering Sdn. Bhd.	1,000	Malaysia	General trading	100	100	-	-





## 16. Investment in subsidiaries (cont'd.)

(a) Details of the subsidiaries are as follows: (cont'd.)

Name of subsidiaries	Share capital RM'000	Country of incorporation	Principal activities	Proportion (%) of ownership interest		Proportion (%) of ownership interest held by non-controlling interests	
				2021	2020	2021	2020
Subsidiaries of Encorp Must Sdn. Bhd.							
Must Ehsan Development Sdn. Bhd.	15,000	Malaysia	Property development	70	70	30	30
Encorp Development Sdn. Bhd.	250	Malaysia	Property development	100	100	-	-
Encorp Iskandar Development Sdn. Bhd.	2,750	Malaysia	Property development	100	100	-	-
Encorp Bukit Katil Sdn. Bhd.	@	Malaysia	Property development	100	100	-	-
Subsidiaries of Must Ehsan Development Sdn. Bhd.							
Red Carpet Avenue Sdn. Bhd.	@	Malaysia	Investment holding	100	100	-	-
Encorp Strand Mall Sdn. Bhd.	2,500	Malaysia	Property investment	100	100	-	-
Encorp Parking Sdn. Bhd.	@	Malaysia	Property investment	100	100	-	-

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**16. Investment in subsidiaries (cont'd.)**

(a) Details of the subsidiaries are as follows: (cont'd.)

- ^ This entity has no statutory audit requirement
  - + Represents paid-up capital of one hundred (100) ordinary shares of 1 Australian Dollar each
  - @ Represents paid-up capital of two (2) ordinary shares
- (i) On 27 November 2021, the Company acquired additional 748,998 shares in its subsidiary, Encorp Facilities Management Sdn. Bhd. ("EFMSB") for a cash consideration of RM748,998.

An impairment loss of RM513,000 has been recognised in respect of the Company's cost of investment in EFMSB. As the subsidiary is inactive, it was determined that the net assets of EFMSB as at 31 December 2021 would approximate the recoverable amount of this investment.

(b) Non-controlling interest in subsidiaries

Summarised financial information of Must Ehsan Development Sdn. Bhd. ("MEDSB") and its subsidiaries ("MEDSB Group") which have 30% non-controlling interest that are material to the Group is set out below. The summarised financial information presented below is the amount after incorporating inter-company elimination.

(i) Summarised statements of financial position - MEDSB Group

	2021 RM'000	2020 RM'000
Non-current assets	306,361	320,295
Current assets	163,123	167,453
Total assets	469,484	487,748
Current liabilities	138,269	157,385
Non-current liabilities	40,899	49,131
Total liabilities	179,168	206,516
Net assets	290,316	281,232
Non-controlling interests	87,095	84,370

(ii) Summarised statements of comprehensive income - MEDSB Group

	2021 RM'000	2020 RM'000
Revenue	79,069	63,368
Profit/(Loss) for the year	9,083	(9,883)
Profit/(Loss) representing total comprehensive income/ (expense) attributable to the non-controlling interest	2,725	(2,965)

**16. Investment in subsidiaries (cont'd.)****(b) Non-controlling interests in subsidiaries (cont'd.)****(iii) Summarised cash flows - MEDSB group**

	2021 RM'000	2020 RM'000
Net cash generated from/(used in) operating activities	39,635	(13,463)
Net cash used in investing activities	(9,953)	(9,741)
Net cash (used in)/generated from financing activities	(12,930)	9,239
Net increase/(decrease) in cash and cash equivalents	16,752	(13,965)
Cash and cash equivalents at beginning of the year	24,525	38,490
	41,277	24,525

**17. Intangible assets**

Group	Goodwill on consolidation RM'000	Computer software RM'000	Total RM'000
<b>Cost</b>			
At 1 January 2020, 31 December 2020 and 1 January 2021	197,003	2,130	199,133
Additions	-	78	78
At 31 December 2021	197,003	2,208	199,211
<b>Accumulated amortisation and impairment</b>			
At 1 January 2020	189,599	2,054	191,653
Amortisation (Note 8)	-	62	62
Impairment (Note 8)	7,404	-	7,404
At 31 December 2020 and 1 January 2021	197,003	2,116	199,119
Amortisation (Note 8)	-	13	13
At 31 December 2021	197,003	2,129	199,132
<b>Net carrying amount</b>			
At 31 December 2020	-	14	14
At 31 December 2021	-	79	79

**17. Intangible assets (cont'd.)**

Company	Computer software RM'000
<b>Cost</b>	
At 1 January 2020, 31 December 2020 and 1 January 2021	1,382
Additions	78
At 31 December 2021	1,460
<b>Accumulated amortisation</b>	
At 1 January 2020	1,317
Amortisation (Note 8)	56
At 31 December 2020 and 1 January 2021	1,373
Amortisation (Note 8)	9
At 31 December 2021	1,382
<b>Net carrying amount</b>	
At 31 December 2020	9
At 31 December 2021	78

**18. Trade and other receivables**

Group	Note	2021 RM'000	2020 RM'000
<b>Current</b>			
<b>Trade receivables</b>			
Amount due from third parties	(a)	20,532	47,668
Concession income receivables	(b)	78,149	76,324
		98,681	123,992
Expected credit losses	(c)	(2,176)	(2,226)
Trade receivable, net		96,505	121,766
<b>Other receivables</b>			
Amount due from holding company	(d)	53	53
Deposits		5,221	5,250
Sundry receivables		5,133	1,870
		10,407	7,173
Expected credit losses	(c)	(101)	(27)
Other receivable, net		10,306	7,146
Total current receivables		106,811	128,912



## 18. Trade and other receivables (cont'd.)

Group	Note	2021 RM'000	2020 RM'000
<b>Non-current</b>			
<b>Trade receivables</b>			
Concession income receivables	(b)	543,349	627,313
<b>Other receivables</b>			
Long term receivables	(e)	47,579	48,461
Expected credit losses	(c)	(47,579)	(48,461)
		-	-
Total non-current receivables, net		543,349	627,313
<b>Total trade and other receivables</b>		650,160	756,225
<b>Company</b>			
<b>Current</b>			
<b>Trade receivables</b>			
Amount due from:			
- third parties	(a)	70	70
- subsidiaries	(d)	9,711	8,379
		9,781	8,449
Expected credit losses	(c)	(2,969)	(3,028)
Trade receivable, net		6,812	5,421
<b>Other receivables</b>			
Amount due from:			
- subsidiaries	(d)	80,988	85,838
- holding company	(d)	53	53
Deposits		690	691
Sundry receivables		37	30
		81,768	86,612
Expected credit losses	(c)	(16,502)	(16,181)
Other receivable, net		65,266	70,431
Total current receivables		72,078	75,852
<b>Non-current</b>			
<b>Other receivables</b>			
Long term receivables			
- third party	(e)	38,320	39,019
- amount due from subsidiary	(d)	50,252	51,011
		88,572	90,030
Expected credit losses	(c)	(70,370)	(71,069)
Total non-current receivables, net		18,202	18,961
<b>Total trade and other receivables</b>		90,280	94,813

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**19. Trade and other receivables (cont'd.)**
**(a) Trade receivables**
Ageing analysis of trade receivables

Ageing analysis of the Group's and Company's trade receivables from third parties are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>	<b>RM'000</b>
Current	3,899	32,730	-	-
1 to 30 days past due	677	1,409	-	-
31 to 60 days past due	1,935	4,046	-	-
61 days to 90 days past due	6,809	1,428	-	-
91 days to 120 days past due	1,288	514	-	-
121 days to 365 days past due	3,748	5,315	-	-
	<u>18,356</u>	<u>45,442</u>	<u>-</u>	<u>-</u>
<b>Credit impaired</b>				
Individually impaired	2,176	2,226	70	70
	<u>20,532</u>	<u>47,668</u>	<u>70</u>	<u>70</u>

Trade receivables are non-interest bearing and are generally on 7 to 60 days (2020: 7 to 60 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

**(b) Concession income receivables**

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Concession income receivables:		
Within 1 year	136,779	148,177
More than 1 year and less than 2 years	136,779	136,779
More than 2 years and less than 5 years	410,338	410,338
More than 5 years	148,193	284,972
	<u>832,089</u>	<u>980,266</u>
Unearned income	(210,591)	(276,629)
	<u>621,498</u>	<u>703,637</u>
Concession income receivables analysed as:		
Due within one year	78,149	76,324
Due after one year	543,349	627,313
	<u>621,498</u>	<u>703,637</u>

The Group's normal trade credit term on concession income receivables is 21 days (2020: 21 days). The entire concession income receivables are pledged to the holders of the Sukuk Murabahah as disclosed in Note 28(a).

**18. Trade and other receivables (cont'd.)****(b) Concession income receivables (cont'd.)**

As at reporting date, the Group has a significant concentration of credit risk of 96% (2020: 93%) relating to the concession income receivables. The entire concession income receivables are due from the Government of Malaysia.

**(c) Allowance for expected credit losses**

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses ("ECL"). The expected credit losses on trade and other receivables are estimated by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date. Where these assumptions are not readily available, the ECL 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 effective interest rate.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period.

**Movement in allowance accounts for trade receivables:**

Group	2021 RM'000	2020 RM'000
At 1 January	2,226	2,042
Expected credit losses (Note 8)		
- Individually assessed	1,388	646
- Reversal of expected credit losses	(973)	(248)
Written off	(465)	(214)
At 31 December	<u>2,176</u>	<u>2,226</u>
<b>Company</b>		
At 1 January	3,028	1,237
Expected credit losses (Note 8)		
- Individually assessed	360	1,791
- Reversal of expected credit losses	(419)	-
At 31 December	<u>2,969</u>	<u>3,028</u>

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**18. Trade and other receivables (cont'd.)**
**(c) Allowance for expected credit losses (cont'd.)**
**Movement in allowance accounts for other receivables:**

Group	2021 RM'000	2020 RM'000
At 1 January	48,488	48,461
Expected credit losses (Note 8)		
- Individually assessed	74	27
- Reversal of expected credit losses	(882)	-
At 31 December	<u>47,680</u>	<u>48,488</u>

**Company**

At 1 January	87,250	74,798
Expected credit losses (Note 8)		
- Individually assessed (Note (i))	507	12,452
- Reversal of expected credit losses	(885)	-
At 31 December	<u>86,872</u>	<u>87,250</u>

- (i) Included in the amounts due from subsidiaries of the Company as at 31 December 2021 is an amount due from Encorp Development Pty. Ltd. ("EDPL") with a net carrying amount of RM18,202,000 (2020: RM18,961,000). The Company performed an impairment review in respect of the amount due from EDPL by comparing the carrying amount of the asset and the present value of estimated future cash flows receivable from EDPL.

The movement of the impairment of the amount due from this subsidiary is as follows:

Company	2021 RM'000	2020 RM'000
At 1 January	32,050	23,092
Expected credit losses:		
- Individually assessed	-	8,958
At 31 December	<u>32,050</u>	<u>32,050</u>

**(d) Amounts due from subsidiaries and holding company**

The amounts due from subsidiaries and holding company are unsecured, repayable on demand, and non-interest bearing except for an amount due from subsidiaries of RM56,027,000 (2020: RM56,027,000) which bears interest at rates ranging from 4.34% to 6.00% (2020: 5.87% to 6.00%).

- (e) Long term receivables were in relation to the amount due from Pembinaan Legenda Unggul Sdn. Bhd. (formerly known as Encorp Construct Sdn. Bhd.).

**19. Leases****Group as a lessee**

The Group and the Company lease 20 units office premise until June 2031. Lease payments to be increased every 3 years from July 2016 to reflect current market rentals. The Group has also leased office equipment until March 2023.

The Group and the Company also have certain leases of office equipments with lease terms of 12 months or less and leases of office equipment with low value. The Group and the Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

**(a) Right-of-use assets**

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	19,622	21,056	19,196	21,024
Additions	-	549	-	-
Depreciation (Note 8)	(2,025)	(1,983)	(1,828)	(1,828)
At 31 December	17,597	19,622	17,368	19,196

**(b) Lease liabilities**

Set out below are the carrying amounts of lease liabilities (included under interest-bearing loans and borrowing (Note 28)) and the movements during the period:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
At 1 January	21,370	22,005	20,935	21,974
Additions	-	549	-	-
Accretion of interest (Note 7)	1,199	1,264	1,178	1,240
Payments	(2,495)	(2,448)	(2,280)	(2,279)
At 31 December	20,074	21,370	19,833	20,935

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**19. Leases (cont'd.)**
**Group as a lessee (cont'd.)**
**(b) Lease liabilities (cont'd.)**

Leases liabilities are payables as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current</b>				
Less than one year	1,476	1,296	1,285	1,102
<b>Non-current</b>				
More than 1 year and less than 2 years	1,532	1,476	1,482	1,285
More than 2 years and less than 5 years	5,397	4,896	5,397	4,846
5 years or more	11,669	13,702	11,669	13,702
<b>Total non-current lease liabilities</b>	<b>18,598</b>	<b>20,074</b>	<b>18,548</b>	<b>19,833</b>
<b>Total lease liabilities</b>	<b>20,074</b>	<b>21,370</b>	<b>19,833</b>	<b>20,935</b>

The maturity analysis of lease liabilities is disclosed in Note 33(b).

**Group as a lessor**
**Operating lease commitments**

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between six months to five years and include clauses to enable periodic upward revision of the rental charge according to prevailing market conditions.

Future minimum rentals receivable under the non-cancellable operating leases as at 31 December are as follows:

	Group	
	2021 RM'000	2020 RM'000
Not later than 1 year	3,484	2,915
Later than 1 year but not later than 5 years	1,926	2,667
	<b>5,410</b>	<b>5,582</b>



## 20. Deferred tax

Deferred tax as at 31 December relates to the following:

Group	As at 1 January 2020 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2020 RM'000	Recognised in profit or loss (Note 11) RM'000	As at 31 December 2021 RM'000
<b>Deferred tax liabilities:</b>					
Property, plant and equipment	(4)	14	10	-	10
Contract assets	181,575	(15,369)	166,206	(16,978)	149,228
Investment properties	5,084	(1,945)	3,139	(156)	2,983
	186,655	(17,300)	169,355	(17,134)	152,221
<b>Deferred tax assets:</b>					
Right-of-use of assets and lease liabilities	(228)	228	-	-	-
Tax losses and capital allowances	(141,504)	14,965	(126,539)	19,951	(106,588)
Loans and borrowings	(41,159)	(766)	(41,925)	323	(41,602)
Provisions and others	(15,131)	6,306	(8,825)	3,805	(5,020)
	(198,022)	20,733	(177,289)	24,079	(153,210)
	(11,367)	3,433	(7,934)	6,945	(989)

**20. Deferred tax (cont'd.)**

Presented after appropriate offsetting as follows:

Group	2021 RM'000	2020 RM'000
Deferred tax assets	(5,653)	(9,356)
Deferred tax liabilities	4,664	1,422
	<u>(989)</u>	<u>(7,934)</u>

Deferred tax assets have not been recognised in respect of the following items:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Unutilised tax losses	134,050	116,858	16,368	14,288
Unabsorbed capital allowances	4,095	3,903	3,142	3,031
Other deductible temporary difference	25,295	24,888	4,034	2,086
	<u>163,440</u>	<u>145,649</u>	<u>23,544</u>	<u>19,405</u>

Effective from Year of Assessment 2019, the unutilised tax losses of the Group as at 31 December 2020 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unutilised tax losses will be disregarded. The carry forward period for such losses was extended to 10 years based on Finance Act 2021 which was gazetted on 31 December 2021.

The unutilised tax losses and unabsorbed capital allowances of the Group and the Company are available for offsetting against future taxable profits of the respective entities within the Group and the Company, subject to no substantial changes in shareholdings of those entities under Income Tax Act, 1967 and guidelines issued by the tax authority, as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Utilisation period</b>				
Indefinite	29,390	28,791	7,176	5,117
Within 7 years from recognition	61,304	61,304	11,071	11,071
Within 8 years from recognition	39,616	39,616	2,155	2,155
Within 9 years from recognition	15,939	15,938	1,062	1,062
Within 10 years from recognition	17,191	-	2,080	-
	<u>163,440</u>	<u>145,649</u>	<u>23,544</u>	<u>19,405</u>

**21. Other investments**

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
<b>Current</b>					
<i>Amortised cost</i>					
Amount placed with a financial services advisory firm	(a)	4,645	4,645	-	-
Provision of impairment	(a)	(4,645)	(4,645)	-	-
		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fair value through profit or loss</i>					
Money market investment securities	(b)	134,350	127,799	553	3,160
		<u>134,350</u>	<u>127,799</u>	<u>553</u>	<u>3,160</u>

- (a) This relates to a principal amount of AUD1.5 million placed by a foreign subsidiary of the Group for a period of 24 months (2020: 24 months) and earns interest at a fixed rate of 15% (2020:15%) per annum.

This balance has been impaired in the prior year as the Group had not recovered this amount despite having submitted the request for the liquidation and redemption of this balance. The Group has also initiated legal proceedings against the financial advisory services firm involved for the recovery of this balance. The legal proceedings are currently ongoing.

- (b) The investment securities are restricted investment scheme in short term money market instruments and deposit placements with an option to roll over the investments placed with licensed fund managers.

The income received from the investment securities shall where necessary, be remitted into the Escrow Account to meet the payment obligations arising from the Sukuk Murabahah as disclosed in Note 28(a).

**22. Contract assets/(liabilities)**

	Note	Group	
		2021 RM'000	2020 RM'000
<b>Contract assets</b>			
Property development	(a)	<u>29,031</u>	<u>343</u>
<b>Contract liabilities</b>			
Property development	(a)	<u>(4,650)</u>	<u>(8,326)</u>

**22. Contract assets/(liabilities) (cont'd.)**
**(a) Contract assets/(liabilities) from property development**

Group	2021 RM'000	2020 RM'000
<b>Contract assets</b>		
Accrued billings	29,031	343
<b>Contract liabilities</b>		
Progress billings	(4,650)	(8,326)
	<u>24,381</u>	<u>(7,983)</u>

Set out below are the carrying amounts of contract assets recognised and the movements during the year:

Group	2021 RM'000	2020 RM'000
At 1 January	(7,983)	1,271
Revenue recognised during the year	72,825	59,454
Progress billings during the year	(40,461)	(68,708)
At 31 December	<u>24,381</u>	<u>(7,983)</u>

The directors of the Group measure the loss allowance on amounts due from customers at an amount equal to lifetime ECL, taking into account the historical default experience and the future prospects of the respective industry. There was no impairment loss recognised on contract asset at the end of the reporting period.

**23. Other current assets**

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Prepayments	514	519	261	164
Consideration payable to customers	228	242	-	-
	<u>742</u>	<u>761</u>	<u>261</u>	<u>164</u>

Included in the consideration payable to customers are the cost for sales and purchase agreements as a result of entering into contract with customers.

**24. Cash and cash equivalents**

	Note	Group		Company	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash on hand and at banks	(a)	42,158	27,121	237	1,081
Deposits with licensed banks	(b)	2,793	2,771	-	-
	(c)	44,951	29,892	237	1,081

- (a) Included in cash at bank of the Group is an amount of RM39,594,000 (2020: RM22,314,000) held pursuant to Section 7A of the Housing and Development (Control & Licensing) Act, 1966 and restricted from use in other operations.
- (b) The deposits with licensed banks of the Group and of the Company which are pledged are as follows:
- (i) Deposits of RM2,247,000 (2020: RM2,213,000) pledged to a bank for credit facilities granted to a subsidiary; and
  - (ii) Deposits of RM483,000 (2020: RM495,000) pledged to banks as securities for credit facilities granted to subsidiaries.
- (c) Cash at bank and on hand of the Group include an amount of RM58,000 (2020: RM89,000) maintained in Escrow Account and Finance Service Reserve Account to meet the payment obligations arising from the Sukuk Murabahah as disclosed in Note 28(a).

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following as at reporting date:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Cash and bank balances	44,951	29,892	237	1,081
Less: Pledged deposits	(2,793)	(2,771)	-	-
Cash and cash equivalents	42,158	27,121	237	1,081

Cash at banks earns interest at floating rates based on daily bank deposit rates. Deposits are made for varying periods of between 2 months to 12 months, depending on the immediate cash requirements of the Group and the Company, and earn interest at the respective deposit rates. As at reporting date, the effective interest rates of deposits of the Group and of the Company range from 1.25% to 3.5% (2020: 1.25% to 3.25%) per annum respectively.

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25. Share capital and treasury shares

Group and Company		Amount	
	Number of ordinary		
	Share capital (Issued and fully paid)	Treasury shares	Treasury shares RM'000
Note			
At 1 January 2020	306,474,217	(386,000)	(327)
Transactions with owners			
Private placement exercise	10,210,500	-	1,736
At 31 December 2020, 1 January 2021 and 31 December 2021	316,684,717	(386,000)	(327)

**25. Share capital and treasury shares (cont'd.)****(a) Share capital**

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

In prior year, the Company had undertaken a corporate proposal of private placement of up to 30,608,821 new ordinary shares in Encorp, representing ten per cent (10%) of the total number of issued shares of Encorp (excluding treasury shares).

On 16 October 2020, pursuant to private placement, the Company had increased its issued and paid up capital from 306,474,217 to 316,684,717 by way of the issuance 10,210,500 ordinary shares of RM0.17 each for a total cash consideration of RM1,735,785 during the financial year.

**(b) Treasury shares**

Treasury shares relate to ordinary shares of the Company that are held by the Company. The amount consists of the acquisition cost of treasury shares net of the proceeds received on their subsequent sale or issuance.

The directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares.

As at 31 December 2021, the Company held as treasury shares a total of 386,000 of its 316,684,717 (2020: 316,684,717) issued ordinary shares. Such treasury shares are held at a carrying amount of RM326,732.

**26. Other reserves****(a) Foreign currency translation reserve**

	Group RM'000
At 1 January 2020	2,902
Other comprehensive income	
Foreign currency translation	(3,421)
At 31 December 2020 and 1 January 2021	(519)
Foreign currency translation	908
At 31 December 2021	389

The foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of foreign operations whose functional currency is different from that of the Group's presentation currency.

**(b) Capital contribution reserve**

The capital contribution reserve represents the amount waived by FELDA, the ultimate holding body of RM23,172,000 pursuant to a settlement agreement entered into between a subsidiary of the Group, Encorp Bukit Katil Sdn. Bhd. ("EBKSB") to discharge EBKSB's obligation on the land to FELDA for the Master Development Agreement dated 20 January 2016.

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**27. Trade and other payables**

Group	Note	2021 RM'000	2020 RM'000
<b>Current</b>			
<b>Trade payables</b>			
Amount due to:			
- third parties	(a)	13,557	15,101
Total trade payables		13,557	15,101
<b>Other payables</b>			
Amount due to:			
- immediate holding company	(b)	6,867	8,286
Sundry payables		15,349	13,530
Provision for short-term accumulating compensated absences	(c)	237	243
Other accruals		35,668	33,035
		58,121	55,094
		71,678	70,195
<b>Non-current</b>			
<b>Trade payables</b>			
Retention sum on construction contracts		18,387	17,668
		18,387	17,668
<b>Total trade and other payables</b>		90,065	87,863
<b>Company</b>			
<b>Current</b>			
<b>Trade payables</b>			
Amount due to third party	(a)	12	8
<b>Other payables</b>			
Amount due to:			
- subsidiaries	(d)	38,883	42,823
- immediate holding company	(b)	6,867	8,286
Sundry payables		1,638	1,605
Provision for short-term accumulating compensated absences	(c)	77	98
Other accruals		5,820	3,469
		53,285	56,281
<b>Total trade and other payables</b>		53,297	56,289

**27. Trade and other payables (cont'd.)**

- (a) The trade payables are non-interest bearing and the normal trade credit terms granted to the Group and the Company range from 14 to 60 days (2020: 14 to 60 days).

In the prior year, certain subsidiaries of the Group had commenced arbitration proceedings in relation to claims made against certain contractors which were involved in the property development projects of the Group. These contingent assets have not yet been recognised in the financial statements as at 31 December 2021, pending the outcome of the arbitration proceedings.

In addition, no incremental provisions have been recognised in relation to counter-claims by these contractors, as the Group as assessed, in consultation with its legal advisors that it is probable that the Group would be successful in its defense against these claims.

- (b) Amount due to immediate holding company is unsecured, repayable on demand and bears interest rate of 5.08% (2020: 5.08%) except for an amount of RM5,725,000 which bears interest rate of 5.08% (2020: 6%).
- (c) The movement of provision for short-term accumulating compensated absences is as follows:

	Group		Company	
	2021	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
At beginning of financial year	243	202	98	76
Recognised in profit or loss (Note 9)	237	243	77	98
Utilised during the year	(243)	(202)	(98)	(76)
At end of financial year	<u>237</u>	<u>243</u>	<u>77</u>	<u>98</u>

- (d) The amounts due to subsidiaries are unsecured, non-interest bearing and are repayable on demand.

**28. Loans and borrowings**

		Group		Company	
	Note	2021	2020	2021	2020
		RM'000	RM'000	RM'000	RM'000
<b>Current</b>					
<b>Secured:</b>					
Sukuk Murabahah	(a)	77,476	70,081	-	-
Term loan 1	(b)	13,502	13,502	-	-
Term loan 2	(c)	8,930	-	-	-
Revolving credit 1	(e)	2,500	3,350	-	-
Revolving credit 2	(b)	12,500	12,500	-	-
Revolving credit 3	(f)	15,000	15,000	15,000	15,000
Revolving credit 5	(h)	7,400	6,600	-	-
Revolving credit 4	(g)	5,000	5,000	5,000	5,000
		<u>142,308</u>	<u>126,033</u>	<u>20,000</u>	<u>20,000</u>

**28. Loans and borrowings (cont'd)**

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Current (cont'd.)					
Unsecured:					
Lease liabilities	(i)	1,476	1,296	1,285	1,102
		<u>1,476</u>	<u>1,296</u>	<u>1,285</u>	<u>1,102</u>
Total current loans and borrowings		<u>143,784</u>	<u>127,329</u>	<u>21,285</u>	<u>21,102</u>
Non-current					
Secured:					
Sukuk Murabahah	(a)	574,384	651,862	-	-
Term loan 1	(b)	25,412	27,662	-	-
Term loan 2	(c)	-	9,155	-	-
Bridging loan	(d)	-	10,422	-	-
		<u>599,796</u>	<u>699,101</u>	<u>-</u>	<u>-</u>
Unsecured:					
Lease liabilities	(i)	18,598	20,074	18,548	19,833
Total non-current loans and borrowings		<u>618,394</u>	<u>719,175</u>	<u>18,548</u>	<u>19,833</u>
Total loans and borrowings		762,178	846,504	39,833	40,935

The remaining maturities of loans and borrowings as at 31 December are as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
On demand or within one year	143,784	127,330	21,285	21,102
More than 1 year and less than 2 years	95,246	112,031	1,482	1,285
More than 2 years and less than 5 years	322,253	293,689	5,397	4,846
5 years or more	200,895	313,454	11,669	13,702
	<u>762,178</u>	<u>846,504</u>	<u>39,833</u>	<u>40,935</u>

**28. Loans and borrowings (cont'd)****(a) Sukuk Murabahah**

The weighted average effective interest rates of borrowings as at the reporting date is 9.72% (2020: 9.72%) per annum.

On 18 May 2012, a subsidiary issued Islamic Securities ("Sukuk") based on the Shariah principle of Murabahah via a Tawarruq arrangement with a total nominal value of RM1.575 billion. The Sukuk was issued for the following purposes:

- (i) to refinance all of the amounts outstanding under the existing Al-Bai' Bithaman Ajil Notes Issuance Facilities which had previously been issued to finance the planning, design, construction and completion of 10,000 units of teachers' quarters for the Government of Malaysia;
- (ii) to fund the Trustees' Reimbursement Account; and
- (iii) the balance, for the subsidiary's general corporate expenses which includes payments to defray expenses incurred in relation to the issuance of the Sukuk and a one-time dividend payment to its immediate holding company.

The Sukuk has a tenure of up to 16 years and matures on 18 May 2028. The principal amount of the Sukuk is divided into 31 tranches and redeemable semi-annually. The yield to maturity ranges from 8.37% to 10.44% per annum, and is repayable half yearly.

The Sukuk is secured over the following:

- (i) assignment of the concession payments in respect of 10,000 units of teachers' quarters under the Privatisation Agreement dated 9 February 1998 between the Government of Malaysia and the subsidiary;
- (ii) a debenture to create a first ranking fixed and floating charge over all present and future assets of the subsidiary; and
- (iii) first ranking charge and assignment of the designated accounts which include:
  - an Escrow Account in which all the payments from the Government of Malaysia pursuant to the Privatisation Agreement and all other income, revenue or proceeds received by the subsidiary (save for proceeds from the Sukuk Murabahah) are to be deposited and shall be operated solely by the Security Trustee; and
  - a Finance Service Reserve Account utilised solely for the profit payments under the Sukuk Murabahah falling due and payable and shall be solely operated by the Security Trustee.

The major covenants that are required to be complied by the subsidiary are as follows:

- (i) to maintain a Finance Service Cover Ratio ("FSCR") of at least 1.20 times throughout the tenure of the Sukuk Murabahah to be duly confirmed by the external auditors based on the latest audited financial statements on an annual basis; and
- (ii) to maintain an amount equivalent to the next immediate profit payment in the FSRA at least three (3) months prior to such profit payment due date.

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**28. Loans and borrowings (cont'd.)**
**(b) Term loan 1 and revolving credit 2**

Term loan 1 is at bank's one-month effective cost of funds + 3.50% (2020: cost of funds + 3.50%) per annum. Revolving credit 2 of RM12.5 million is at effective cost of funds + 2.75% (2020: cost of funds + 2.75%) per annum.

These loans are secured by a fixed charge over the Group's two units of terrace shop offices recognised as property, plant and equipment as disclosed in Note 13, two units of terrace shop offices recognised as investment properties as disclosed in Note 14, leasehold land included in completed investment properties as disclosed in Note 14, assignment over the project account and debenture over fixed and floating charge.

**(c) Term loan 2**

Term loan 2 is at 3.09% per annum (2020: 3.09% per annum). The loan is secured by a fixed deposit as disclosed in Note 24(b)(ii), three penthouse units located at Western Australia as disclosed in Note 15(c), freehold land as disclosed in Note 15(a) and corporate guarantee provided by the Company and a deed of subordination.

**(d) Bridging loan**

The bridging loan has been fully repaid in current year. In the prior year, the bridging loan was at profit rate of 12.00% per annum, effective cost of funds + 1.25% per annum.

The bridging loan was secured against first party first legal charge over 72 plots of vacant residential terraced lot and a parcel of vacant residential leasehold land as disclosed in Note 15(b), assignment of company's rights, titles, benefits and interests in respect of the "construction contract" with its main-contractor and the related insurance/performance bond thereto, legal charge and assignment over the designated accounts, assignment of sale proceeds of the Housing Development Account and specific debenture over a property development project of the Group.

**(e) Revolving credit 1**

Revolving credit 1 is at effective cost of funds + 1.25% per annum.

Two units of terrace shop offices have been charged for the revolving credit 1 facility as disclosed in Note 14 together with the assignment of rental proceeds and corporate guarantee provided by the Company.

**(f) Revolving credit 3**

Revolving credit is at cost of funds + 2% per annum. Five units of terrace shop offices have been charged for the revolving credit facility 3 as disclosed in Note 14.

**28. Loans and borrowings (cont'd.)****(g) Revolving credit 4**

Revolving credit is at cost of funds + 1.50% per annum. Six units of terrace shop offices have been charged for the revolving credit 4 facility as disclosed in Note 15(c).

**(h) Revolving credit 5**

Revolving credit is at cost of funds + 1.25% per annum. In prior year, the facility was secured with 7 leasehold units located at Cahaya Alam as disclosed in Note 15(c) and legal charge and assignment over the Finance Service Reserve Account ("FSRA"). During the current year, the security over the 7 leasehold units have been discharged and this facility is secured via the legal charge and assignment over the FSRA.

**(i) Lease liabilities**

Lease liabilities weighted average of incremental borrowing rate at 5.88% (2020: 5.88%).

**29. Other current liabilities**

Current	Note	Group	
		2021 RM'000	2020 RM'000
Provision for Liquidated and Ascertained Damages	(a)	4,655	5,412
Provision for affordable housing obligations	(b)	-	15,995
		<u>4,655</u>	<u>21,407</u>

**(a) Provision for liability - Liquidated and Ascertained Damages**

The provision is in respect of the estimated liquidated and ascertained damages payable arising from the property development projects undertaken by the Group.

	Group	
	2021 RM'000	2020 RM'000
At 1 January	5,412	4,018
(Reversal)/Charged to profit or loss	(51)	1,810
Payments made	(706)	(416)
At 31 December	<u>4,655</u>	<u>5,412</u>

The Group is involved in certain legal cases involving claims for compensation for the late delivery and the specific performance for the construction of certain public infrastructure relating to a completed property development project of the Group. No incremental provisions have been made in relation to these claims in the current and prior years, as the Group has assessed, in consultation with its legal advisors, that it is probable that the Group would be successful in defending these claims.

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**29. Other current liabilities (cont'd.)**
**(b) Provision for affordable housing obligations**

	<b>Group</b>	
	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
At 1 January	15,995	10,520
Addition	-	5,932
Reversal (Note 5)	(15,995)	(457)
At 31 December	-	15,995

The provision for affordable housing obligations has been derecognised during the year upon the fulfillment of the conditions precedent contained in the Development Rights Agreement between a subsidiary of the Group, Must Ehsan Development Sdn. Bhd. ("MEDSB") and The Consortium of PNSB Construction Sdn. Bhd. and MGB Berhad.

**30. Financial guarantees**

The Company has provided the following guarantees at the reporting date:

Corporate guarantees given to banks of RM11,448,000 (2020: RM12,505,000) for credit facilities granted to subsidiaries.

The management has assessed and concluded that there is no indication that the corporate guarantees would crystallise and no provision for expected credit loss has been provided on these guarantees as the borrowings are also secured over the land held for development of the subsidiaries. Consequently, the fair value of the corporate guarantees is assessed as nil.

**31. Significant related party transactions**
**(a) Sales and purchases of goods and services**

In addition to transactions detailed elsewhere in the financial statements, the Group and the Company had the following transactions with related parties during the financial year:

<b>Group</b>	<b>2021</b>	<b>2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Interest charged on advances from immediate holding company	382	482

**31. Significant related party transactions (cont'd.)****(a) Sales and purchases of goods and services (cont'd.)**

	Note	2021 RM'000	2020 RM'000
<b>Company</b>			
Management fees charged to subsidiaries	(i)	(3,840)	(4,320)
Rental payable to subsidiary	(ii)	450	450
Interest charged to subsidiaries		(174)	(222)
Coupon payable on Redeemable Convertible Secured Loan Stocks ("RCSLS") charged to subsidiary	(iii)	<u>(3,122)</u>	<u>(3,122)</u>

(i) The rendering of services to subsidiaries have been entered into in the normal course of business and are repayable at negotiated terms.

(ii) The rental payable to the subsidiary has been entered into in the normal course of business and is repayable at negotiated term.

(iii) The coupon payable on RCSLS charged to Must Ehsan Development Sdn. Bhd. ("MEDSB") is in relation to the interest on RCSLS proceed advanced to MEDSB for its current projects.

Information regarding outstanding balances arising from related party transactions as at 31 December 2021 and 31 December 2020 are disclosed in Notes 18 and 27.

**(b) Compensation of key management personnel**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity either directly or indirectly.

The remuneration of directors and other members of key management during the year was as follows:

	Group		Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Salaries and other emoluments	754	504	754	504
Contributions to defined contribution plans	92	67	92	67
Other staff related expenses	171	54	171	54
	<u>1,017</u>	<u>625</u>	<u>1,017</u>	<u>625</u>

## 32. Fair value measurements

### Fair value hierarchy

The Group's and the Company's financial instruments are analysed in a three level fair value hierarchy based on the significance of inputs.

#### Level 1

Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

#### Level 2

Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

#### Level 3

Input for the asset or liability that are not based on observable market data (unobservable input).

The following table provides the fair value measurement hierarchy of the Group's and Company's assets:

Group	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>At 31 December 2021</b>				
Investment properties (Note 14):				
- Shopping mall	-	-	164,000	164,000
- Terrace shop office	-	-	118,490	118,490
- Car park units	-	-	7,800	7,800
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	134,350	-	134,350
	-	134,350	290,290	424,640
<b>At 31 December 2020</b>				
Investment properties (Note 14):				
- Shopping mall	-	-	164,000	164,000
- Terrace shop office	-	-	120,050	120,050
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	127,799	-	127,799
	-	127,799	284,050	411,849
<b>Company</b>				
<b>At 31 December 2021</b>				
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	553	-	553

**32. Fair value measurements (cont'd.)**

The following table provides the fair value measurement hierarchy of the Group's and Company's assets: (cont'd.)

Company	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total RM'000
<b>At 31 December 2020</b>				
Financial assets:				
- Investment securities carried at fair value through profit or loss (Note 21)	-	3,160	-	3,160

Description of valuation techniques used and key inputs to valuation on investment properties measured at level 3:

Property category	Valuation technique	Significant unobservable inputs	Range
<b>At 31 December 2021</b>			
Terrace Shop office	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	5%
Shopping mall	Investment method	Estimated rental rates Outgoings Allowance for void Reversionary yield rates Term yield rates	RM1.80 to RM9.00 psf RM1.50 psf 15% 5.3% 5%
Car park units	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	Adjusted range of RM15,328 – RM18,879 per bay
	Investment method	Estimated rental rates Outgoings Allowance for void Reversionary yield rates	RM105 per bay/month 25% 10% 6.50%
<b>At 31 December 2020</b>			
Terrace Shop office	Market comparable approach	Difference in location, time factor, size, land usage, tenure and main road frontage	5%
Shopping mall	Investment method	Estimated rental rates Outgoings Allowance for void Reversionary yield rates Term yield rates	RM2.20 to RM9.70 psf RM1.50 psf 10% 7% 6.5%



## 32. Fair value measurements (cont'd.)

### Terrace shop offices

In arriving at the market value, the valuer adopted the market comparison method. This method of valuation seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent transactions and sale evidence involving other similar properties in the vicinity. Due considerations are given for such factors including location, plot size, land usage, tenure and proximity to the main road.

### Shopping mall

The fair values were determined based on the capitalisation of net income method ("investment method") and is premised on the principle that the value of an income-producing property is represented by the "present worth of future rights to income, or utility". The values estimated under this method are derived by ascertaining the market rent of the properties ("estimated rental rates"); deducting all reasonable annual operating expenses ("outgoings") (as would be experienced under typical management) and then capitalising the resultant net operating income by an appropriate rate ("reversionary yield rates") of capitalisation to obtain the present value of the income stream. In undertaking their assessment of the value using this approach, the market rental income and expected future rental income are taken into consideration. In arriving at the net income, the outgoings i.e. quit rent, assessment, insurance coverage, repairs and maintenance and management, are deducted from gross rental income together with allowance for void ("allowance for void").

### Car park units

In arriving at the market value, the valuer adopted comparison approach and income approach by investment method.

The comparison approach considers the sales of similar or substitute properties and related market data, and establishes a value estimate by adjustments made for differences in factors that affect value.

Income approach by investment method involved capitalisation of the net annual income stream that is expected to be received from the property after deducting the annual outgoings and other operating expenses incidental to the property with allowance for void by using an appropriate market derived capitalisation rate.

**32. Fair value measurements (cont'd.)**Sensitivity analysis for fair value of the shopping mall

The following table demonstrates the sensitivity of the fair value and the impact to the profit and loss to the changes in estimated rental rate, outgoings, allowance for void and reversionary yield rate with all other variables held constant.

		2021 Increase/ (Decrease) RM'000	2020 Increase/ (Decrease) RM'000
Estimated rental rates	+ 10%	23,000	22,000
	- 10%	(23,000)	(22,000)
Outgoings	+ 10%	(7,000)	(6,000)
	- 10%	7,000	6,000
Allowance for void	+ 10%	(10,000)	(11,000)
	- 10%	10,000	11,000
Reversionary yield rates	+ 1%	(25,000)	(20,000)
	- 1%	35,000	27,000
Term yield rates	+ 1%	(21)	(24)
	- 1%	21	24

**Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (non-current and current)	18
Other investments	21
Cash and cash equivalents	24
Trade and other payables (non-current and current)	27
Loans and borrowings (non-current and current)	28

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are repriced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximation of fair values due to the insignificant impact of discounting.

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**32. Fair value measurements (cont'd.)**
Amounts due from/to related parties, finance lease obligations and loans and borrowings

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default; and
- The estimated loss exposure if the party guaranteed was to default.

Detail is as disclosed in Note 30.

**Categories of financial instrument:**

Group	Note	2021 RM'000	2020 RM'000
<b>Financial assets</b>			
At amortised costs:			
Trade and other receivables	18	650,160	756,225
Cash and cash equivalents	24	44,951	29,892
At FVTPL:			
Other investment	21	134,350	127,799
<b>Financial liabilities</b>			
At amortised costs:			
Trade and other payables	27	90,065	87,863
Loans and borrowings	28	762,178	846,504
<b>Company</b>			
<b>Financial assets</b>			
At amortised costs:			
Trade and other receivables	18	90,280	94,813
Cash and cash equivalents	24	237	1,081
At FVTPL:			
Other investment	21	553	3,160
<b>Financial liabilities</b>			
At amortised costs:			
Trade and other payables	27	53,297	56,289
Loans and borrowings	28	39,833	40,935

**33. Financial risk management objectives and policies**

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks which are executed by the Risk Management Committee. The audit committee provides independent oversight to the effectiveness of the risk management process. In formulating its risk management policies, the Group has considered the impact of the Covid-19 pandemic, as disclosed in Note 2.1.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

**(a) Credit risk management**

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from sales made on deferred credit terms. For other financial assets (including cash and cash equivalents and short-term investment), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's credit risk is primarily attributable to trade receivables. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

Exposure to credit risk

As at the reporting date, the Group has a concentration of credit risk as disclosed in Note 18. Apart from this, the Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets.

The details of the financial guarantees provided by the Company to its subsidiaries and the assessment of the expected credit loss and fair values are disclosed in Note 30.

Credit risk concentration profile

The Group determines concentration of credit risk by monitoring the industry sector profile of its trade receivables on an ongoing basis. The credit risk concentration profile of the Group's trade receivables at the reporting date is as follows:

Group	2021		2020	
	RM'000	% of total	RM'000	% of total
<u>By industry sectors</u>				
Concessionaire sector	621,498	97%	703,637	94%
Property development sector	17,292	3%	43,908	6%
Investment property *	2,954	0%	2,937	0%
Other sector*	286	0%	823	0%
	<u>642,030</u>	<u>100%</u>	<u>751,305</u>	<u>100%</u>

\* Less than 1% of total receivables

Financial assets that are neither past due nor impaired

Information regarding trade receivables that are neither past due nor impaired as disclosed in Note 18. Deposits with banks that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

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### 33. Financial risk management objectives and policies (cont'd.)

#### (b) Liquidity risk management

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

#### Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

Group	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
<b>At 31 December 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding provision)	77,548	13,641	-	91,189
Loans and borrowings	204,185	580,259	219,346	1,003,790
Total undiscounted financial liabilities	281,733	593,900	219,346	1,094,979
<b>At 31 December 2020</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding provision)	72,252	16,642	-	88,894
Loans and borrowings	224,286	578,991	357,546	1,160,823
Total undiscounted financial liabilities	296,538	595,633	357,546	1,249,717
<b>Company</b>				
<b>At 31 December 2021</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding provision)	53,220	-	-	53,220
Loans and borrowings	23,240	10,421	13,265	46,926
Total undiscounted financial liabilities	76,460	10,421	13,265	100,146
<b>At 31 December 2020</b>				
<b>Financial liabilities</b>				
Trade and other payables (excluding provision)	56,191	-	-	56,191
Loans and borrowings	23,143	10,052	16,028	49,223
Total undiscounted financial liabilities	79,334	10,052	16,028	105,414

**33. Financial risk management objectives and policies (cont'd.)****(c) Interest rate risk management**

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to market risk for changes in interest rates relates primarily to the Group's debt obligations. The Group adopts a policy of constantly monitoring movements in interest rates. Presently, it does not use derivative financial instruments to hedge its interest rate risk.

The Group's policy is to manage interest cost using a mix of fixed and floating rate debts.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 10 basis points lower/higher, with all other variables held constant, the Group's loss net of tax would have been RM27,000 (2020: RM6,000) lower/higher, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

**(d) Foreign currency exchange risk management**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group holds cash and cash equivalents and other investments denominated in foreign currency for working capital purposes. At the reporting date, such foreign currency balances (mainly in Australian Dollar ("AUD")) amounted to RM557,000 (2020: RM627,000) for the Group.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the investment is located or by borrowing in currency that match the future revenue stream to be generated from its investment.

The Group is also exposed to currency translation risk arising from its net investments in foreign operation in Australia. The Group's net investments in Australia is not hedged as it is considered to be long-term in nature.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss net of tax to a reasonably possible change in the AUD exchange rates against the functional currency of the Group, with all other variables held constant.

		Group	
		2021 RM'000	2020 RM'000
AUD/RM	- strengthened 2% (2020: 8%)	(15)	(433)
	- weakened 2% (2020: 8%)	15	433

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### 34. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2021 and 31 December 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's policy is to keep the gearing ratio to not more than 100%. The Group includes within net debt, loans and borrowings (excluding Sukuk), trade and other payables, less cash and cash equivalents, fixed deposits and investment securities. Capital includes equity attributable to the owners of the parent and non-controlling interest.

		Group		Company	
	Note	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Loans and borrowings	28	762,178	846,504	39,833	40,935
Trade and other payables	27	90,065	87,863	53,297	56,289
Less:					
Sukuk Murabahah	28	(651,860)	(721,943)	-	-
Other investments	21	(134,350)	(127,799)	(553)	(3,160)
Cash and cash equivalents	24	(44,951)	(29,892)	(237)	(1,081)
Net debt		<u>21,082</u>	<u>54,733</u>	<u>92,340</u>	<u>92,983</u>
Equity attributable to the owners of the parent		353,749	363,733	146,032	151,411
Non-controlling interest		87,095	84,370	-	-
Total capital		<u>440,844</u>	<u>448,103</u>	<u>146,032</u>	<u>151,411</u>
Capital and net debt		<u>461,926</u>	<u>502,836</u>	<u>238,372</u>	<u>244,394</u>
Gearing ratio		<u>5%</u>	<u>11%</u>	<u>39%</u>	<u>38%</u>

The Sukuk Murabahah has been excluded from the computation above as the Sukuk is secured over security as disclosed in Note 28(a) and the Sukuk do not have any financial recourse to the Group.



### 35. Segment information

For management purposes, the Group is organised into six main business units based on their products, and has six reportable operating segments as follows:

- (i) Investment holding and the provision of management services;
- (ii) Concessionaire;
- (iii) Construction management;
- (iv) Property development;
- (v) Investment property; and
- (vi) Others - Trading of building materials, food and beverage operation and provision of facilities management.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

The directors are of the opinion that all inter-segment transactions have been entered into in the normal course of business.

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**35. Segment information (cont'd.)**

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
<b>Revenue</b>									
External customers	-	66,038	76,081	4,585	-	-	-	-	146,704
Inter-segment	5,896	-	-	829	-	-	(6,725)	A	-
<b>Total revenue</b>	<b>5,896</b>	<b>66,038</b>	<b>76,081</b>	<b>5,414</b>	<b>-</b>	<b>-</b>	<b>(6,725)</b>		<b>146,704</b>
<b>Results:</b>									
Interest income and distribution income	3,330 (2,407)	3,048 (67,042)	8,929 (6,951)	- (8,669)	1 (14)	2 (5)	(11,927) 11,927		3,383 (73,161)
Depreciation and amortisation	(1,945)	(1)	(80)	(248)	-	(4)	(100)		(2,378)
Rental income	-	-	752	-	-	-	-		752
Grant income	33	-	15	58	-	-	-		106
Other non-cash income	56	133	146	82	-	-	-	B	417
Fair value loss on investment property	-	-	(6,128)	(2,130)	-	-	570		(7,688)

At 31 December 2021



## 35. Segment information (cont'd.)

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others* RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
<b>At 31 December 2021 (cont'd.)</b>									
<b>Results: (cont'd.)</b>									
Inventories written down	-	-	(4,148)	-	-	-	17		(4,131)
Segment (loss)/profit	(8,123)	404	1,615	(11,618)	(563)	(668)	10,786		(8,167)
<b>Assets:</b>									
Additions to non-current assets	47	3	426	13	-	-	-	C	489
Segment assets	275,307	753,698	567,969	305,469	50,339	496	(644,329)	D	1,308,949
Segment liabilities	95,332	652,479	287,701	352,696	7,249	9,913	(537,265)	E	868,105

\* Inclusive facilities management and other entities in property investment and food and beverage

**35. Segment information (cont'd.)**

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others * RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
<b>At 31 December 2020</b>									
<b>Revenue</b>									
External customers	-	72,744	57,054	4,319	-	-	-		134,117
Inter-segment	5,880	-	-	754	-	-	(6,634)	A	-
Total revenue	5,880	72,744	57,054	5,073	-	-	(6,634)		134,117
<b>Results:</b>									
Interest income and distribution income	3,455	3,301	11,793	1	2	24	(12,385)		6,191
Interest expense	(2,622)	(73,441)	19,317	(8,956)	(17)	(6)	12,385		(53,340)
Depreciation and amortisation	(2,083)	-	(77)	(202)	-	(4)	(101)		(2,467)
Rental income	-	-	934	-	-	-	-		934
Grant income	139	-	14	65	-	-	-		218
Other non-cash income	4	128	2,876	288	-	12	-	B	3,308
Fair value loss on investment property	-	-	-	(19,000)	-	-	-		(19,000)

### 35. Segment information (cont'd.)

	Investment and the provision of management services RM'000	Concessionaire RM'000	Property development RM'000	Investment property RM'000	Construction project management RM'000	Others* RM'000	Adjustment and eliminations RM'000	Notes	Per consolidated financial statements RM'000
<b>At 31 December 2020 (cont'd.)</b>									
<b>Results: (cont'd.)</b>									
Development expenditure written off	-	-	(2,497)	-	-	-	-		(2,497)
Impairment on other investments	-	-	(4,645)	-	-	-	-		(4,645)
Land held for development written down	-	-	(1,159)	-	-	-	-		(1,159)
Inventories written down	-	-	(1,322)	-	-	-	-		(1,322)
Segment (loss)/profit	(11,843)	1,694	(3,634)	(28,061)	(170)	(785)	36,191		(6,608)
<b>Assets:</b>									
Additions to non-current assets	129	3	594	33	-	3	-	C	762
Segment assets	290,726	826,677	600,469	304,520	53,583	1,329	(661,244)	D	1,416,060
Segment liabilities	99,141	725,360	322,000	339,916	10,061	10,826	(539,347)	E	967,957

\* Inclusive facilities management and other entities in property investment and food and beverage





**35. Segment information (cont'd.)**

A Inter-segment revenues were eliminated on consolidation.

B Other material non-cash income consist of the following items as presented in the respective notes to the financial statements:

	Note	2021 RM'000	2020 RM'000
Other Income-Purchasers related income		125	307
Other income		242	2,994
Reversal of impairment on receivables	6	-	7
Gain on disposal of assets	6	50	-
		<u>417</u>	<u>3,308</u>

C Additions to non-current assets consist of:

	Note	2021 RM'000	2020 RM'000
Property, plant and equipment	13	84	208
Land held for property development	15 (a)	405	554
		<u>489</u>	<u>762</u>

D The following items were added to/(deducted from) segment assets to arrive at total assets reported in the consolidated statement of financial position:

	Note	2021 RM'000	2020 RM'000
Deferred tax assets	20	5,653	9,356
Tax recoverable		1,227	1,294
Inter-segment assets		(651,209)	(671,894)
		<u>(644,329)</u>	<u>(661,244)</u>

E The following items were added to/(deducted from) segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	Note	2021 RM'000	2020 RM'000
Current tax payable		1,893	2,435
Deferred tax liabilities	20	4,664	1,422
Inter-segment liabilities		(543,822)	(543,204)
		<u>(537,265)</u>	<u>(539,347)</u>

**35. Segment information (cont'd.)**Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Malaysia	146,704	134,117	303,925	317,316
Australia	-	-	8,306	8,515
	<u>146,704</u>	<u>134,117</u>	<u>312,231</u>	<u>325,831</u>

Non-current assets information presented above consist of the following items as presented in the consolidated statement of financial position:

	Note	2021 RM'000	2020 RM'000
Property, plant and equipment	13	4,828	5,084
Intangible assets	17	79	14
Investment properties	14	290,290	284,050
Land held for property development	15 (a)	17,034	36,683
		<u>312,231</u>	<u>325,831</u>

**36. Significant events****(a) Covid-19 outbreak**

The prolonged Covid-19 pandemic has adversely impacted the market outlook and operating conditions of the various business segments of the Group. The results and financial position of the Group during the year end have been impacted by various factors, including the following:

- The softening demand and outlook of the property development and property investment segments which have impacted the revenues from the sale of completed properties and the rental income for the investment properties of the Group; and
- The re-assessment of the carrying amounts of certain assets of the Group, including the investment properties. The fair values of the investment properties are derived based on certain key assumptions of the market conditions prevailing as at 31 December 2021. The details of the impairment of investment properties and the writedown of inventories are disclosed in Notes 8, 14 and 15.

## List of Properties

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS AS AT 31.12.21 (RM'000)	YEAR OF ACQUISITION
Completed Investment Properties				
Red Carpet Avenue	29 units terrace shop offices	18,124	134,560	2013
Strand Mall	4 storey retail podium including a basement car park and 4 levels of car park located above the retail podium	122,445	164,000	2013
Garden Office, Kota Damansara, Selangor Darul Ehsan on PN 96661, Lot 53635, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	516 units of car park bay (99 years lease expiring on 14/11/2107)	6,136	7,800	2021

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS AS AT 31.12.21 (RM'000)	YEAR OF ACQUISITION
Inventories - Properties Held For Sale				
PN 81890 Lot 4028, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	1 unit 3 storey shop office	173	1,171	2000
Garden Office, Kota Damansara, Selangor Darul Ehsan on PN 96661, Lot 53635, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	15 units of office suites (99 years lease expiring on 14/11/2107)	3,874	12,095	2000
PN 83285 Lot 5354, PN 83359 Lot 5427 & PN 83360 Lot 5428, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential properties (99 years lease expiring on 28/03/2104)	1,490	120	2000
PN 117612 Lot 53634, Pekan Baru Sungai Buloh, Daerah Petaling, Selangor Darul Ehsan	29 units of residential apartment & 71 units of car park bay (99 years lease expiring on 14/11/2107)	4,942	25,187	2000
PN 82706 Lot 4775, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	1 unit of residential properties (99 years lease expiring on 30/03/2104)	178	582	2000
PN 81989 Lot 4120 & PN 82156 - 82158 Lot 4274 - 4276, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	4 units of residential properties (99 years lease expiring on 22/03/2104 & 25/03/2104)	612	1,177	2000
No Hakmilik 509608, Lot 194438, Mukim Pulau, Daerah Johor Bahru, Johor	63 units of residential apartment, 16 units of retail & 316 units of car park bay (freehold land)	11,715	51,128	2012



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LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS AS AT 31.12.21 (RM'000)	YEAR OF ACQUISITION
<b>Inventories - Properties Under Development &amp; Land Held for Development</b>				
PN 81947 - 81954 Lot 4084 - 4091, PN 81956 - 81965 Lot 4092 - 4101, PN 81994 - 82016 Lot 4127 - 4149, PN 82019 - 82033 Lot 4152 - 4166, PN 82035 - 82041 Lot 4171 - 4177, PN 82042 - 82046 Lot 4179 - 4183, PN 82052 - 82058 Lot 4190 - 4196, PN 82060 - 82063 Lot 4197 - 4200, PN 82083 - 82092 Lot 4201 - 4210, PN 82196 - 82202 Lot 4307 - 4313 & PN 82204 - 82250 Lot 4314 - 4360, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential properties under construction (99 years lease expiring on 22/03/2104 & 25/03/2104)	24,664	3,251	2000
PN 83361 - 83425 Lot 5432 - 5496, PN 83426 - 83434 Lot 5499 - 5507 & PN 83435 - 83452 Lot 5509 - 5526 Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential properties under construction (99 years lease expiring on 31/03/2104)	16,195	3,452	2000
PN 82612 - 82624 Lot 4694 - Lot 4706, PN 82644 - 82651 Lot 4707 - 4714, PN 82653 - 82664 Lot 4718 - 4729, PN 82669 - 82670 Lot 4730 - 4731, PN 82671 - 82675 Lot 4744 - 4748, PN 82677 - 82683 Lot 4749 - 4755 & PN 83748 - 83759 Lot 4732 - 4743, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Residential properties under construction (99 years lease expiring on 28/03/2104 & 30/03/2104)	11,910	5,640	2000
PN 82833 - 82852 Lot 4902 - 4921, PN 82854 - 82925 Lot 4924 - 4995 & PN 82927 - 82946 Lot 4997 - 5016, Bandar Shah Alam, Daerah Petaling, Selangor Darul Ehsan	Land held for property development (99 years lease expiring on 31/03/2104)	22,989	8,727	2000

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS AS AT 31.12.21 (RM'000)	YEAR OF ACQUISITION
<b>Overseas Inventories</b>				
67 McCallum Lane, Victoria Park, Australia being Lots 26, 27 & 28 on Strata Title Plan 63339	3 units of residential apartment (freehold)	1,187	14,420	2010

LOCATION LAND	DESCRIPTION AND EXISTING USE	AREA (sq. m)	NET CARRYING AMOUNTS AS AT 31.12.21 (RM'000)	YEAR OF ACQUISITION
<b>Inventories - Overseas Properties Under Development &amp; Land Held for Development</b>				
880 North Lake Road, Cockburn Central, Australia	Freehold land held for property development	11,002	8,306	2012

\* The figures are based on the net carrying amounts recorded by the respective subsidiaries of the Group.

# SHAREHOLDINGS' INFORMATION

## ANALYSIS OF SHAREHOLDINGS AS AT 18 MARCH 2022

Issued Share Capital	: RM 399,016,243.65 comprising 316, 684,717 ordinary shares *
Class of Shares	: Ordinary shares
Voting Rights	: One (1) vote per ordinary share

\* Including 386,000 shares bought and retained as treasury shares

Size of Holdings	No. of Shareholders	%	No. of Shares	% of Shareholdings
1 - 99	150	4.95	1,328	0.00
100 - 1,000	405	13.38	254,211	0.08
1,001 - 10,000	1,639	54.13	8,031,422	2.54
10,001 - 100,000	723	23.88	25,553,929	8.08
100,001 - less than 5% of issued shares	109	3.60	45,390,301	14.35
5% and above of issued shares	2	0.07	237,067,526	74.95
<b>Total</b>	<b>3,028</b>	<b>100.00</b>	<b>316,298,717</b>	<b>100.00</b>

## INFORMATION OF SUBSTANTIAL SHAREHOLDERS

Name of Substantial Shareholders	Direct		Indirect	
	No. of Shares	%	No. of Shares	%
Felda Investment Corporation Sdn. Bhd.	197,067,526	62.30	-	-
Federal Land Development Authority	-	-	197,067,526 <sup>①</sup>	62.30
Anjakan Masyhur Sdn. Bhd.	40,000,000	12.65	-	-
Azhar bin Mohd Awal	-	-	40,000,000 <sup>②</sup>	12.65
Azman Hanafi bin Abdullah	-	-	40,000,000 <sup>②</sup>	12.65

<sup>①</sup> Deemed interest through Felda Investment Corporation Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

<sup>②</sup> Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.

**LIST OF DIRECTORS' SHAREHOLDINGS**

Directors	Shareholdings			
	Direct No. of Shares	%	Indirect No. of Shares	%
Tuan Haji Sr. Mohd Ali Bin Abd Karim	-	-	-	-
Datuk Haji Jaafar Bin Abu Bakar	-	-	-	-
Mahadzir Bin Mustafa	-	-	-	-
Datuk Shireen Ann Zaharah Binti Muhiudeen	-	-	-	-
Tuan Haji Lukman Bin Abu Bakar	-	-	-	-

**LIST OF 30 LARGEST SHAREHOLDERS**  
 (as at 18 March 2022)

No.	Name	No. of Shares	%
1.	Felda Investment Corporation Sdn. Bhd.	197,067,526	62.30
2.	Anjakan Masyhur Sdn. Bhd.	40,000,000	12.65
3.	Kamaruzzaman Bin Abu Kassim	7,024,700	2.22
4.	CGS-CIMB Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Teh Swee Heng (MM1118)	5,952,000	1.88
5.	Ting Ding Ing	1,924,500	0.61
6.	Rosnah Binti Abd Majid	1,354,401	0.43
7.	Wee Huey Chin	1,200,000	0.38
8.	Lui Eng Tee	1,163,000	0.37
9.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Chew Pok Oi	1,060,800	0.34
10.	Abdul Aziz Bin Abdul Kadir	1,000,000	0.32
11.	Ang Choon Leng	998,500	0.32
12.	DB (Malaysia) Nominee (Asing) Sdn Bhd The Bank of New York Mellon for Acadian Emerging Markets Micro-Cap Equity Master Fund	786,700	0.25
13.	Low Lay Ping	768,100	0.24
14.	CGS-CIMB Nominees (Asing) Sdn. Bhd. Pledged Securities Account for Khor Kim Hock (B B Klang-CL)	752,200	0.24

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No.	Name	No. of Shares	%
15.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Stuart Saw Teik Siew	659,500	0.21
16.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Khoo Bee Lian	659,300	0.21
17.	Kenanga Nominees (Tempatan) Sdn Bhd Rakuten Trade Sdn Bhd for Eow Dick Yen	550,000	0.17
18.	Cheng Kok Sang	543,500	0.17
19.	Boo Jit Fan	500,000	0.16
20.	Eng Kim Liong	500,000	0.16
21.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Hii Sui Cheng (E-JCL)	500,000	0.16
22.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tio Tian Teck (E-KTN)	486,700	0.15
23.	Lim Geok Eng Mary	468,500	0.15
24.	Maybank Nominees (Tempatan) Sdn. Bhd. Pledged Securities Account for Tan Kian Aik	411,300	0.13
25.	Olive Lim Swee Lian	410,000	0.13
26.	Lim Geok Eng Mary	360,000	0.11
27.	Tin Tong Joo	360,000	0.11
28.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Bee Hock (TAN1175C)	345,300	0.11
29.	Mercsec Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Siow Wong Yen @ Siow Kwang Hwa	342,000	0.11
30.	Supang Lian @ Supang Tala	334,100	0.11
Total		268,482,627	84.88



# STATEMENT OF SHARE BUY-BACK



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## STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING PURSUANT TO PARAGRAPH 12.06(1) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

### 1. Disclaimer Statement

If you are in any doubt as to the course of action to be taken, you should consult your stockbroker, bank manager, solicitor, accountant or other professional advisers immediately.

Bursa Malaysia Securities Berhad ("Bursa Securities") has not perused the Share Buy-Back Statement ("Statement") prior to its issuance as it is an exempt document. Bursa Securities takes no responsibility for the contents of this Statement, makes no representation as to its accuracy or completeness and expressly disclaims any liability, whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this Statement.

### 2. Introduction

The Company had on 28 February 2022, announced that it will be seeking shareholders' approval at the 22nd Annual General Meeting ("AGM") of the Company for the proposed renewal of authority for the Company to purchase its own ordinary shares ("Encorp Shares") of up to ten per centum (10%) of the total number of issued shares of the Company ("Proposed Renewal of Authority for Share Buy-Back").

The purpose of this Statement is to provide the information on the Proposed Renewal of Authority for Share Buy-Back together with the Directors' recommendation thereon, and to seek shareholders' approval of the Ordinary Resolution on the Proposed Renewal of Authority for Share Buy-Back to be tabled at the 22nd AGM of the Company to be held at the Broadcast Venue at Executive Lounge, Third Floor, Encorp Berhad, No 46-3, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

### 3. Details of the Proposed Renewal of Authority for Share Buy-Back

At the 21st AGM of the Company held on 10 September 2021, the shareholders had approved the renewal of the authority for the Company to purchase its own shares of up to ten per centum (10%) of the total number of issued shares of the Company. The said approval will expire at the conclusion of the 22nd AGM of the Company unless renewed by an ordinary resolution passed by the shareholders.

The renewal of authority for the Company to purchase its own shares will be effective immediately upon the passing of the Ordinary Resolution at the forthcoming 22nd AGM and will expire at:

- (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by an ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
- (ii) the expiration of the period within which the next AGM of the Company after the date is required by law to be held; or
- (iii) revoked or varied by an ordinary resolution passed by the shareholders in a general meeting;

whichever occurs first.

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The Company may only purchase its own shares at a price which is not more than fifteen per centum (15%) above the weighted average market price of the shares for the five (5) market days immediately before the purchase.

In accordance with Section 127 of the Companies Act, 2016 (the "Act"), the Company could deal with any Encorp Shares so purchased in the following manner:

- (i) to cancel the shares so purchased;
- (ii) to retain the shares so purchased as treasury shares; or
- (iii) to retain part of the shares so purchased as treasury shares and cancel the remainder of the shares.

Shares that are purchased by the Company shall be deemed to be cancelled immediately on purchase unless it is held as treasury shares. If such purchased shares are held as treasury shares, the Directors of the Company may:-

- (a) distribute the shares as share dividends to shareholders;
- (b) resell the shares or any of the shares in accordance with the relevant rules of Bursa Securities;
- (c) transfer the shares, or any of the shares for the purposes of or under an employees' share scheme;
- (d) transfer the shares, or any of the shares as purchase consideration;
- (e) cancel the shares or any of the shares; or
- (f) sell, transfer or otherwise use the shares for such other purposes as the minister charged with the responsibility for companies may by order prescribe.

If such purchased shares are held as treasury shares, the rights attached to them as to attending and voting at meetings and any purported exercise of such rights is void. The treasury shares shall not confer the right to receive dividends or other distributions, whether cash or otherwise, of the Company's assets including any distribution of assets upon winding up of the Company.

In addition, the treasury shares shall not be taken into account in calculating the number or percentage of shares or of a class of shares in the Company for any purposes including, without limiting the generality of the provision in the Act or the Listing Requirements of Bursa Securities on substantial shareholding, takeovers, notices, the requisitioning of meetings, the quorum for a meeting and the result of a vote on resolutions at meetings of shareholders.

Where treasury shares are distributed as share dividends, the costs of the shares on the original purchase shall be applied in the reduction of the funds otherwise available for distribution as dividends.

Where the shares so purchased or treasury shares are cancelled, the costs of the shares shall be applied in the reduction of the profits otherwise available for distribution as dividends. The issued capital of the Company shall be diminished by the shares so cancelled.

The Encorp Shares purchased and retained by Encorp as treasury shares can only be resold at a price which is:

- (i) not less than the weighted average market price of the Encorp Shares for the five (5) market days immediately prior to the resale; or
- (ii) at a discount of not more than five per centum (5%) to the weighted average market price of the Encorp Shares for the five (5) market days immediately before the resale provided that:
  - (a) the resale takes place not earlier than thirty (30) days from the date of purchase; and
  - (b) the resale price is not less than the cost of purchase of the Encorp Shares being resold.



In accordance with Paragraph 12.26 of the Listing Requirements, Encorp may purchase its own shares in odd lots, i.e. any number of its own shares which is less than the number of shares prescribed by Bursa Securities as a board lot through Direct Business Transaction or in any other manner as may be approved by Bursa Securities in accordance with such requirements as may be prescribed or imposed by Bursa Securities.

To date, the Company has yet to determine the manner of which the purchased shares are to be treated.

#### 4. Rationale for the Proposed Renewal of Authority for Share Buy-Back

The proposed share buy-back, if exercised, is expected to potentially benefit the Company and its shareholders in the following manners:

- (a) The proposed share buy-back will provide the Company the option to return its surplus financial resources to its shareholders;
- (b) Depending on the effective cost of funding of the shares to be purchased, the earnings per share of the Group may be enhanced (in the case where the shares so purchased are cancelled), and thereby long term investors are expected to enjoy a corresponding increase in the value of their investments in the Company;
- (c) If the shares purchased are kept as treasury shares, the treasury shares may be realised with potential gain without affecting the total number of issued shares of the Company. Alternatively, the shares purchased can be distributed as share dividends to reward the shareholders of the Company; and
- (d) The Company may be able to stabilise the supply and demand of its shares in the open market and thereby supporting its fundamental value.

#### 5. Retained Profits

The proposed share buy-back must be made wholly-out of the company's retained profits. The maximum amount of funds to be utilised must not exceed the retained profit of the Company.

Based on the Audited Financial Statements of the Company for the financial year ended 31 December 2021, the accumulated loss account of the Company stood at RM252.7 million

#### 6. Source of Funds

The amount allocated for share buy-back will be financed by internally generated funds and/or bank borrowings, the proportion of which will depend on the quantum of the purchase consideration as well as the availability of internally generated funds and repayment capability of the Company, if financed by bank borrowings, at the date(s) of the purchase(s). In the event that the Company intends to purchase its own shares using external borrowings, the Board of Directors shall ensure that the Company shall have sufficient funds to repay the external borrowings and that the repayment would have no material effect on the cash flow of Encorp group of companies.

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## 7. Direct and Indirect Interest of the Directors and Substantial Shareholders in the Proposed Renewal of Authority for Share Buy-Back

The proforma effects of the proposed share buy-back on the shareholdings of the Directors of the Company as at 18 March 2022 on the assumption that shares purchased from shareholders other than the Directors are set out below:

	Before Proposed Renewal of Authority for Share Buy-Back				After Proposed Renewal of Authority for Share Buy-Back ①			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Directors</b>								
Tuan Haji Sr. Mohd Ali Bin Abd Karim	-	-	-	-	-	-	-	-
Datuk Haji Jaafar Bin Abu Bakar	-	-	-	-	-	-	-	-
Mahadzir Bin Mustafa	-	-	-	-	-	-	-	-
Datuk Shireen Ann Zaharah Binti Muhiudeen	-	-	-	-	-	-	-	-
Tuan Haji Lukman Bin Abu Bakar	-	-	-	-	-	-	-	-

① Assuming that ten per centum (10%) of the existing total number of issued shares of Encorp are bought and retained as treasury shares in total.

The proforma effects of the proposed share buy-back on the shareholdings of the substantial shareholders in Encorp as at 18 March 2022 on the assumption that shares are purchased from shareholders other than the substantial shareholders are set out below:

	Before Proposed Renewal of Authority for Share Buy-Back				After Proposed Renewal of Authority for Share Buy-Back #			
	Direct		Indirect		Direct		Indirect	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
<b>Substantial Shareholders</b>								
Felda Investment Corporation Sdn. Bhd.	197,067,526	62.30	-	-	197,067,526	69.14	-	-
Federal Land Development Authority	-	-	197,067,526 ①	62.30	-	-	197,067,526 ①	69.14
Anjakan Masyhur Sdn. Bhd.	40,000,000	12.65	-	-	40,000,000	14.03	-	-
Azhar Bin Mohd Awal	-	-	40,000,000 ②	12.65	-	-	40,000,000 ②	14.03
Azman Hanafi Bin Abdullah	-	-	40,000,000 ②	12.65	-	-	40,000,000 ②	14.03

# Assuming that ten per centum (10%) of the existing total number of issued shares capital of Encorp are bought and retained as treasury shares in total.

① Deemed interest through Felda Investment Corporation Sdn. Bhd. pursuant to Section 8 of the Companies Act 2016.

② Deemed interest by virtue of their substantial shareholdings in Anjakan Masyhur Sdn. Bhd.

**8. Potential Advantages and Disadvantages of the Proposed Renewal of Authority for Share Buy-Back**

Potential advantages of the Proposed Renewal of Authority for Share Buy-Back to the Company and its shareholders are stated in Section 4 above.

Potential disadvantages of the Proposed Renewal of Authority for Share Buy-Back to the Company and its shareholders are as follow:

- (a) it will reduce the financial resources of the Group and may result in the Group foregoing better investment opportunities in future or, at least deprive Encorp Group of interest income that can be derived from the funds utilised for the Share Buy-Back; and
- (b) as the Share Buy-Back can only be made out of retained profits of the Company, it may result in the reduction of financial resources available for distribution to shareholders in the immediate future.

The Proposed Renewal of Authority for Share Buy-Back is not expected to have any potential material disadvantages to the Company and its shareholders, as it will be exercised only after in depth consideration of the financial resources of the Company and of the resultant impact on its shareholders. The Board of Directors in exercising any decision on the share buy-back will be mindful of the interest of the Company and its shareholders

**9. Financial Effects of the Proposed Renewal of Authority for Share Buy-Back**

On the assumption that the share buy-back is carried out in full, the effects of the Proposed Renewal of Authority for Share Buy-Back on the share capital, net assets (NA) per share, working capital and earnings per share (EPS) of the Company are set out below:

**(a) Share Capital**

The effects of any purchase of the Company's own shares will depend on whether the Encorp Shares so purchased are cancelled or retained as treasury shares.

The proposed share buy-back will not have any effect on the total number of issued shares if all the Encorp Shares purchased are to be retained as treasury shares, re-sold or distributed to our shareholders.

The proposed share buy-back will however, result in the reduction of the total number of issued shares if the Encorp Shares so purchased are cancelled. The proforma effects of the proposed share buy-back based on the issued and paid-up share capital as at 18 March 2022 and assuming the Encorp Shares so purchased are cancelled are set out below:

	No. of Encorp Shares
Existing issued and paid-up share capital as at 18 March 2022	316,684,717
Treasury shares as at 18 March 2022	(386,000)
If maximum number of shares are purchased pursuant to the proposed share buy-back	(31,282,472)
Issued and paid-up share capital as diminished, if the treasury shares are cancelled	285,016,245

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**(b) NA**

The effects of the share buy-back on the NA per share of the Encorp Group are dependent on the purchase price of the Encorp Shares at the time of buy back. If all Encorp Shares so purchased are cancelled, the consolidated NA per share of the Group is likely to be reduced if the purchase price exceeds the NA per share, whereas the NA per share of the Group will increase if the purchase price is less than the NA per share of the Group at the time of purchase.

For shares purchased which are kept as treasury shares, upon resale, the NA per share of the Group would increase assuming that a gain has been realised or decreased if a loss is realised. If treasury shares are distributed as share dividends, the NA of the Group would decrease by cost of the treasury shares.

**(c) Working Capital**

The proposed share buy-back will reduce the working capital of the Group, the quantum of which depends on, amongst others, the number of shares eventually purchased and the purchase price of the shares.

**(d) EPS**

Assuming that the shares purchased under the share buy-back are cancelled, the share buy-back may increase the EPS of Encorp Group. Similarly, on the assumption that the shares purchased are treated as treasury shares and subsequently resold, the extent of the effect on earnings of Encorp Group will depend on the actual selling price and number of treasury shares resold and the effective gain arising. In the event the shares purchased are held as treasury shares, i.e., neither cancelled nor resold, the effective reduction in the total number of issued shares of Encorp pursuant to the share buy-back would generally, all else being equal, increase the consolidated EPS of the Company.

**(e) Dividends**

Assuming the proposed share buy-back is implemented in full and the Company's quantum of dividends is maintained at historical levels, the share buy-back will have the effect of increasing the dividend rate of the Company as a result of the reduction in the total number of issued shares of the Company.

The proposed share buy-back may have an adverse impact on the Company's dividend policy for the financial year ending 31 December 2022 as it would reduce the cash available, which may otherwise be used for dividend payment. Nonetheless, the treasury shares purchased may be distributed as dividends to shareholders of the Company, if the Company so decides.

**(f) Shareholdings**

The effect of the proposed share buy-back on the percentage of shareholdings of the Directors and substantial shareholders of the Company would depend on the timing of the purchase, the number of shares purchased, if any, and their actual shareholdings at the time of such purchase.

Please refer to Section 7 above for further details on the shareholding structure of Directors and substantial shareholders of the Company.

**10. Implication Under the Rules on Take Overs, Mergers and Compulsory Acquisitions (the "Rules")**

In the event the proposed share buy-back results in any director(s), substantial shareholder(s) and/or parties acting in concert with him/them triggering a mandatory offer obligation under the Rules, the affected director(s) or substantial shareholder(s) will be obliged to make a mandatory offer for the remaining Encorp Shares not held by him/them.

However, an approval may be sought from the Securities Commission by the affected director(s) or substantial shareholder(s) for exemption under the Rules before a mandatory offer obligation is triggered.

**11. Purchase, Resale, Transfer and/or Cancellation of shares made in the previous twelve (12) months**

As per the Record of Depositors as at 18 March 2022, a total of 386,000 shares were held as treasury shares.

None of the 386,000 shares bought back has been resold, transferred, cancelled and/or distributed as share dividend.

**12. Public Shareholding Spread**

As at 18 March 2022, the public shareholding spread of Encorp was 25.05%. The Company will not undertake any share buy-back if that will result in further breach of paragraph 8.02(1) of the Main Market Listing Requirements of Bursa Securities, which requires the Company to maintain a shareholding spread of at least 25% of its total listed shares (excluding treasury shares) are in the hands of public shareholders. The Board is mindful of the shareholding spread requirement and will continue to be mindful of the requirement when making any purchase of Encorp Shares by the Company.

**13. Share Prices**

The monthly highest and lowest prices of the shares traded on the Bursa Securities for the last twelve (12) months from April 2021 to March 2022 are as follows:

Year/ Month	2021 April	2021 May	2021 June	2021 Jul	2021 Aug	2021 Sept	2021 Oct	2021 Nov	2021 Dec	2022 Jan	2022 Feb	2022 Mar
(RM) HIGH	0.375	0.295	0.385	0.365	0.38	0.7	0.65	0.445	0.375	0.375	0.335	0.29
(RM) LOW	0.275	0.22	0.255	0.255	0.275	0.305	0.39	0.31	0.295	0.275	0.28	0.23

The last transacted price of Encorp shares on 18 March 2022 being the last practicable date prior to the printing of this statement was RM 0.255.

**14. Directors' Statement**

This Statement has been seen and approved by the Board of Directors and they individually and collectively accept full responsibility for the accuracy of the information given in this Statement and confirm that, after making all reasonable enquiries, to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading.

Having considered all aspects of the proposed share buy-back, the Board of Directors is of the opinion that the Proposed Renewal of Authority for Share Buy-Back is fair, reasonable and in the best interest of the Company.

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#### 15. Directors' Recommendation

The Board of Directors recommends that you vote in favour of the Ordinary Resolution for the Proposed Renewal of Authority for Share Buy-Back to be tabled at the forthcoming 22nd AGM.

#### 16. Other Information

Copies of the following documents will be available for inspection at the registered office of Encorp at No.45-1, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, during normal office hours on any working day from 29 April 2022 up to and including the date of the 22nd AGM:

- (a) Constitution of Encorp;
- (b) Unaudited Quarterly Financial Report on the Consolidated Results of the Encorp Berhad Group of Companies for the Fourth Quarter ended 31 December 2021; and
- (c) Audited financial statements for financial years ended 31 December 2020 and 31 December 2021.

There is no other information concerning the Proposed Renewal of Authority for Share Buy-Back as shareholders and their professional advisers would reasonably require and expect to find in this Statement for the purpose of making informed assessment as to the merits of approving the Proposed Renewal of Authority for Share Buy-Back and the extent of the risks involved in doing so.



ENCORP BERHAD (Company No: 200001004231 (506836-X))

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Strand Mall, Kota Damansara

# ●●●○ NOTICE OF 22<sup>ND</sup> ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN THAT the 22nd Annual General Meeting ("AGM") of ENCORP BERHAD will be conducted as a virtual AGM at the Broadcast Venue at Executive Lounge, Third Floor, Encorp Berhad, No 46-3, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, on Wednesday, 29 June 2022 at 3.00 p.m. for the following purposes:

## Agenda

### As Ordinary Business

1	To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Reports of the Directors and Auditors thereon.	(Please refer to Explanatory Note 1)
2	To approve the Directors' fees of up to RM700,000 from the conclusion of 22nd AGM until the next AGM of the Company, to be payable on a quarterly basis in arrears.	(Ordinary Resolution 1)
3	To approve the payment of Directors' benefits of up to RM170,000 being meeting attendance allowances and up to RM85,000 for each Director being the medical benefits, from the conclusion of 22nd AGM until the next AGM of the Company.	(Ordinary Resolution 2)
4	To re-elect Mahadzir Bin Mustafa who retires by rotation in accordance with Clause 99 of the Constitution of the Company.	(Ordinary Resolution 3)
5	To re-elect the following Directors who retire in accordance with Clause 106 of the Constitution of the Company: (a) Tuan Haji Sr. Mohd Ali Bin Abd Karim (b) YBhg Datuk Shireen Ann Zaharah Binti Muhiudeen (c) Tuan Haji Lukman Bin Abu Bakar	(Ordinary Resolution 4) (Ordinary Resolution 5) (Ordinary Resolution 6)
6	To re-appoint Messrs Ernst & Young PLT as Auditors of the Company until the conclusion of the next AGM and to authorise the Directors to fix the Auditors' remuneration.	(Ordinary Resolution 7)

### As Special Business

To consider and, if thought fit, to pass the following resolutions:

7	<b>Authority to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016</b>  "THAT subject to Sections 75 and 76 of the Companies Act 2016 and approvals of the relevant governmental/regulatory authorities, the Directors be and are hereby empowered to allot shares in the Company, at any time to such persons 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 allotted pursuant to this resolution does not exceed twenty per centum (20%) of the total number of issued shares of the Company for the time being and the Directors be and are also empowered to obtain the approval for the listing of and quotation for the additional shares so allotted on Bursa Malaysia Securities Berhad ("Bursa Securities"); AND THAT such authority shall commence immediately upon the passing of this resolution and continue to be in force until the conclusion of the next AGM of the Company."	(Ordinary Resolution 8)
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**Proposed Renewal of Authority for Share Buy-Back**

"THAT subject always to the Companies Act 2016, the Constitution of the Company, Main Market Listing Requirements ("Listing Requirements") of Bursa Securities, and the approvals of all relevant governmental and/or regulatory authorities, the Directors of the Company be and are hereby authorised to make purchases of such amount of ordinary shares in the Company through Bursa Securities, provided that:

- (a) the aggregate number of ordinary shares purchased and/or held by the Company as treasury shares shall not exceed ten per centum (10%) of the existing total number of issued shares of the Company for the time being;
- (b) the maximum funds allocated by the Company for the purpose of purchasing its shares shall not exceed the total retained profits of the Company; and
- (c) the authority conferred by this resolution will commence immediately upon passing of this ordinary resolution and shall continue to be in force until:
  - (i) the conclusion of the next AGM of the Company following the general meeting at which such resolution was passed at which time it shall lapse unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions;
  - (ii) the expiration of the period within the next AGM after that date is required by law to be held; or
  - (iii) revoked or varied by ordinary resolution passed by the shareholders in a general meeting;

whichever is earlier.

AND THAT the Directors of the Company be and are hereby authorised to deal with the shares purchased in their absolute discretion in the following manner:

- (i) cancel all the shares so purchased;
- (ii) retain the shares so purchased as treasury shares; or
- (iii) retain part of the shares so purchased as treasury shares and cancel the remainder of the shares.

AND FURTHER THAT the Directors of the Company be and are hereby authorised to take all such steps as are necessary and/or enter into any and all agreements, arrangements and guarantees with any party or parties to implement, finalise and give full effect to the aforesaid purchase with full powers to assent to any conditions, modifications, revaluations, variations and/or amendments (if any) as may be imposed by the relevant authorities from time to time to implement or to effect the purchase of its own shares."

(Ordinary Resolution 9)



9	<p><b>Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature as specified in Section 2.3 of the Circular to Shareholders dated 29 April 2022.</b></p> <p>"THAT, subject always to the Listing Requirements of Bursa Securities, approval be and is hereby given to the Company and its subsidiaries ("Encorp Group") to enter into and give effect to specified recurrent related party transactions of a revenue or trading nature of the Encorp Group with specified classes of related parties (as defined in the Listing Requirements of Bursa Securities and as specified in Section 2.3 of the Circular to Shareholders dated 29 April 2022) which are necessary for the day-to-day operations in the ordinary course of business and are carried out at arms' length basis on normal commercial terms of the Encorp Group, on terms not more favourable to the related parties than those generally available to the public and are not detrimental to minority shareholders of the Company and such approval shall continue to be in force until:</p> <ul style="list-style-type: none"> <li>(a) the conclusion of the next AGM of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;</li> <li>(b) the expiration of the period within which the next AGM after the date it is required to be held pursuant to Section 340(2) of the Companies Act 2016, (but shall not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or</li> <li>(c) revoked or varied by resolution passed by the shareholders in a general meeting;</li> </ul> <p>whichever is earlier.</p> <p>THAT authority be and is hereby given to the Directors of the Company to complete and do all such acts and things as they may consider necessary or expedient in the best interest of the Company (including executing all such documents as may be required) to give effect to the transactions contemplated and/or authorised by this Ordinary Resolution."</p>	(Ordinary Resolution 10)
10	To transact any other ordinary business of which due notice has been given in accordance with the Companies Act 2016.	

By Order of the Board

**Lee Lay Hong**  
LS 0008444  
SSM PC No. 201908002088  
Company Secretary

Selangor Darul Ehsan  
29 April 2022



## Explanatory Notes:

**1. Audited Financial Statements**

The Audited Financial Statements are laid in accordance with Section 340(1) (a) of the Companies Act 2016 for discussion only under Agenda 1. They do not require shareholders' approval and hence, will not put for voting.

**2. The payment of Directors' benefits of up to RM170,000 being meeting attendance allowances and up to RM85,000 for each Director being the medical benefits, from the conclusion of 22nd AGM until the next AGM of the Company.**

The details of the estimated total benefits payable to Non-Executive Chairman and Non-Executive Directors from the conclusion of 22nd AGM until the next AGM are as follows:

(a) Meeting allowance (no change from the previous year)

Estimated amount of meeting allowance up to RM170,000 is calculated based on the number of scheduled Board's and Board Committees' meetings.

(b) Medical benefits (no change from the previous year)

Estimated amount of medical benefits is up to RM85,000 for each Director.

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.

**3. Retirement by rotation in accordance with Clause 99 and 106 of the Company's Constitution**

Clause 99 of the Company's Constitution states that at each AGM one-third (1/3) of the Directors for the time being, or if their number is not a multiple of three, the number nearest to one-third (1/3) with a minimum of one shall retire from office. In addition, each Director shall retire at least once in every three years but shall be eligible for re-election. Mahadzir Bin Mustafa, who retires in accordance with Clause 99 is eligible for re-election.

Clause 106 of the Company's Constitution stipulates that a Director appointed by the Board shall hold office until the conclusion of the next AGM of the Company and shall be eligible for re-election. Tuan Haji Sr. Mohd Ali Bin Abd Karim, YBhg Datuk Shireen Ann Zaharah Binti Muhiudeen and Tuan Haji Lukman Bin Abu Bakar, who retire in accordance with Clause 106 of the Constitution and are eligible for re-election.

For the purpose of determining the eligibility of the Directors to stand for re-election at this 22nd AGM and in line with Practice 5.1 of the revised Malaysian Code on Corporate Governance issued by the Securities Commission Malaysia on 28 April 2021, the Nominating and Remuneration Committee ("NRC") has reviewed and assessed each of the retiring Directors for the FY2021. The Board endorsed the recommendation of the NRC on the re-election of the retiring Directors. The profiles of the retiring Directors are stated on page 21,23,24 & 25 of the Annual Report 2021 of the Company.

**4. Authority to Allot Shares Pursuant to Sections 75 and 76 of the Companies Act 2016**

The Ordinary Resolution 8 proposed under item 7 of the Agenda, is to seek a general mandate to empower the Directors of the Company pursuant to Sections 75 and 76 of the Act, to issue and allot ordinary shares at any time to such persons in their absolute discretion without convening a general meeting provided that the aggregate number of the shares issued does not exceed 20% of the total number of issued shares of the Company for the time being ("20% General Mandate"). This 20% General Mandate may be utilised by the Company to issue and allot new ordinary shares until 31 December 2022 and thereafter, unless extended by Bursa Securities, the 10% limit under Rule 6.03 of the Listing Requirements of Bursa Securities will be reinstated. This authority, unless revoked or varied at general meeting, will expire at the next AGM.

As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the 21st AGM held on 10 September 2021 and which will lapse at the conclusion of the 22nd AGM to be held on 29 June 2022.

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The General Mandate sought will enable the Directors of the Company to allot shares, including but not limited to further placing of shares, for purposes of funding investment(s), working capital and/or acquisition(s).

The Board, having considered the current and prospective financial position, needs and capacity of the Company, is of the opinion that the 20% General Mandate is in the best interest of the Company and its shareholders.

#### 5. Proposed Renewal of Authority for Share Buy-Back

The proposed adoption of Ordinary Resolution 9 is intended to renew the authority granted by the shareholders of the Company at the AGM held on 10 September 2021. The proposed renewal of authority for share buy-back will allow the Board of Directors to exercise the power of the Company to purchase not more than ten per centum 10% of the total number of issued shares of the Company at any time within the time period stipulated in the Listing Requirements of Bursa Securities.

#### 6. Proposed Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature

The proposed Ordinary Resolution 10, if approved, will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue and trading nature relating to sale of properties by the Encorp Group to related parties. The details of the proposal are set out in the Circular to Shareholders dated 29 April 2022.

#### Notes:

1. As part of the initiatives to curb the spread of Covid-19, the 22nd AGM of the Company will be conducted on a virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal of SS E Solutions Sdn. Bhd. at <https://sshsb.net.my/>. Please follow the procedures in the Administrative Guide in order to participate remotely via RPV.
2. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. NO MEMBERS/PROXIES from the public shall be physically present at the broadcast venue on the day of the 22nd AGM.
3. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 June 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 22nd AGM.
4. A proxy may but need not be a member of the Company.
5. If the appointer is a corporation, the form of proxy must be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
6. A member shall be entitled to appoint more than one (1) proxy subject always to a maximum of two (2) proxies to attend and vote at the same meeting provided that the provision of Section 294(2) of the Companies Act 2016 is complied with.
7. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
8. Where a member of the Company is an exempt authorised nominee 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.
9. The appointment of proxy may be made in a hardcopy form or by electronic means as follows and must be deposited with the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. not less than forty-eight (48) hours before the time for holding this meeting or any adjournment thereof. Otherwise the instrument of proxy should not be treated as valid.
  - (a) By Hardcopy Form  
The Form of Proxy or the Power of Attorney or other authority, if any, must be deposited at the office of the Company's Shares Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.



(b) By Online system

The instrument appointing a proxy can be electronically submitted to the Share Registrar via Securities Services e-Portal at <https://sshsb.net.my/> (Kindly refer to the Administrative Guide for further information.)

**Statement accompanying Notice of Annual General Meeting**

(Pursuant to Paragraph 8.27(2) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad)

**Details of individuals who are standing for election as Directors**

There are no individuals who are standing for election as directors (excluding directors standing for a re-election) at the 22nd Annual General Meeting of the Company.

**Authority for Directors to allot shares pursuant to Sections 75 and 76 of the Companies Act 2016**

Kindly refer to item (4) of the Explanatory Notes.

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(Company No: 200001004231 (506836-X))

## ADMINISTRATIVE GUIDE FOR THE 22nd ANNUAL GENERAL MEETING

Date: Wednesday, 29 June 2022  
Time: 3.00 p.m.  
Broadcast Venue: Executive Lounge, Third Floor, Encorp Berhad, No 46-3, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.

### MODE OF MEETING

In light of the Covid-19 pandemic, the 22nd AGM of the Company will be conducted on a virtual AGM through live streaming from the broadcast venue and online remote participation via Remote Participation and Voting facilities ("RPV") provided by SS E Solutions Sdn. Bhd. via its Securities Services e-Portal accessible at <https://sshsb.net.my/>.

The broadcast venue is strictly a main venue of the 22nd AGM where the Chairman will be present in compliance with Section 327(2) of the Companies Act, 2016. Thus, NO MEMBERS/PROXIES will be physically present at the broadcast venue on the day of the 22nd AGM.

We have provided the broadcast venue address above to comply with Section 327 of the Companies Act 2016. Members/proxies from the public should not be physically present, and will not be admitted, at the broadcast venue on the day of the 22nd AGM.

### ENTITLEMENT TO PARTICIPATE AND VOTE

In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 June 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 22nd AGM.

In view that the 22nd AGM will be conducted on a virtual basis, if you are unable to attend the meeting via RPV on 29 June 2022, you may appoint the Chairman of the 22nd AGM as proxy and indicate the voting instructions in the Form of Proxy.

If you wish to personally participate in the 22nd AGM, please do not submit any Form of Proxy. You will not be allowed to participate in the 22nd AGM together with a proxy appointed by you.

The original Form of Proxy must be deposited at the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia not less than forty-eight (48) hours before the time for holding this meeting or any adjournment thereof. Otherwise the instrument of proxy should not be treated as valid.

Alternately, you may also submit the Form of Proxy electronically via Securities Services e-Portal at <https://sshsb.net.my/>.

Corporate Shareholder or its authorised representative who wish to participate and vote remotely at the AGM must contact the Share Registrar and will be required to provide the following documents to the Share Registrar not less than forty-eight (48) hours before the time set for holding the meeting:

- (a) original certificate of appointment of its Corporate Representative under the seal of the corporation;
- (b) copy of the Corporate Representative's MyKad (front and back separately) or valid Passport; and
- (c) Corporate Representative's email address and mobile number.

The Share Registrar will respond to your remote participation request upon receipt of these documents.

For the beneficiary who holds shares of the Company under a Nominee Company's Central Depository System ("CDS") account, and who wishes to use the RPV facilities to participate and vote at the AGM remotely, he/she can request his/her Nominee Company to appoint him/her as a proxy. In this respect, he/she must contact the Share Registrar and will be



required to provide the following documents to the Share Registrar no later than forty-eight (48) hours before the time set for holding the meeting:

- (a) duly executed Form of Proxy by the Nominee Company;
- (b) copy of the proxy holder's MyKad (front and back separately) or valid Passport; and
- (c) Proxy holder's email address and mobile number.

The Share Registrar will respond to your remote participation request upon receipt of these documents.

#### PROCEDURES FOR REMOTE PARTICIPATION AND VOTING (RPV)

Please read and follow the procedures and actions reflected below to engage in remote participation through live streaming and online remote voting at the 22nd AGM using the RPV facilities:

Procedures	Actions
<b>BEFORE AGM</b>	
1 Sign up for a user account at Securities Services e-Portal	<ul style="list-style-type: none"> <li>Visit <a href="https://sshsb.net.my/">https://sshsb.net.my/</a>.</li> <li>Click on 'SIGN UP' to register. You will be prompted to fill up your information and to submit a copy of your MyKad (front and back separately) or valid Passport for verification purposes.</li> <li>Users must register before 3.00 p.m. on Thursday, 23 June 2022.</li> <li>You will receive a notification email within one (1) working day. Your email address is your user ID.</li> <li>Verify your user account within seven (7) days from receiving the notification email.</li> <li>This is a ONE-TIME registration. If you are already have a user account, you are not required to register again.</li> </ul>
2 Submit your request for RPV registration/ e-Proxy Form	<p>Registration will be opened from 3.00 p.m. on Monday, 2 May 2022 until 3.00 p.m. on Monday, 27 June 2022.</p> <ul style="list-style-type: none"> <li>Registration options:               <ol style="list-style-type: none"> <li>(a) RPV registration                   <ul style="list-style-type: none"> <li>Login with your user ID and password.</li> <li>Select Company name: Encorp Berhad</li> <li>22nd AGM on Wednesday, 29 June 2022 at 3.00 p.m.</li> <li>Registration for Remote Participation.</li> <li>Click "&gt;" to register for remote participation at the 22nd AGM.</li> </ul> </li> <li>(b) Submission of e-Proxy Form                   <ul style="list-style-type: none"> <li>Login in with your user ID and password.</li> <li>Select Company name: Encorp Berhad</li> <li>22nd AGM on Wednesday, 29 June 2022 at 3.00 p.m.</li> <li>Submission of Proxy Form.</li> <li>Click "&gt;" to submit your e-Proxy Form for the meeting.</li> <li>Step 1: Select individual shareholder/corporate/authorised representative of a body corporate.</li> <li>Step 2: Insert every CDS account number and indicate the number of shares accordingly.</li> <li>Step 3: Submit your remote participation/e-Proxy Form.</li> <li>Appointed proxies need not register for remote participation, but they will need to be registered users of the Securities Services e-Portal before 3.00 p.m. on Thursday, 23 June 2022.</li> <li>The proxy will be given access to remote participation at the meeting to which he/she is appointed for instead of the shareholder, provided the proxy must be a registered user of the e-Portal. Failing which, the proxy will not be able to participate at the meeting as the meeting will be conducted on a virtual basis.</li> </ul> </li> </ol> </li> </ul>

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		<ul style="list-style-type: none"> <li>- You will receive a notification email acknowledged receipt your remote participation/e-Proxy Form.</li> <li>- After the General Meeting ROD as at 22 June 2022, you will receive an email that will advise if your registration for remote participation/e-Proxy Form has been approved or rejected.</li> <li>- A copy of your remote participation/e-Proxy Form can be accessed via My Records in the Securities Services e-Portal.</li> <li>- Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> </ul> <ul style="list-style-type: none"> <li>• Evidence of authority: <ul style="list-style-type: none"> <li>- For body corporates, the appointed corporate /authorised representative must upload the evidence of authority, such as:</li> <li>- Certificate of Appointment of Corporate Representative, Power of Attorney, letter of authority or other documents proving authority.</li> <li>- Documents that are not in English or Bahasa Malaysia must be accompanied by a certified translation in English in one (1) file. For verification, the original evidence of authority and translation thereof, if required, must be submitted to: Securities Services (Holdings) Sdn. Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.</li> </ul> </li> </ul>
ON THE DAY OF 22nd AGM		
3	Login to Securities Services e-Portal	<ul style="list-style-type: none"> <li>• Login with your user ID and password for remote participation.</li> <li>• Login 30 minutes before the commencement of AGM at 3.00 p.m. on Wednesday, 29 June 2022.</li> </ul>
4	Submit questions through live streaming	<ul style="list-style-type: none"> <li>• Select "Event".</li> <li>• Select Company name: Encorp Berhad – 22nd AGM on Wednesday, 29 June 2022 at 3.00 p.m. – Live Stream Meeting.</li> <li>• Click "&gt;" to join the 22nd AGM remotely.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration.</li> <li>• Use the text box to submit a question for the Chairman/Board. Your questions will be responded to during the 22nd AGM. If there is time constraint, the responses will be emailed to you after the meeting.</li> <li>• NOTE: Quality of the live streaming is dependent on the bandwidth and stability of the internet connection of the remote participants' location.</li> </ul>
5	Online remote voting	<ul style="list-style-type: none"> <li>• If you are already accessing the Live Stream Meeting, click <b>Proceed to Vote</b> under the live stream player.</li> <li>OR</li> <li>• Select "Event".</li> <li>• Select Company name: Encorp Berhad – 22nd AGM on Wednesday, 29 June 2022 at 3.00 p.m. – Remote Voting.</li> <li>• Click the radio button against each resolution to review and confirm your vote, then click "&gt;" to submit your votes online for the resolutions tabled.</li> <li>• Voting commences at 3.00 p.m. on Wednesday, 29 June 2022 and will end at the time announced by the Chairman.</li> <li>• Read and agree to the Terms &amp; Conditions and confirm the Declaration prior to submitting your votes.</li> <li>• Your votes casted will apply throughout ALL the CDS accounts you represent as an individual shareholder, corporate/authorised representative and proxy. Where you are attending as a proxy, we will take the shareholder's indicated votes in the Form of Proxy.</li> <li>• A copy of your submitted remote voting record can be accessed via My Records in the Securities Services e-Portal.</li> </ul>
6	End of remote participation	<ul style="list-style-type: none"> <li>• Upon the announcement by the Chairman on the closure of the 22nd AGM, the live streaming will end.</li> </ul>



## POLL VOTING

The voting at the 22nd AGM will be conducted by poll in accordance with Paragraph 8.29A of Bursa Malaysia Securities Berhad Main Market Listing Requirements. Members can submit votes on the resolutions upon commencement of the 22nd AGM at 3.00 p.m. on Wednesday, 29 June 2022 until the end of the voting session which will be announced by the Chairman of the meeting. Upon completion of the voting session, the Scrutineers will verify and announce the poll results followed by the Chairman's declaration on whether the resolutions are duly passed.

## ANNUAL REPORT 2021 AND CIRCULAR TO SHAREHOLDERS

The Annual Report 2021 is available on the Company's website at [www.encorp.com.my](http://www.encorp.com.my).

Please note that printed copies of the Annual Report 2021 will be available only upon request. You may submit your request for a printed copy of the Annual Report by completing the enclosed Requisite Form and either send by post to Company's Registered Office address at No. 45-1, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor or email to [pauline@encorp.com.my](mailto:pauline@encorp.com.my), the printed copy of the Annual Report will be despatched to you by ordinary post within four (4) market days from the date of receipt of your request. However, please consider the environment before you decide to request for the printed copy.

## NO DOOR GIFT/FOOD VOUCHER

There will be **NO** distribution of door gift/food voucher to members/proxies who participate in the 22nd AGM.

## RECORDING OR PHOTOGRAPHY

Strictly **NO** unauthorised recording or photography of the proceedings of the 22nd AGM.

## ENQUIRY

For enquiries prior to the AGM, please contact Company's Share Registrar during office hours on Monday to Friday from 8:30 a.m. to 12:15 p.m. and from 1:15 p.m. to 5:30 p.m. (except public holidays):

Share Registrar	:	Securities Services (Holdings) Sdn. Bhd.
Contact person	:	Mr Wong Piang Yoong +603 2084 9168 Ms Lee Pei Yeng +603 2084 9169 Ms Evangeline Yeoh +603 2084 9007 En Saiful +603 2084 9164 General Line +603 2084 9000
Email address	:	<a href="mailto:eservices@sshsb.com.my">eservices@sshsb.com.my</a>

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Dahlia & Clover of Encorp Cahaya Alam



## FORM OF PROXY



**ENCORP BERHAD**  
(Company No. 200001004231 (506836-X))  
(Incorporated in Malaysia)

No. of Shares Held	
CDS Account No.	
Telephone No.	

\*I/We \_\_\_\_\_  
(Full name as per NRIC/Certificate of Incorporation in CAPITAL letters)

Company No./NRIC No. (new) \_\_\_\_\_ (old) \_\_\_\_\_

of \_\_\_\_\_  
(Full Address)

\_\_\_\_\_ (Full Address)

being a member of ENCORP BERHAD, hereby appoint \_\_\_\_\_

\_\_\_\_\_ NRIC No. (new) \_\_\_\_\_  
(Full name as per NRIC in CAPITAL letters)

(old) \_\_\_\_\_ or failing \*him/her \_\_\_\_\_  
(Full name as per NRIC in CAPITAL letters)

NRIC No. (new) \_\_\_\_\_ (old) \_\_\_\_\_

or failing \*him/her, the Chairman of the Meeting as \*my/our proxy to vote for \*me/us on \*my/our behalf at the 22nd Annual General Meeting ("AGM") of the Company to be held at the Broadcast Venue at Executive Lounge, Third Floor, Encorp Berhad, No 46-3, Jalan PJU 5/22, Pusat Perdagangan Kota Damansara, Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan, on Wednesday, 29 June 2022 at 3.00 p.m. and at any adjournment thereof.

\*My/our proxy is to vote as indicated below:

(Please indicate with an "X" in the appropriate boxes how you wish your vote to be cast. If you do not indicate how you wish your proxy to vote on any resolution, the proxy shall vote as he/she thinks fit, or at his/her discretion, abstain from voting.)

No.	Ordinary Resolutions	For	Against
1.	Approval of Directors' fees of up to RM700,000 for the period from the conclusion of 22nd AGM until the next AGM of the Company, to be payable on a quarterly basis in arrears.		
2.	Approval of Directors' benefits of up to RM170,000 being meeting attendance allowances and up to RM85,000 for each Director being the medical benefits, from the conclusion of 22nd AGM until the next AGM of the Company.		
3.	Re-election of Mahadzir Bin Mustafa as Director.		
4.	Re-election of Tuan Haji Sr. Mohd Ali Bin Abd Karim as Director.		
5.	Re-election of YBhg Datuk Shireen Ann Zaharah Binti Muhiudeen as Director.		
6.	Re-election Tuan Haji Lukman Bin Abu Bakar as Director.		
7.	Re-appointment of Messrs Ernst & Young PLT as Auditors and authority to the Directors to fix the Auditors' remuneration.		
8.	Authority for Directors to Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.		
9.	Proposed renewal of authority for share buy-back.		
10.	Approval of Proposed Shareholders' Mandate as specified in Section 2.3 of the Circular to Shareholders dated 29 April 2022.		

Dated this ..... day of ..... 2022

\_\_\_\_\_  
Signature(s)/Common Seal of Member(s)

**For appointment of two proxies, percentage of shareholdings to be represented by the proxies:**

	No. of shares	Percentage
Proxy 1		
Proxy 2		
<b>Total</b>		<b>100%</b>

**Notes:**

1. As part of the initiatives to curb the spread of Covid-19, the 22nd AGM of the Company will be conducted on a virtual basis by way of live streaming and online remote voting via Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal of SS E Solutions Sdn. Bhd. at <https://sshsb.net.my/>. Please follow the procedures in the Administrative Guide in order to participate remotely via RPV.
2. The broadcast venue is strictly for the purpose of complying with Section 327(2) of the Companies Act 2016 which requires the Chairman of the meeting to be present at the main venue of the meeting. NO MEMBERS/PROXIES from the public shall be physically present at the broadcast venue on the day of the 22nd AGM.
3. In respect of deposited securities, only members whose names appear in the Record of Depositors on 22 June 2022 (General Meeting Record of Depositors) shall be entitled to attend, speak and vote at this 22nd AGM.
4. A proxy may but need not be a member of the Company.
5. If the appointer is a corporation, the form of proxy must be given under its common seal or under the hand of an officer or attorney of the corporation duly authorised.
6. A member shall be entitled to appoint more than one (1) proxy subject always to a maximum of two (2) proxies to attend and vote at the same meeting provided that the provision of Section 294(2) of the Companies Act 2016 is complied with.
7. Where a member appoints more than one (1) proxy, the appointment shall be invalid unless he specifies the proportions of his shareholdings to be represented by each proxy.
8. Where a member of the Company is an exempt authorised nominee 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.
9. The appointment of proxy may be made in a hardcopy form or by electronic means as follows and must be deposited with the Company's Share Registrar, Securities Services (Holdings) Sdn. Bhd. not less than forty-eight (48) hours before the time for holding this meeting or any adjournment thereof. Otherwise the instrument of proxy should not be treated as valid.
  - (a) By Hardcopy Form  
The Form of Proxy or the Power of Attorney or other authority, if any, must be deposited at the office of the Company's Shares Registrar, Securities Services (Holdings) Sdn. Bhd. at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Malaysia.
  - (b) By Online system  
The instrument appointing a proxy can be electronically submitted to the Share Registrar via Securities Services e-Portal at <https://sshsb.net.my/> (Kindly refer to the Administrative Guide for further information.)

(Fold here)

Securities Services (Holdings) Sdn. Bhd.  
Level 7, Menara Milenium  
Jalan Damanlela  
Pusat Bandar Damansara  
Damansara Heights  
50490 Kuala Lumpur  
Malaysia

PLACE  
STAMP  
HERE

(Fold here)



Company No: 200001004231  
(506836-X)

No. 45C, Jalan PJU 5/21, Pusat Perdagangan Kota Damansara,  
Kota Damansara PJU 5, 47810 Petaling Jaya, Selangor Darul Ehsan.



[www.encorp.com.my](http://www.encorp.com.my)



[encorpbhd](https://www.facebook.com/encorpbhd)



[@encorpberhad](https://www.instagram.com/encorpberhad)



# **CORPORATE GOVERNANCE REPORT**

**STOCK CODE** : 6076  
**COMPANY NAME** : Encorp Berhad  
**FINANCIAL YEAR** : December 31, 2021

## **OUTLINE:**

### **SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE**

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### **SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

## SECTION A – DISCLOSURE ON MALAYSIAN CODE ON CORPORATE GOVERNANCE

*Disclosures in this section are pursuant to Paragraph 15.25 of Bursa Malaysia Listing Requirements.*

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.1

The board should set the company's strategic aims, ensure that the necessary resources are in place for the company to meet its objectives and review management performance. The board should set the company's values and standards, and ensure that its obligations to its shareholders and other stakeholders are understood and met.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board is responsible for the strategic direction of the Company and its subsidiaries (the "Group") and the overall management of the Company ("Encorp" or "the Company").</p> <p>The Board has the following principal responsibilities, which facilitate the discharge of the Board's stewardship in the pursuit of the best interest of the Company:</p> <ul style="list-style-type: none"><li>• Setting, reviewing and approving the business plan and overall strategic plan of the Company that supports long term value creation which includes strategies on environmental, economic, social considerations which underpins sustainability for the Company;</li><li>• Review, challenge and decide on management's proposals for the Company and monitor its implementation by management;</li><li>• Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed;</li><li>• Together with senior management, promote good corporate governance culture within the Company which reinforces ethical, prudent and professional behavior;</li><li>• Identifying principal financial and non-financial risks and ensuring the implementation of appropriate risk management framework to identify, analyse, evaluate, manage and monitor these risks and to set the risk appetite;</li><li>• Ensure that senior management has the necessary skills and experience, and there are measures in place to provide for the orderly succession of Board and senior management;</li><li>• Developing and implementing an investor relations programme or shareholders' communications policy for the Company;</li><li>• Reviewing the adequacy and integrity of the Company's internal control systems and management information systems for</li></ul>

	<p>compliance with applicable laws, regulations, rules, directives and guidelines; and</p> <ul style="list-style-type: none"> <li>Ensuring that the Company has appropriate corporate governance structures in place including standards and ethical, prudent and professional behaviour and working with senior management in promoting a culture of good corporate governance and corporate responsibility.</li> </ul> <p>The Board established clear functions reserved for the Board and those delegated to management. The Limits of Authority of the Company specify the parameters within which the management decisions are to be made whilst the matters which are specifically reserved for the Board include, amongst others, the approval of business strategies, major acquisitions and disposals, financial results and Board appointments.</p>	
<b>Explanation for departure</b>	:	
<p><i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i></p>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

**Practice 1.2**

A Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness of the board is appointed.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Chairman is responsible for leadership of the Board in ensuring the effectiveness of all aspects of its role, co-ordinates the work of the Board and its committees and ensures that the Board members are provided with timely information relevant to perform their duties and responsibilities.</p> <p>The roles and responsibilities of the Chairman is as outlined in Paragraph 4.8(a) of the Board Charter, which is available at the Company's website at <a href="http://www.encorp.com.my">www.encorp.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.3

The positions of Chairman and CEO are held by different individuals.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The role of the Chairman and the Group Chief Executive Officer ("GCEO") are distinct and separate to ensure that there is a balance of power and authority.</p> <p>Tuan Haji Sr. Mohd Ali Bin Abd Karim, the Chairman of the Company is responsible for the leadership, effectiveness, conduct and governance of the Board.</p> <p>En Hazurin Bin Harun who was appointed as the GCEO of the Company on 17 February 2021 is in charge to run the day-to-day management of Group business within the limits of authority delegated by the Board. The GCEO acts as a conduit between the Board and the Management in ensuring the success of the Company's governance and management functions. Notwithstanding that, the GCEO is also responsible to achieve goals and decisions made by the Board, ensure effective operations within the Group, and to explain, clarify and inform the Board on key matters pertaining to the Group.</p> <p>The distinct roles and responsibilities of the Chairman and GCEO are clearly stated in Paragraph 4.8 of the Board Charter, which is available at the Company's website at <a href="http://www.encorp.com.my">www.encorp.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

## Practice 1.4

The Chairman of the board should not be a member of the Audit Committee, Nomination Committee or Remuneration Committee

<i>Note: If the board Chairman is not a member of any of these specified committees, but the board allows the Chairman to participate in any or all of these committees' meetings, by way of invitation, then the status of this practice should be a 'Departure'.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Chairman of the board is not a member of Audit, Risk And Governance Committee and also Nominating and Remuneration Committee.</p> <p>The Board acknowledge the importance of Practice 1.4 and had limit the risk of self-review which may impair the objectivity of the Chairman and the Board when deliberating on the observations and recommendations put forth by the Board Committees. The Chairman of the Board understands that he should not be involved in these Committees to ensure there is check and balance as well as objective review by the Board.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.5

The board is supported by a suitably qualified and competent Company Secretary to provide sound governance advice, ensure adherence to rules and procedures, and advocate adoption of corporate governance best practices.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Ms Lee Lay Hong has legal qualification and is qualified to act as Company Secretary under Section 235(2) of the Companies Act, 2016. Ms Lee plays an advisory role to the Board, particularly with regard to the Company's constitution, Board policies and procedures, and its compliance with regulatory requirements, codes, guidance and legislation for the affairs of the Board. The Board is regularly updated by the Company Secretary on new statutory and regulatory requirements.</p> <p>In discharging her role as counsels to the Board, the Company Secretary also ensure proper supply of relevant information as well as the accuracy and adequacy of meeting materials, recording of meeting minutes and resolutions of the Board and Board Committees. The Company Secretary also serve as a focal point for stakeholders' communication and engagement on corporate.</p> <p>Besides playing an advisory role, the Company Secretary serves notice to the Directors and Principal Officers to notify them of closed periods for trading in the Company's shares so as to ensure that all dealings and disclosures by Directors and Principal Officers are in adherence to Chapter 14 of the Main Market Listing Requirements.</p> <p>The Company Secretary constantly keep herself abreast of the evolving capital market environment, regulatory changes and development in corporate governance through attending relevant conferences and training programmes. She has also attended the relevant continuous professional development programmes as required by the Companies Commission of Malaysia or MAICSA for practising Company secretaries. Detailed information on the functional accountabilities of the Company Secretary is encapsulated in the Board Charter available on the Company's website at <a href="http://www.encorp.com.my">www.encorp.com.my</a>.</p> <p>The Board is satisfied with the performance and support rendered by the Company Secretary who play a vital role to the Board in discharging its function and duties.</p>
<b>Explanation for departure</b>	:	

<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

Every company is headed by a board, which assumes responsibility for the company's leadership and is collectively responsible for meeting the objectives and goals of the company.

### Practice 1.6

Directors receive meeting materials, which are complete and accurate within a reasonable period prior to the meeting. Upon conclusion of the meeting, the minutes are circulated in a timely manner.

Application	:	Applied	
Explanation on application of the practice	:	<p>The notice and agenda of Board meetings are sent to the Directors via email at least 7 days prior to the meetings.</p> <p>The Company utilises a secured application to disseminate meeting papers to the Directors electronically. This serves to ensure that the Directors are able to have access to meeting materials more efficiently and expeditiously.</p> <p>Upon conclusion of the Board meetings, the Company Secretary will circulate the minutes to the Chairman of meeting within a reasonable period of time for his review.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

There is demarcation of responsibilities between the board, board committees and management.

There is clarity in the authority of the board, its committees and individual directors.

**Practice 2.1**

The board has a board charter which is periodically reviewed and published on the company's website. The board charter clearly identifies–

- the respective roles and responsibilities of the board, board committees, individual directors and management; and
- issues and decisions reserved for the board.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board Charter primarily sets out the Board's strategic intent and outlines the Board's roles and responsibilities, to ensure that all Board members are aware of their fiduciary duties and responsibilities, legislations and regulations affecting their conduct.</p> <p>The Board Charter aims to promote highest standards of corporate governance within the Group, so that the interests of the shareholders, customers and other stakeholders are safeguarded.</p> <p>The Board reviews the Board Charter regularly, to keep it up to date with changes in regulations and best practices.</p> <p>The Board Charter is available at the Company's website at <a href="http://www.encorp.com.my">www.encorp.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.1

The board establishes a Code of Conduct and Ethics for the company, and together with management implements its policies and procedures, which include managing conflicts of interest, preventing the abuse of power, corruption, insider trading and money laundering.

The Code of Conduct and Ethics is published on the company's website.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board had adopted and implemented a Code of Conduct and Business Ethics to promote the corporate culture which engenders ethical conduct that permeates throughout the Group.</p> <p>The conduct of the Directors, management and employees of the Group are governed by the Code of Ethics and Conduct which provides clear direction on conduct of business and general workplace behavior. It includes, amongst others, guidance on health and safety, disclosure of conflict of interest, maintaining confidentiality and gift and business courtesies.</p> <p>The Group communicates its Code of Conduct and Business Ethics to all Directors, management and employees, copy of which is also available at the Company's website at <a href="http://www.encorp.com.my">www.encorp.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The board is committed to promoting good business conduct and maintaining a healthy corporate culture that engenders integrity, transparency and fairness.

The board, management, employees and other stakeholders are clear on what is considered acceptable behaviour and practice in the company.

### Practice 3.2

The board establishes, reviews and together with management implements policies and procedures on whistleblowing.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Whistle Blowing Policy and Guideline is established in order to support one of Encorp's core values on Ethics and Governance requirements. Encorp places high value of trust to ensure that all business operations and decision making are carried out with Encorp's high standards of integrity and good governance to avoid any misconduct that may affect the organisation. The framework on whistle blowing policy and guidelines forms one of the key mechanisms to ensure that Encorp business practices and operations is in-line with relevant rules and regulation and to encourage the reporting of misconduct and address issues of vulnerability, integrity and governance.</p> <p>The framework on whistle blowing policy and guideline was formalised to encourage and enable staff and others to raise legitimate and genuine concerns to be objectively investigated and addressed within Encorp prior to seeking resolution outside of the Encorp.</p> <p>All reports of misconduct are characterised and classified as confidential. Content of the report may not be disclosed to any party other than the party entitled to know such as law enforcement agencies, Investigation Team, Members of the Board for investigation, assessment and decision making. The identity of the complainant will be kept confidential and protected and shall not be expressed in any document or statement.</p> <p>During the financial year under review, there were no cases reported to the Chairman of the ARGC.</p>
<b>Explanation for departure</b>	:	



*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.1

The board together with management takes responsibility for the governance of sustainability in the company including setting the company's sustainability strategies, priorities and targets.

The board takes into account sustainability considerations when exercising its duties including among others the development and implementation of company strategies, business plans, major plans of action and risk management.

Strategic management of material sustainability matters should be driven by senior management.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board determine Encorp's strategic direction and ensures the Company compliance to law, internal regulations, risk management and control. Sustainability is a component of the Company's corporate strategy.</p> <p>The Sustainability committee is led by the GCEO supported by Head of Departments.</p> <p>Decisions on the long-term alignment of sustainability-related areas of action are endorsed at Board level, whereby they would convene to discuss and assess Encorp's progress on economic, environmental and social issues as well as the degree to which sustainability principles have been integrated into the various divisions.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.2

The board ensures that the company's sustainability strategies, priorities and targets as well as performance against these targets are communicated to its internal and external stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>Encorp define all stakeholders as groups whom the business has a significant impact on and those with a vested interest in ENCORP operations. Encorp believe that actively engaging and working in partnership with our stakeholders is crucial to addressing sustainability concerns. The Board perceive sustainability as a never-ending quest that requires the participation of all stakeholders, internally and externally, at every level.</p> <p>In an effort to contribute to global and national initiatives towards sustainable development, Encorp seeks to continuously refine its strategic approach to the UN 17 SDGs.</p> <p>The Company has been practising the following methods in communicating sustainability matter with its stakeholders:</p> <ul style="list-style-type: none"><li>• Town hall and Employee Get Connected programme</li><li>• Conduct relevant programmes in creation of employee's awareness on the Company's Environment, Social and Governance commitments</li><li>• Public Statements, media engagement and Marketing</li><li>• Corporate Social Responsibilities ("CSR") activities</li><li>• Annual General Meeting</li></ul> <p>For more information on the company sustainability strategies, priorities, targets and performance, please refer to the Encorp Sustainability Report which is available on the Company's website at <a href="http://www.encorp.com.my">www.encorp.com.my</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.3

The board takes appropriate action to ensure they stay abreast with and understand the sustainability issues relevant to the company and its business, including climate-related risks and opportunities.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Board was regularly updated by the Company Secretary and Head of Risk and Governance, on the changes of the Listing Requirements via Bursa Securities Circular, which are relevant to the Company on the corporate disclosure and compliances related to the Sustainability issues.  The company will upskill the board and senior management on sustainability issues knowledge through training and seminars.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.4

Performance evaluations of the board and senior management include a review of the performance of the board and senior management in addressing the company's material sustainability risks and opportunities.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	The Board and senior management have yet to undertake performance evaluations to address the Company and its unlisted subsidiaries' on the risks and opportunities related to sustainability.	
		Key Performance Indicators on sustainability will be incorporated for year performance appraisal.	
		The Board is mindful that setting sustainability targets require the Company to carefully examine the attainability of the targets, which should be weighed against the Company's ambitions and goals.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



### Intended Outcome

The company addresses sustainability risks and opportunities in an integrated and strategic manner to support its long-term strategy and success.

### Practice 4.5- Step Up

The board identifies a designated person within management, to provide dedicated focus to manage sustainability strategically, including the integration of sustainability considerations in the operations of the company.

*Note: The explanation on adoption of this practice should include a brief description of the responsibilities of the designated person and actions or measures undertaken pursuant to the role in the financial year.*

<b>Application</b>	:	Adopted
<b>Explanation on adoption of the practice</b>	:	The Head of Risk and Governance has been identified as the designated person to provide focus and co-ordination on managing sustainability within Encorp. Key Sustainability matter are discussed in the Sustainability Committee in reviewing sustainability efforts in Encorp.

## Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

## Practice 5.1

The Nomination Committee should ensure that the composition of the board is refreshed periodically. The tenure of each director should be reviewed by the Nomination Committee and annual re-election of a director should be contingent on satisfactory evaluation of the director's performance and contribution to the board.

Application	:	Applied	
Explanation on application of the practice	:	The Nominating and Remuneration Committee (“NRC”) has discharge its function in ensuring that the Board composition and tenure of each director are reviewed periodically.	
		An annual evaluation was conducted and reviewed by the NRC to assess the performance, contribution and tenure of each Director before recommending nomination of the retiring Director for re-election at the forthcoming Annual General Meeting ("AGM").	
		The Board Charter has clearly stated that the tenure of an Independent Director is limited to nine (9) years and he/she may continue to serve on Board subject to redesignation as Non-Independent Director. Otherwise, the Board must justify and seek shareholders' approval at the AGM in the event it retains the Director as an Independent Director.	
		In this respect, the Board takes into consideration the appropriate mix and diversity of skills, knowledge, experience, age, gender and ethnicity that fit the Company’s objectives and long term plan.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.2**

At least half of the board comprises independent directors. For Large Companies, the board comprises a majority independent directors.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The Board comprises one (1) Independent Non-Executive Chairman, two (2) Non-Independent Non-Executive Directors, and two (2) Independent Non-Executive Directors.</p> <p>The Independent Directors make up the majority of the composition of the Board.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.3

The tenure of an independent director does not exceed a cumulative term limit of nine years. Upon completion of the nine years, an independent director may continue to serve on the board as a non-independent director.

If the board intends to retain an independent director beyond nine years, it should provide justification and seek annual shareholders' approval through a two-tier voting process.

Application	:	Applied	
Explanation on application of the practice	:	<p>The NRC had performed an annual review on the independence of the Independent Directors.</p> <p>The Board views the number of Independent Directors as well-positioned in providing the necessary check and balance to the Board's decision-making process. The Independent Directors have fulfilled their roles as Independent Directors through active and objective participation in Board deliberations and the exercise of unbiased and independent judgement.</p> <p>At present, there are no Independent Directors whose tenure exceeds a cumulative term of nine (9) years in the Company.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.4 - Step Up**

The board has a policy which limits the tenure of its independent directors to nine years without further extension.

*Note: To qualify for adoption of this Step Up practice, a listed issuer must have a formal policy which limits the tenure of an independent director to nine years without further extension i.e. shareholders' approval to retain the director as an independent director beyond nine years.*

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.5

Appointment of board and senior management are based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

Directors appointed should be able to devote the required time to serve the board effectively. The board should consider the existing board positions held by a director, including on boards of non-listed companies. Any appointment that may cast doubt on the integrity and governance of the company should be avoided.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has adopted a Board Diversity Policy to set out the approach to diversity on the Board. When appointing a Director or senior management, the NRC and the Board will consider the background, gender, age, experience, skill, competency, knowledge and potential contribution of the candidate.</p> <p>The NRC recommends suitable candidate for appointment to the Board, the appointment of which will be decided upon by the Board as a whole to ensure a balanced mix of experience and expertise amongst its members. Thereafter, the Board carries out its own assessment based on the recommendations made by the NRC and determines the appointments to be made.</p> <p>All the Directors has declared their directorship and none of them are holding more than 5 directorship in listed issuers. The NRC is satisfied with their performance as they are able to devote sufficient time and attention to the matters of the Company in discharging their obligations and duties towards the Company.</p> <p>The appointment of Senior Management is also based on predetermined criteria of skill sets and leadership qualities, driven by their respective job descriptions.</p> <p>The diversity of the Board is set out in the Corporate Governance Overview Statement of the Company's Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		



<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.6

In identifying candidates for appointment of directors, the board does not solely rely on recommendations from existing board members, management or major shareholders. The board utilises independent sources to identify suitably qualified candidates.

If the selection of candidates was based on recommendations made by existing directors, management or major shareholders, the Nominating Committee should explain why these source(s) suffice and other sources were not used.

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>When appointing a Director or senior management, the NRC and the Board will consider the background, gender, age, experience, skill, competency, knowledge and potential contribution of the candidate.</p> <p>The NRC recommends suitable candidate for appointment to the Board, the appointment of which will be decided upon by the Board as a whole to ensure a balanced mix of experience and expertise amongst its members. Thereafter, the Board carries out its own assessment based on the recommendations made by the NRC and determines the appointments to be made.</p> <p>On 14 September 2021, two (2) new Independent Non-Executive Directors namely Encik Mohd Ali Bin Abd Karim and Encik Haji Lukman Bin Abu Bakar were appointed, as replacements for the retirement of Encik Abdul Rahim Bin Abdul Hamid on 10 September 2021, which was reviewed and recommended by the NRC. The NRC also reviewed and recommended the candidate for Non-Independent Non-Executive Director namely Datuk Shireen Ann Zaharah Binti Muhiudeen, in replacement of Encik Hussein Bin Ismail who had retired on 10 September 2021. Datuk Shireen Ann Zaharah Binti Muhiudeen was then appointed to our Board on 14 September 2021. The above appointments were recommended by the Company's major shareholder during candidate selection. The NRC scrutinised the suitability and qualification of the candidates and recommend the same for the Board's approval. In discharging this duty, the NRC assessed the suitability of an individual by taking into account the individual's mix of skill, functional knowledge, expertise, experience, professionalism, integrity and/or other commitments that the candidate can bring to complement the Board.</p>

	The NRC is responsible for identifying candidates and reviewing all nominations for the appointment of Directors, In recommending new Directors, the NRC relies on the contacts and network of the entire Board. However, the NRC may engage the external recruitment services provider (independent sources), if necessary.	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

### Intended Outcome

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

### Practice 5.7

The board should ensure shareholders have the information they require to make an informed decision on the appointment and reappointment of a director. This includes details of any interest, position or relationship that might influence, or reasonably be perceived to influence, in a material respect their capacity to bring an independent judgement to bear on issues before the board and to act in the best interests of the listed company as a whole. The board should also provide a statement as to whether it supports the appointment or reappointment of the candidate and the reasons why.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The NRC is responsible to evaluate and recommend to the Board the re-appointment of any non-executive director at the conclusion of his specified term of office, re-election of any director under the retirement by rotation provision in the Company's Constitution having regard to their performance and contributions to the Board before tabling the same for the shareholders' approval.</p> <p>Shareholders are kept informed on the Board's decision in respect of appointment of director via announcements to Bursa Malaysia Securities Berhad.</p> <p>During the financial year ended 31 December 2021, the Board has not recommended any appointment of new director and re-appointment of director for retention as Independent Non-Executive Director to the shareholder for approval except the re-election of Directors. A statement by the Board and NRC being satisfied with the performance and effectiveness of the retiring Directors was stated in the notes accompanying the Twenty-Second Notice of Annual General Meeting ("22nd AGM").</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.8**

The Nominating Committee is chaired by an Independent Director or the Senior Independent Director.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The NRC is Chaired by Datuk Haji Jaafar Bin Abu Bakar, who is an Independent Non-Executive Director.</p> <p>In discharging his duties as the Chairman of the NRC, he undertakes to lead an annual assessment of the effectiveness of the Board and Board Committees; ensuring that the performance of the Board, Board Committees and each Director is assessed objectively and holistically; and leads the succession planning and appointment of the Board members.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.9**

The board comprises at least 30% women directors.

<b>Application</b>	:	Departure	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:	<p>With Datuk Shireen Ann Zaharah Binti Muhiudeen's appointment to the Board, the Company has achieved a 20% female representation.</p> <p>The Board recognises that a gender-diverse Board could offer greater depth and breadth whilst the diversity at key senior management would lead to better decision-making.</p> <p>Women representation on the Board and in senior management will be taken into consideration when vacancies arise and suitable candidates are identified, underpinned by the overriding primary aim of selecting the best candidate to support the achievement of the Company's strategic objectives.</p>	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.	
<b>Timeframe</b>	:	Choose an item.	



**Intended Outcome**

Board decisions are made objectively in the best interests of the company taking into account diverse perspectives and insights.

**Practice 5.10**

The board discloses in its annual report the company's policy on gender diversity for the board and senior management.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Board has established a Board Diversity Policy to ensure that through the NRC, selection and appointment of new board member take into the consideration the candidates from a wide variety of background, without discriminating based on gender, age, ethnic, marital status and religion but on the required mix of skill, knowledge and professional experience which the new director should bring to the Company.</p> <p>The Board is committed to provide fair and equal opportunities regardless of gender but will nevertheless consider appointing more female directors and senior management where suitable to be in line with the Code.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

## Intended Outcome

Stakeholders are able to form an opinion on the overall effectiveness of the board and individual directors.

## Practice 6.1

The board should undertake a formal and objective annual evaluation to determine the effectiveness of the board, its committees and each individual director. The board should disclose how the assessment was carried out its outcome, actions taken and how it has or will influence board composition.

For Large Companies, the board engages an independent expert at least every three years, to facilitate objective and candid board evaluation.

<i>Note: For a Large Company to qualify for adoption of this practice, it must undertake annual board evaluation and engage an independent expert at least every three years to facilitate the evaluation.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Board implemented an evaluation process, for assessing the effectiveness and competencies of the Board as a whole.</p> <p>The process is carried out via customised evaluation forms sent to directors pertaining to Board Effectiveness, Board Committees Effectiveness and Directors' Self Competencies.</p> <p>The results of the self-assessment by Directors and the Board's effectiveness as a whole as compiled by the Company Secretary were presented to NRC for review before submitting to the Board for discussion and determine areas for improvement to enhance the Board's effectiveness.</p> <p>The Board was satisfied with the results of the annual assessment and that the current size and composition of the Board is appropriate and well-balanced with the right mix of skills. The Board was also satisfied with the Board composition comprising individuals of high calibre, credibility and with the necessary skills and qualifications to enable the Board to discharge its duties and responsibilities effectively.</p>
<b>Explanation for departure</b>	:	
	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.1

The board has remuneration policies and procedures to determine the remuneration of directors and senior management, which takes into account the demands, complexities and performance of the company as well as skills and experience required. The remuneration policies and practices should appropriately reflect the different roles and responsibilities of non-executive directors, executive directors and senior management. The policies and procedures are periodically reviewed and made available on the company's website.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Directors' Remuneration Policy was adopted by the Board on 26 November 2015, which aims to attract, develop, retain and motivate high performing Directors and Senior Management with a competitive remuneration package.</p> <p>The remuneration package for Executive Directors and Senior Management are structured to link rewards to corporate and individual performance while Non-Executive Directors' remuneration reflects that experience and level of responsibilities undertaken by individual Non-Executive Directors.</p> <p>A copy of Directors' Remuneration Policy is available at the Company's website at <a href="http://www.encorp.com.my">www.encorp.com.my</a></p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

The level and composition of remuneration of directors and senior management take into account the company's desire to attract and retain the right talent in the board and senior management to drive the company's long-term objectives.

Remuneration policies and decisions are made through a transparent and independent process.

### Practice 7.2

The board has a Remuneration Committee to implement its policies and procedures on remuneration including reviewing and recommending matters relating to the remuneration of board and senior management.

The Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the company's website.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The NRC is entrusted by the Board to review the remuneration packages for executive director, chief executive officer and senior management. The NRC also reviews and recommend to the Board the annual increments and bonuses of executive director and senior management.</p> <p>The NRC has written terms of reference (“TOR”) which deals with its authority and duties, and these TOR are disclosed on the Company’s website at <a href="http://www.encorp.com.my">www.encorp.com.my</a>.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.1**

There is detailed disclosure on named basis for the remuneration of individual directors. The remuneration breakdown of individual directors includes fees, salary, bonus, benefits in-kind and other emoluments.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	A detailed disclosure on named basis for the remuneration of each director can be found under the Corporate Governance Overview Statement in the Company's Annual Report 2021.

No	Name	Directorate	Company ('000)							Group ('000)						
			Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total	Fee	Allowance	Salary	Bonus	Benefits-in-kind	Other emoluments	Total
1	Tuan Haji Sr. Mohd Ali Bin Abd Karim	Independent Director	36	4	Input info here	Input info here	Input info here	Input info here	40	44	5	Input info here	Input info here	Input info here	Input info here	49
2	Datuk Haji Jaafar Bin Abu Bakar	Independent Director	99	16	Input info here	Input info here	Input info here	Input info here	115	129	18	Input info here	Input info here	Input info here	Input info here	147
3	Mahadzir Bin Mustafa	Non-Executive Non-Independent Director	97	13	Input info here	Input info here	Input info here	Input info here	110	117	15	Input info here	Input info here	Input info here	Input info here	132
4	Datuk Shireen Ann Zaharah Binti Muhiudeen	Non-Executive Non-Independent Director	14	5	Input info here	Input info here	Input info here	Input info here	19	14	5	Input info here	Input info here	Input info here	Input info here	19
5	Tuan Haji Lukman Bin Abu Bakar	Independent Director	18	5	Input info here	Input info here	Input info here	Input info here	23	23	6	Input info here	Input info here	Input info here	Input info here	29
6	Tuan Haji Hussein Bin Ismail (Retired on 10.9.2021)	Non-Executive Non-Independent Director	167	5	Input info here	Input info here	Input info here	Input info here	172	181	7	Input info here	Input info here	Input info here	Input info here	188
7	Abdul Rahim Bin Abdul Hamid (Retired on 10.9.2021)	Independent Director	83	10	Input info here	Input info here	Input info here	Input info here	93	97	12	Input info here	Input info here	Input info here	Input info here	109

### Intended Outcome

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

### Practice 8.2

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

<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board is of the view that the disclosure on a name basis will give rise to recruitment and talent retention issues.</p> <p>The remuneration component including salary, bonus, benefits in kind and other emoluments for the top five (5) Senior Management for the financial year ended 31 December 2021, are disclosed in bands of RM50,000 under the Corporate Governance Overview Statement in the Company's Annual Report 2021.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.



No	Name	Position	Company					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
2	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
3	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
4	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.
5	Input info here	Input info here	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.	Choose an item.

**Intended Outcome**

Stakeholders are able to assess whether the remuneration of directors and senior management is commensurate with their individual performance, taking into consideration the company's performance.

**Practice 8.3 - Step Up**

Companies are encouraged to fully disclose the detailed remuneration of each member of senior management on a named basis.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

No	Name	Position	Company ('000)					
			Salary	Allowance	Bonus	Benefits	Other emoluments	Total
1	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
2	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
3	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
4	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here
5	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here	Input info here

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.1**

The Chairman of the Audit Committee is not the Chairman of the board.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The Chairman of the Audit, Risk and Governance Committee, Datuk Haji Jaafar Bin Abu Bakar is not the Chairman of the Board.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.2**

The Audit Committee has a policy that requires a former partner of the external audit firm of the listed company to observe a cooling-off period of at least three years before being appointed as a member of the Audit Committee.

Application	:	Applied	
Explanation on application of the practice	:	The Audit, Risk and Governance Committee (“ARGC”) take note of Practice 9.2 of the MCCG 2021 that the cooling-off period shall be at least three (3) years before a former partner is appointed as member of the Audit Committee.  Currently, no former key audit partner of the external auditors of the Company is appointed to the ARGC.	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.3**

The Audit Committee has policies and procedures to assess the suitability, objectivity and independence of the external auditor to safeguard the quality and reliability of audited financial statements.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company has established an External Auditors Policy to assess and monitor the external auditors.</p> <p>The External Auditors, Messrs Ernst &amp; Young PLT has indicated to the ARGC that they are independent throughout the audit of the Group and of the Company and remain in compliance with the By-Laws of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants' independence requirements.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

**Practice 9.4 - Step Up**

The Audit Committee should comprise solely of Independent Directors.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	



## Intended Outcome

There is an effective and independent Audit Committee.

The board is able to objectively review the Audit Committee's findings and recommendations.  
The company's financial statement is a reliable source of information.

## Practice 9.5

Collectively, the Audit Committee should possess a wide range of necessary skills to discharge its duties. All members should be financially literate, competent and are able to understand matters under the purview of the Audit Committee including the financial reporting process.

All members of the Audit Committee should undertake continuous professional development to keep themselves abreast of relevant developments in accounting and auditing standards, practices and rules.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	<p>The ARGC comprises of members with diverse qualification, expertise and experience ranging from accounting, finance, banking, auditing, taxation and treasury. Collectively, the ARGC has the necessary skills and a wide range of experience and expertise in areas such as accounting and auditing, taxation and finance.</p> <p>Based on the outcome of the performance assessment on the ARGC by the NRC, the NRC was satisfied that the ARGC has been effective in discharging their stewardship responsibilities in meeting the needs of the Company during the period under review.</p> <p>All ARGC members have attended the training, seminars and conferences during the financial year to acquire relevant knowledge that enables them to discharge their duties effectively. Trainings attended by the ARGC members are outlined under the ARGC Report in the Company’s Annual Report 2021.</p>	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.1

The board should establish an effective risk management and internal control framework.

Application	:	Applied	
Explanation on application of the practice	:	<p>The Risk Management Committee comprises of the Heads of Department and Group Chief Executive Officer (GCEO) report to the ARGC on a quarterly basis in respect of its identification, evaluation and management of significant risks impacting the Group.</p> <p>The ARGC assists the Board in preventing oversight over the Group’s management of risk and reviews the adequacy of compliance and control throughout the Group.</p> <p>The Board recognises the role of a strong internal control system in keeping the Group on course towards its goal of maximising shareholders’ value. To this extent, the need for a strong internal control environment has been embeded into the culture of the Group by the Board and Management.</p> <p>The statement on Risk Management and Internal Control (SORMIC) furnished in the Annual Report 2021 provides an overview of the internal control within the Group during the financial year under review.</p>	
Explanation for departure	:		
Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.			
Measure	:		
Timeframe	:		

### Intended Outcome

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

### Practice 10.2

The board should disclose the features of its risk management and internal control framework, and the adequacy and effectiveness of this framework.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	The SORMIC as included in Annual Report 2021 provides the overview of the internal control framework adopted by the Company during the financial year ended under review.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

**Intended Outcome**

Companies make informed decisions about the level of risk they want to take and implement necessary controls to pursue their objectives.

The board is provided with reasonable assurance that adverse impact arising from a foreseeable future event or situation on the company's objectives is mitigated and managed.

**Practice 10.3 - Step Up**

The board establishes a Risk Management Committee, which comprises a majority of independent directors, to oversee the company's risk management framework and policies.

<b>Application</b>	:	Not Adopted
<b>Explanation on adoption of the practice</b>	:	

### Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

### Practice 11.1

The Audit Committee should ensure that the internal audit function is effective and able to function independently.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Company has been outsourced to an independent professional firm, BDO Governance Advisory Sdn Bhd which assist the ARGC in discharging its duties and responsibilities, They act independently and with due professional care and report directly to the ARGC.</p> <p>The internal audit provides risk-based and objective assurance on the adequacy and effectiveness of the risk management, internal control and governance processes.</p> <p>During the financial year ended 31 December 2021, the major activities carried out by the outsourced internal audit were as follows:</p> <ul style="list-style-type: none"><li>• Perform risk-based internal audits on quarterly basis as specified in the approved annual audit plan.</li><li>• Issued internal audit reports to the ARGC detailing audit issues and recommendations for corrective actions to be adopted by Management, to overcome the deficiencies or to enhance controls. The identified key internal audit areas performed in 2021 are the following:<ul style="list-style-type: none"><li>○ Human Resource</li><li>○ Property Management</li></ul></li><li>• In addition, internal audit follow-ups are conducted to ensure the action plans are implemented accordingly.</li></ul> <p>Details of the Internal Audit function are set out in the ARGC Report in the Company's Annual Report 2021.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

## Intended Outcome

Companies have an effective governance, risk management and internal control framework and stakeholders are able to assess the effectiveness of such a framework.

## Practice 11.2

The board should disclose—

- whether internal audit personnel are free from any relationships or conflicts of interest, which could impair their objectivity and independence;
- the number of resources in the internal audit department;
- name and qualification of the person responsible for internal audit; and
- whether the internal audit function is carried out in accordance with a recognised framework.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The internal audit function of the Company has been outsourced to an independent professional firm BDO Governance Advisory Sdn Bhd to assist the ARGC in discharging its duties and responsibilities. They act independently and with due professional care and report directly to the ARGC.</p> <p>Name and qualification of the persons responsible for internal audit are as summarised below:</p> <p>1. Karthigayan Supramaniam – Executive Director, Advisory</p> <p><b>Education/Qualification</b></p> <ul style="list-style-type: none"><li>• Bachelor of Accounting (Hons), University Kebangsaan Malaysia</li><li>• Associate Chartered Management Accountant, United Kingdom (ACMA)</li><li>• Member of the Malaysian Institute of Accountants (MIA)</li><li>• Certified Information Systems Auditor (CISA)</li><li>• Certified Internal Auditor (CIA)</li></ul> <p>2. Ang Ah Leck – Executive Director, Advisory</p> <p><b>Education/Qualification</b></p> <ul style="list-style-type: none"><li>• Member of the Malaysian Institute of Accountants (MIA)</li><li>• Member of Malaysian Institute of Certified Public Accountants (MICPA)</li><li>• Member of the Chartered Tax Institute of Malaysia (CITM)</li></ul> <p>Details of the Internal Audit function are set out in the ARGC Report in the company's Annual Report 2021.</p>
<b>Explanation for departure</b>	:	

*Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.*

<b>Measure</b>	:		
<b>Timeframe</b>	:		



### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.1

The board ensures there is effective, transparent and regular communication with its stakeholders.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Company recognises the importance of effective communication with shareholders, investors and the public in general. In this respect, the Company keeps shareholders, investors and the public informed through announcements, release of quarterly financial results, annual reports, circulars and general meetings. The Company has also implemented a Stakeholders' Communication Policy to handle the process of handling queries from its stakeholders.</p> <p>The Company maintains regular and effective communication with its shareholders and stakeholders by attending to shareholders' and investors' e-mails and phone calls enquiries, Company's general meetings and other Company events. The Notice for the Company's AGM provides information to the shareholders regarding the details and attendance at AGM and rights to appoint proxy(ies).</p> <p>The Company's website has a dedicated section that provides all relevant information on the Company which is accessible to the public. While the Company endeavours to provide as much information as possible to its shareholders and stakeholders, the Company is mindful of the legal and regulatory framework governing the release of material information.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

### Intended Outcome

There is continuous communication between the company and stakeholders to facilitate mutual understanding of each other's objectives and expectations.

Stakeholders are able to make informed decisions with respect to the business of the company, its policies on governance, the environment and social responsibility.

### Practice 12.2

Large companies are encouraged to adopt integrated reporting based on a globally recognised framework.

<b>Application</b>	:	Not applicable – Not a Large Company	
<b>Explanation on application of the practice</b>	:		
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.1

Notice for an Annual General Meeting should be given to the shareholders at least 28 days prior to the meeting.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The Notice of Twenty-First Annual General Meeting ("21st AGM") of the Company was circulated to the shareholders 28 days prior to AGM.</p> <p>This goes above and beyond Section 316(2) of Companies Act 2016 and Paragraph 7.15 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which call for a 21-days' notice period for public companies or listed issuers respectively. The additional time given to shareholders allows them to make the necessary arrangements to attend and participate the 21st AGM remotely by using the Remote Participation and Voting ("<b>RPV</b>") facilities in person or through corporate representatives, proxies or attorneys. In addition, the shareholders are accorded with sufficient time to consider the resolutions that will be discussed and decided upon at the AGM.</p> <p>The notice for the AGM outlines the resolutions to be tabled during the meeting and is accompanied with explanatory notes and background information where applicable to shed clarity on the matters that will be decided at the AGM.</p> <p>In order to achieve the widest possible dissemination, the notice of AGM is placed both in a nationally circulated newspaper and the Company's website at <a href="http://www.encorp.com.my">www.encorp.com.my</a> besides being dispatched to shareholders.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**Intended Outcome**

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

**Practice 13.2**

All directors attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees provide meaningful response to questions addressed to them.

<b>Application</b>	:	Applied	
<b>Explanation on application of the practice</b>	:	All directors attended the 21 <sup>st</sup> AGM held on 10 September 2021 at Broadcast Venue. The Directors present at the 21 <sup>st</sup> AGM presented opportunities for the shareholders to engage with each Director and also allowed the shareholders raised questions and concerns directly to the Directors.	
<b>Explanation for departure</b>	:		
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>			
<b>Measure</b>	:		
<b>Timeframe</b>	:		

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.3

Listed companies should leverage technology to facilitate—

- voting including voting in absentia; and
- remote shareholders' participation at general meetings.

Listed companies should also take the necessary steps to ensure good cyber hygiene practices are in place including data privacy and security to prevent cyber threats.

<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>In year 2021, the Company had leveraged on technology to facilitate remote shareholders' participation and online remote voting as part of the precautionary measures amid COVID-19 pandemic.</p> <p>The Company held its 21<sup>st</sup> AGM on a virtual basis through live streaming and online remote participation via Remote Participation and Voting facilities ("RPV") provided by Securities Services e-Portal of SS E Solutions Sdn. Bhd. at <a href="https://www.sshsb.net.my/login">https://www.sshsb.net.my/login</a>. The voting procedures were conducted by poll administrator at which an independent scrutineer was appointed to validate all votes cast at the 21<sup>st</sup> AGM.</p> <p>The outcome of all resolutions proposed at 21<sup>st</sup> AGM was announced to Bursa Malaysia Securities Berhad on the same day of meeting, and was also made available on the Company's website.</p> <p>Due to the constant evolving COVID-19 situation in Malaysia and as a measure to curb the spread of COVID-19, the Company will conduct its 22<sup>nd</sup> AGM virtually through live streaming and online remote participation via RPV. The RPV will enable remote shareholders' participation via real time submission of typed texts and online remote voting. The RPV facilitates is in compliance with good cyber hygiene practices including data privacy and security to prevent cyber threats.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	

<b>Timeframe</b>	:		
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## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

## Practice 13.4

The Chairman of the board should ensure that general meetings support meaningful engagement between the board, senior management and shareholders. The engagement should be interactive and include robust discussion on among others the company's financial and non-financial performance as well as the company's long-term strategies. Shareholders should also be provided with sufficient opportunity to pose questions during the general meeting and all the questions should receive a meaningful response.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>During the AGM, the Board encourages participation from shareholders by having question-and-answer session ("Q&amp;A") during the AGM (inclusive of the Chairman of the Board, ARGC and NRC) were available to provide meaningful responses to queries raised.</p> <p>Shareholders had direct access to the Board during the AGM proceedings and to participate in the Q&amp;A session on the resolutions being proposed or on the Group's operations in general.</p> <p>Shareholders who are unable to participate in the virtual AGM are allowed to appoint proxies to participate and vote on their behalf in accordance with the Company's Constitution.</p> <p>The GCEO, Board members in attendance and the external auditors, if so required, will endeavor to respond to shareholders' questions during the meeting. All questions posed by shareholders during the AGM were well attended by the Board and/or the Management.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	



## Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

## Practice 13.5

The board must ensure that the conduct of a virtual general meeting (fully virtual or hybrid) support meaningful engagement between the board, senior management and shareholders. This includes having in place the required infrastructure and tools to support among others, a smooth broadcast of the general meeting and interactive participation by shareholders. Questions posed by shareholders should be made visible to all meeting participants during the meeting itself.

<i>Note: The explanation of adoption of this practice should include a discussion on measures undertaken to ensure the general meeting is interactive, shareholders are provided with sufficient opportunity to pose questions and the questions are responded to. Further, a listed issuer should also provide brief reasons on the choice of the meeting platform.</i>		
<b>Application</b>	:	Departure
<b>Explanation on application of the practice</b>	:	
<b>Explanation for departure</b>	:	<p>The Board had ensured that the required infrastructures and tools were in placed to enable the smooth broadcast of the 21<sup>st</sup> AGM and meaningful engagement with the shareholders. The Company Secretary read the questions posed by the shareholders and the Chairman answered the questions accordingly. The questions posed by the shareholders were responded by the Chairman but not made visible to the participants of the 21<sup>st</sup> AGM. The Board would consider this for future general meetings.</p> <p>The shareholders and proxy holders can rely on real time submission of typed text to exercise their rights to speak or communicate in a virtual meeting by submitting questions or remarks in relation to the agenda items into the text box given in the live stream portal. The Chairman of the Company had actively responded to all questions posted by shareholders.</p>
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	Please explain the measure(s) the company has taken or intend to take to adopt the practice.
<b>Timeframe</b>	:	Choose an item.

### Intended Outcome

Shareholders are able to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

### Practice 13.6

Minutes of the general meeting should be circulated to shareholders no later than 30 business days after the general meeting.

<i>Note: The publication of Key Matters Discussed is not a substitute for the circulation of minutes of general meeting.</i>		
<b>Application</b>	:	Applied
<b>Explanation on application of the practice</b>	:	<p>The 21<sup>st</sup> AGM minutes and summary of Q&amp;A dialogues had been published on the Company's corporate websites for public viewing within 30 business days.</p> <p>The outcome of all resolutions proposed at 21<sup>st</sup> AGM was announced to Bursa Malaysia Securities Berhad on the same day of meeting, and also made available on the Company's website at <a href="http://www.encorp.com.my">www.encorp.com.my</a>.</p>
<b>Explanation for departure</b>	:	
<i>Large companies are required to complete the columns below. Non-large companies are encouraged to complete the columns below.</i>		
<b>Measure</b>	:	
<b>Timeframe</b>	:	

**SECTION B – DISCLOSURES ON CORPORATE GOVERNANCE PRACTICES PURSUANT  
CORPORATE GOVERNANCE GUIDELINES ISSUED BY BANK NEGARA MALAYSIA**

*Disclosures in this section are pursuant to Appendix 4 (Corporate Governance Disclosures) of the Corporate Governance Guidelines issued by Bank Negara Malaysia. This section is only applicable for financial institutions or any other institutions that are listed on the Exchange that are required to comply with the above Guidelines.*

Not Applicable
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