

PARKWOOD



UTAMARA
BOUTIQUE RESIDENCES

INDULGENCES AROUND EVERY CORNER

RE.DEFINE SPACE

ANNUAL REPORT 2022

52ND ANNUAL GENERAL MEETING



Level 3, Menara LGB,
No. 1, Jalan Wan Kadir,
Taman Tun Dr. Ismail,
60000 Kuala Lumpur



Wednesday,
14 June 2023, 11.00 a.m.



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of our Website to review our
Annual Report

The soft copy of Parkwood Holdings Berhad ("Parkwood") Annual Report 2022 is available on our website. Go to www.parkwood.my or scan the code above with your smartphone.



OUR VISION

We aspire to be a premier corporation in property development and investment both locally and internationally.

OUR MISSION

We strive to deliver quality products and services with uncompromised professionalism that promote aspirational and sustainable communities.



INSIDE THIS REPORT



Utamara Show Unit - Dining Area

CORPORATE REVIEW

- 02 Corporate Information
- 03 Board of Directors
- 04 Profile of Directors
- 07 Key Senior Management Profile



Utamara Boutique Residences - Play Area

PERFORMANCE REVIEW

- 08 Group Financial Highlights
- 09 Chairman's Statement
- 11 Management Discussion and Analysis
- 14 Sustainability Statement

OUR VALUES

- **INTEGRITY**

Represents our emphasis on having strong working ethical and moral principles by acting with professionalism, honesty, trustworthiness and honour.

- **EXCELLENCE**

Represents our pursuit for innovations and continuous improvement to deliver high quality products and services in tandem with the market trend.

- **TEAMWORK**

Represents the collaborative effort of our people in pursuing shared goals in the most effective and efficient way through trust, mutual respect and embracement of diversity.

- **SUSTAINABILITY**

Represents our commitment to ensure that our businesses and products are economically, environmentally and socially sustainable.



Utamara Artist Impression - Pool Lounge



Utamara Artist Impression - Herb Garden



Utamara Artist Impression - Gym

GOVERNANCE

- 21 Corporate Governance Overview Statement
- 36 Statement on Risk Management and Internal Control
- 39 Audit and Risk Management Committee Report

OTHER INFORMATION

- 44 List of Properties
- 45 Analysis of Shareholdings

FINANCIAL REVIEW

- 48 Directors' Report
- 52 Statement by Directors
- 52 Statutory Declaration
- 53 Independent Auditors' Report
- 56 Statements of Financial Position
- 57 Statements of Profit or Loss and Other Comprehensive Income
- 58 Statements of Changes in Equity
- 59 Statements of Cash Flows
- 61 Notes to the Financial Statements

CORPORATE INFORMATION

BOARD OF DIRECTORS

DATO' GHAZALI BIN MAT ARIFF
Chairman, Independent Non-Executive Director

DATUK HEW LEE LAM SANG
Independent Non-Executive Director

TUAN HAJI FAUZI BIN MUSTAPHA
Independent Non-Executive Director

MS. IRENE KAM SOK KHUAN
Independent Non-Executive Director

DATO' RONNIE LIM YEW BOON
Executive Director

MR. LIM CHIN SEAN
Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE

Chairman

Datuk Hew Lee Lam Sang

Members

Dato' Ghazali Bin Mat Ariff
Tuan Haji Fauzi Bin Mustapha

NOMINATION COMMITTEE

Chairman

Datuk Hew Lee Lam Sang

Members

Dato' Ghazali Bin Mat Ariff
Tuan Haji Fauzi Bin Mustapha

REMUNERATION COMMITTEE

Chairman

Dato' Ghazali Bin Mat Ariff

Members

Tuan Haji Fauzi Bin Mustapha
Datuk Hew Lee Lam Sang

KEY SENIOR MANAGEMENT

Mr. Chan Keen Wai
Chief Operating Officer

Mr. Chin Kok Siong
Chief Financial Officer

COMPANY SECRETARIES

Ms. Chen Bee Ling
(MAICSA 7046517)
SSM P.C. No. 202008001623

Pn. Nurly Salmi Binti Ruhaiza
(MAICSA 7073753)
SSM P.C. No. 202008000293

AUDITORS

Crowe Malaysia PLT 201906000005
(LLP0018817-LCA) & AF 1018
Chartered Accountants
Level 16 Tower C
Megan Avenue II
12 Jalan Yap Kwan Seng
50450 Kuala Lumpur
Tel : 603-2788 9999
Fax : 603-2788 9998

SHARE REGISTRAR

Boardroom Share Registrars Sdn Bhd
(Reg. No. 199601006647 (378993-D))
11th Floor, Menara Symphony
No. 5, Jalan Prof. Khoo Kay Kim
Seksyen 13, 46200 Petaling Jaya
Selangor, Malaysia
Tel : 603-7890 4700
Fax : 603-7890 4670

PRINCIPAL BANKERS

(In alphabetical order)

CIMB Bank Berhad
Hong Leong Bank Berhad

REGISTERED OFFICE/ PRINCIPAL PLACE OF BUSINESS

Unit 8-02, Level 8
Menara LGB
No.1, Jalan Wan Kadir
Taman Tun Dr Ismail
60000 Kuala Lumpur
Tel : 603-2788 9322
Fax : 603-2788 9340
E-mail : admin@parkwood.my
Website : www.parkwood.my

STOCK EXCHANGE LISTING

Main Market of
Bursa Malaysia Securities Berhad
Stock Code : **2682**



BOARD OF DIRECTORS

MR. LIM CHIN SEAN

Executive Director

**TUAN HAJI FAUZI
BIN MUSTAPHA**

*Independent
Non-Executive Director*

**MS. IRENE
KAM SOK KHUAN**

*Independent
Non-Executive Director*

**DATUK HEW
LEE LAM SANG**

*Independent
Non-Executive Director*



DATO' RONNIE LIM YEW BOON

Executive Director

DATO' GHAZALI BIN MAT ARIFF

*Chairman, Independent
Non-Executive Director*

PROFILE OF DIRECTORS



Malaysian

Aged 81

Male

DATO' GHAZALI BIN MAT ARIFF

Chairman, Independent Non-Executive Director

Dato' Ghazali Bin Mat Ariff is an Independent Non-Executive Director of Parkwood. He was appointed to the Board on 9 December 2003 and assumed the position as Chairman of the Company on 26 September 2007. He also serves as Chairman to the Remuneration Committee and is a member of the Audit and Risk Management Committee and Nomination Committee.

Dato' Ghazali is an Advocate and Solicitor. He qualified as a Barrister-at-Law from Lincoln's Inn, London and was called to the English Bar on 21 November 1978. He was admitted as an Advocate & Solicitor of the High Court of Malaya on 27 September 1979 and worked as a legal assistant at Messrs. Nik Hussain, Ibrahim & Abdullah, Kuala Lumpur. He set up a legal firm under the name of Messrs. Ghazali Ariff & Partners in March 1980 and is currently the Senior Partner of the firm.

Prior to that, he was a college trained teacher at Chung Hwa Confucian High School Penang from 1962 to 1968 and a lecturer at Sultan Hassanah Bolkiah Teachers' Training College Brunei Darussalam from 1968 to 1974.

Apart from Parkwood, Dato' Ghazali sits on the Board of Advanced Packaging Technology (M) Berhad. He also sits on the Board of several private limited companies.

Dato' Ghazali was the vice president of Jemaah Dato'-Dato' Perlis. He was appointed as a Commissioner for Oaths from 1995 till 2005. From September 1995 to December 1999, he was the Honorary Vice Consul of the Republic of Finland in Kuala Lumpur. Dato' Ghazali was also the Honorary Legal Advisor of Malaysia Thai Association from 1999 to 2002. He is currently the Life President of The Malay College Old Boys Association and a member of Jawatankuasa Pembangunan dan Pelaburan Majlis Agama Islam Perlis. He is also a member of the Jemaah Pengampunan Negeri Perlis (Perlis Pardons Board) since 28 October 2021.

Dato' Ghazali attended all five (5) Board meetings held during the financial year ended 31 December 2022.



Malaysian

Aged 59

Male

DATUK HEW LEE LAM SANG

Independent Non-Executive Director

Datuk Hew Lee Lam Sang joined the Board of Parkwood on 29 January 2019 as an Independent Non-Executive Director. He serves as the Chairman of the Audit and Risk Management Committee since 29 January 2019. He also serves as the Chairman of the Nomination Committee and is a member of the Remuneration Committee.

Apart from Parkwood, Datuk Hew Lee sits on the Board of TIL Enviro Limited. He also sits on the Board of several private limited companies.

He is a qualified Accountant with the Malaysian Institute of Certified Public Accountants and is a member of the Malaysian Institute of Accountants. Datuk Hew Lee Lam Sang has more than 32 years of experience in the auditing and business advisory profession with KPMG in Malaysia. Datuk Hew Lee was the head of the consulting practice of KPMG in Malaysia before he was elected to manage the whole advisory practice in Malaysia until his retirement from practice at the end of 2015. His vast experience includes external auditing, initial public offerings, review of financial forecast and projections, corporate restructuring, share valuation, etc.

Datuk Hew Lee Lam Sang attended all five (5) Board meetings held during the financial year ended 31 December 2022.

PROFILE OF DIRECTORS (CONT'D)



Malaysian

Aged 78

Male

TUAN HAJI FAUZI BIN MUSTAPHA*Independent Non-Executive Director*

Tuan Haji Fauzi Bin Mustapha joined the Board of Parkwood in November 1993 as a Non-Independent Non-Executive Director representing Permodalan Nasional Berhad (“PNB”). Following his retirement from the PNB Group and upon his declaration as such, he was re-designated as an Independent Non-Executive Director of the Company. He is a member of the Audit and Risk Management Committee as well as the Nomination Committee and the Remuneration Committee. He served as Chairman to the Risk Management Committee from November 2007 till December 2017. He ceased to be the Chairman to the Risk Management Committee following the merger of the Audit and Risk Management Committee on 1 January 2018.

In the PNB Group, Tuan Haji Fauzi, who holds a Diploma in Marketing, the Chartered Institute of Marketing, UK, and a Bachelor of Arts (Honours) Degree from University Malaya, served almost 19 years with Amanah Saham Nasional Berhad (“ASNB”), and the last position he held was as Head of Department of the Services and Quality Assurance Management Department. From January 2000 until March 2002, he held the position of Director of Human Resources in HeiTech Padu Berhad (“HPB”). He was, thereafter, designated as a Consultant to initiate HPB’s quality improvements until December 2002.

Tuan Haji Fauzi attended all five (5) Board meetings held during the financial year ended 31 December 2022.



Malaysian

Aged 38

Female

MS. IRENE KAM SOK KHUAN*Independent Non-Executive Director*

Ms. Irene Kam Sok Khuan joined the Board of Parkwood in November 2022 as an Independent Non-Executive Director.

Ms. Irene Kam is an Advocate and Solicitor. She was admitted as an Advocate & Solicitor of the High Court in Malaya on 24 August 2012, and is currently a Partner at Messrs. Azri, Lee Swee Seng & Co. She has extensive experience in advising clients from a wide spectrum of industries and has amassed expertise in advisory and dispute resolution involving a full range of Intellectual Property (“IP”) related issues, including devising strategy in order to protect the IP assets of an organisation. She also has over 15 years experience as a law lecturer, and brings her passion and insight of the law into her legal practice.

Ms. Irene Kam was appointed to the Board of Parkwood on 23 November 2022 and hence, she did not attend any of the Board meetings held in the financial year ended 31 December 2022.

PROFILE OF DIRECTORS (CONT'D)



Malaysian

Aged 64

Male

DATO' RONNIE LIM YEW BOON

Executive Director

Dato' Ronnie Lim Yew Boon is an Executive Director of Parkwood. He was appointed to the Board on 9 December 2003. He had served as a member of the Audit Committee from 16 December 2003 till 22 November 2007. He was a member of the Risk Management Committee up to the merger of the Audit Committee and Risk Management Committee on 1 January 2018.

Apart from Parkwood, Dato' Ronnie Lim also sits on the Board of Taliworks Corporation Berhad and several private limited companies, namely Grand Saga Sdn Bhd, SWM Environment Sdn Bhd and a few others.

Prior to his appointment to the Board of Parkwood, Dato' Ronnie Lim served as the Group Chief Operating Officer in LGB Group of Companies. He holds a Diploma in Civil Engineering and started his career in the field of construction with consultant engineers. With over thirty years of varied corporate and management experience, he has wide-in-depth exposure in various key industries covering construction, manufacturing, property development and public utilities.

Dato' Ronnie Lim is a cousin of Mr. Lim Chin Sean, who is an Executive Director and a substantial shareholder of the Company.

Dato' Ronnie Lim attended all five (5) Board meetings held during the financial year ended 31 December 2022.



Malaysian

Aged 41

Male

MR. LIM CHIN SEAN

Executive Director

Mr. Lim Chin Sean is an Executive Director of Parkwood. Prior to his appointment to the Board as a Non-Independent Non-Executive Director on 26 September 2007, he was an alternate director to Dato' Ghazali Bin Mat Ariff since 23 November 2005. He was then re-designated from Non-Independent Non-Executive Director to Executive Director on 23 November 2016.

Mr. Lim Chin Sean holds a Bachelor of Computer System Engineering Degree (Honours) from University of Kent, United Kingdom.

He joined the LGB Group of Companies since September 2003 and is currently involved in property development, construction projects, manufacturing and IT advisory services. He also sits on the board of Taliworks Corporation Berhad and several private limited companies.

Mr. Lim Chin Sean is a cousin of Dato' Ronnie Lim, who is an Executive Director of the Company.

Mr. Lim Chin Sean is a substantial shareholder of the Company by virtue of his substantial shareholdings in Telaxis Sdn Bhd, which is a substantial shareholder of the Company.

Mr. Lim Chin Sean attended all five (5) Board meetings held during the financial year ended 31 December 2022.

Save as disclosed, none of the Directors has family relationship with any director and/or major shareholder of the Company.

None of the Directors of the Company has entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. All Directors have no convictions for offences within the past five (5) years other than traffic offences, if any.

KEY SENIOR MANAGEMENT PROFILE



CHAN KEEN WAI

Chief Operating Officer

Mr. Chan Keen Wai was appointed as Chief Operating Officer of Parkwood in June 2017. He holds a Master of Real Estate (with Distinction) from University of Malaya, a Master of Business Administration (MBA) from Southern Cross University, Australia and a bachelor's degree in Construction Management & Economics from Curtin University of Technology, Australia. He is a member of the Royal Institution of Chartered Surveyors (MRICS), United Kingdom and the Royal Institution of Surveyors, Malaysia (MRISM).

Mr. Chan, a chartered surveyor by profession, has more than 30 years of experience in the property fraternity spanning across real estate development, contract management and built asset management. He started his career in Singapore with Marina Centre Holdings Pte Ltd and EM Services Pte Ltd before moving back to Malaysia to continue with his career endeavours. The property developers in Malaysia, which he had previously served at include IJM Land Bhd, TA Global Bhd and WCT Land Sdn Bhd.

Mr. Chan has held various senior management positions and has accumulated a wealth of experience in property development encompassing both upstream and downstream activities of the business, project financial and contract management as well as management of commercial and residential properties.



CHIN KOK SIONG

Chief Financial Officer

Mr. Chin Kok Siong was appointed as Chief Financial Officer of Parkwood in June 2021. He is a chartered accountant by profession, a member of the Malaysian Institute of Accountants (MIA) and a Member of the Association of Chartered Certified Accountants (ACCA) of the United Kingdom.

Mr. Chin has more than 30 years of working experience. He started his career with KPMG before moving into the property and casino sectors. Whilst with KPMG, besides training in professional accountancy and auditing, he was involved in corporate exercises covering initial public offering, corporate restructuring, strategic planning, tax planning, financial and risk management. Upon completing his professional training, he moved on to assume several key senior finance positions with established public listed companies, including Senior Finance Vice President of NagaCorp Limited, a Hong Kong Exchange (HKE) listed company and major casino operator in Cambodia.

His last posting was with MK Land Berhad as its Group Financial Controller.

Save as disclosed, none of the Key Senior Management has family relationship with any director and/or major shareholder of the Company.

None of the Key Senior Management of the Company has entered into any transaction, whether directly or indirectly, which has a conflict of interest with the Company. All Key Senior Management have no convictions for offences within the past five (5) years.

GROUP FINANCIAL HIGHLIGHTS

	2018	2019	2020	2021	2022
	RM' 000	RM' 000	RM' 000	RM' 000	RM' 000
1 RESULT OF OPERATIONS					
Revenue	4,259	5,015	6,512	9,906	18,415
(Loss)/Profit Before Interest, Tax and Depreciation	(4,863)	(3,316)	(3,364)	(1,993)	4,904
(Loss)/Profit Before Tax	(4,975)	(4,093)	(3,814)	(3,817)	3,281
(Loss)/Profit After Tax	(4,170)	(2,750)	(3,990)	(4,315)	2,347
2 STATEMENT OF FINANCIAL POSITION					
<u>Equity And Long Term Liabilities</u>					
Issued and Paid-Up Share Capital	19,566	22,161	22,161	46,239	46,239
Treasury Shares	(3,725)	(3,725)	(3,725)	(3,725)	(3,725)
Share Premium	2,595	-	-	-	-
Asset Revaluation Reserve	24,540	24,540	24,540	24,540	24,540
Capital Reserve	48,209	48,209	48,209	48,209	48,209
Unappropriated Profit	46,655	43,816	39,826	35,511	37,858
Shareholders' Fund	137,840	135,001	131,011	150,774	153,121
Retirement Gratuities	126	130	164	82	82
Deferred Tax Liabilities	1,681	156	156	156	666
Lease Liabilities	-	709	1,118	637	647
Borrowings	-	3,793	25,639	22,824	21,713
<u>Long Term Assets</u>					
Property, Plant & Equipments	671	709	598	127	127
Investment Properties	36,600	36,600	36,600	36,600	41,700
Right-of-Use Assets	-	1,077	1,516	987	1,114
Land Held for Property Development	-	-	32,589	33,134	33,354
Other Investment	12	11	11	469	577
Other Assets	32	32	32	32	42
<u>Other Assets And Liabilities</u>					
Currents Assets	107,380	105,363	92,799	110,358	109,339
Current Liabilities	5,048	4,002	6,056	7,234	10,024
Net Current Assets	102,332	101,361	86,743	103,124	99,314
Total Assets	144,695	143,792	164,145	181,707	186,254
3 FINANCIAL RATIO					
Return on Equity (%)	(3.03)	(2.04)	(3.05)	(2.86)	1.53
(Loss)/Profit Before Interest, Tax and Depreciation on Revenue (%)	(114.18)	(66.13)	(51.66)	(20.12)	26.63
(Loss)/Profit Before Tax on Revenue (%)	(116.83)	(81.63)	(58.57)	(38.53)	17.82
Net Debt-to-Equity Ratio (times)	-	-	0.15	0.07	0.08
Current Ratio (times)	21.27	26.33	15.32	15.26	10.91
4 PER SHARE					
(Loss)/Earnings Per Share (Sen)	(3.03)	(2.00)	(2.90)	(1.79)	0.85
Share Price (Sen)	21.00	26.00	32.50	18.50	14.50
Net Asset Per Share (Sen)	100.19	98.12	95.22	54.79	55.65

CHAIRMAN'S STATEMENT

DEAR VALUED SHAREHOLDERS

On behalf of the Board of Directors, I am pleased to present the Annual Report and the Audited Financial Statements of Parkwood Holdings Berhad and its group of companies (“the Group” or “Parkwood”) for the financial year ended 31 December 2022. The Group’s business and performance details are presented under the Management Discussion and Analysis Report.

OVERVIEW

For FY2022, despite the post pandemic gradual improvement, the year was still clouded by many uncertainties and unpredictable challenges. The Global economy is heading towards recession where operating cost has increased due to supply chain disruptions caused by pandemic lockdowns, travel restrictions in certain countries and the continued Russia-Ukraine conflict. Amidst this backdrop, Malaysia’s economy recorded an encouraging performance, with the GDP for 2022 at 8.7%, exceeding the estimate of 6.5% - 7% made in October 2022.

Although businesses showed promising signs of returning to normalcy, the effects of the pandemic still remain. While optimism is on the horizon, the overall market sentiment remains subdued. Property market performance remained below pre-pandemic levels with the issue of high residential property overhang, coupled with the rising cost of living that have put property purchase plans on hold.

During the year, in order to navigate the above uncertainties, the Group constantly reassessed its operating mode and adopted innovative approaches while preparing itself adequately for seamless entry into the endemic phase. Although the Government has allowed all business operations to return to normalcy, we remained vigilant and adhered to the Covid-19 standard operating procedures (“SOPs”) in managing risks associated with operational disruptions due to periodic outbreaks.

While maintaining the resiliency and sustainability, the Group continues to strengthen its business operations by further harnessing its digital marketing strategy to continue improving its product positioning and marketability as well as customer service quality and operational efficiency.

As for the completion and handover of Utamara Boutique Residences units which was derailed by the pandemic, the Parkwood team has stepped up its efforts to accelerate the completion of construction works with target delivery of vacant possession by second half of 2023.



CHAIRMAN'S STATEMENT (CONT'D)

FINANCIAL PERFORMANCE

The Group registered a total revenue of RM18.42 million for the financial year under review, which was RM8.51 million or 85.9% higher than the RM9.91 million recorded in the preceding financial year. The increase in revenue of RM8.51 million was from the property development division.

Notwithstanding the operational constraints during this challenging period, the Group remained resilient and registered pre-tax profit of RM3.28 million as compared to RM3.82 million losses reported in the last financial year. This was mainly attributed to the fair value gain on investment property. Higher attributable profit recognition due to increase in construction work completed on existing sold units and new sales have also contributed to the profit.

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

INDUSTRY OUTLOOK

The country's transition to the endemic phase and the reopening of its international borders in April 2022 contributed to the gradual recovery of our country's economy.

Bank Negara Malaysia ("BNM") reported economic growth of 5.5% to 6.3%, underpinned by the swift implementation of economic recovery plans and higher number of private sector projects. The reopening of borders and potential influx of foreign investment by established international conglomerates, as reported recently, could provide further support for the country's economic growth.

The abolishment of the Real Property Gain Tax ("RPGT") from the sixth year onwards and the RM2 billion under the Housing Credit Guarantee Scheme are measures that could also be the catalyst to accelerate growth for the property market.

While there is a positivity in growth, external headwinds and global uncertainties continue to pose challenges to the global economy and could add to the country's downside risks heading into 2023. The rising inflationary pressure, steep rise in raw building materials and upward adjustment of minimum wages will likely be the disruptive factors that could impact on the Malaysia's economic recovery.

Regardless of the uncertainties in 2023 the Group continues to stay vigilant and further enhances its operation efficiency with unwavering commitment to cost optimisation and building an effective business continuity framework. It will also be prudent in its development launches with innovative and quality products that suit the lifestyle of its target market where the Group's ultimate vision is to build a strong and reliable brand in the property industry.

STRENGTHENING CORPORATE GOVERNANCE

Besides adopting risk management practices, the Board continues to implement good corporate governance and ethical business conduct to support long-term value creation for all our stakeholders. Our policies have cascaded throughout our supply chain to encourage commitment towards upholding corporate integrity and good business practices.

The Board is committed to ensuring alignment with the spirit and practices of the Malaysian Code of Corporate Governance 2021. The Group has further enhanced its Whistleblowing Policy and reporting framework to report any irregularities or non-compliance.

DIVIDEND

The Board of Directors has decided not to recommend the payment of any dividend for the financial year ended 31 December 2022.

BOARD APPOINTMENT

We warmly welcome Ms Irene Kam Sok Khuan, who joined the Board on 23 November 2022 as an Independent Non-Executive Director. Irene Kam is an Advocate and Solicitor and member of the Malaysian Bar. We look forward to her insights and contributions to the Group.

APPRECIATION

On behalf of the Board, I would like to thank the Management and employees for their continued dedication, exemplary team spirit and coordinated response in addressing the Covid-19 pandemic in the past year. Everyone in the Group displayed qualities of resilience and perseverance in adapting to new ways of working to ensure business continuity and prosperity. I am confident that we will see brighter prospects ahead and achieve our shared goal as we leverage our collective strengths.

The Board also extends its appreciation to the Group's business partners, bankers, regulators, media and loyal customers for their unwavering support. I would also like to thank our valued shareholders for their continued trust in the Group.

To my fellow Board members, I take this opportunity to extend my heartfelt appreciation for your dedicated leadership and astute business acumen in guiding the company progressively forward throughout the trying times. A special note of thanks and sincere appreciation to our fellow Board members, Tuan Haji Fauzi bin Mustapha who will be retiring during the coming Annual General Meeting on 14 June 2023. Tuan Haji Fauzi has served the Group in the current capacity for more than 30 years with full commitments and dedication where his departure will be deeply felt by us.

DATO GHAZALI BIN MAT ARIFF
Chairman

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the operating performance and financial position of Parkwood Holdings Berhad and its group of companies ("the Group" or "Parkwood") should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2022 and notes related thereto.

Utamara Show Unit - Study Area

ANALYSIS OF FINANCIAL RESULTS

The Group's profit/(loss) before tax for the financial year under review and the preceding year are summarised as follows:

	2022 RM'000	2021 RM'000	Changes (%)
Segments			
• Property Development	16,209	7,634	112.33
• Investment Property	2,206	2,272	-2.9
Group Revenue	18,415	9,906	
Segments			
• Property Development	(445)	(3,143)	-85.84
• Investment Property	3,726	(674)	-652.82
Group Profit/(Loss) Before Tax	3,281	(3,817)	

While investors and homebuyers started returning to the market in mid-2022, the buying sentiment was softened by the expected global recession, inflationary pressures, and a hike in interest rates. Despite the challenging business environment, the Group registered an 85.9% increase in revenue to RM18.42 million compared to RM9.91 million recorded in the preceding financial year due to fair value gain on investment property and improvement in the revenue contribution from its property development segment.

Total assets as at end of FY2022 stood at RM186.25 million while net assets attributable to equity holders of the Company was RM153.12 million, translating to Net Asset per Share of RM0.56. The value of land held for property development at RM33.35 million was comparable to RM33.13 million in the previous financial year. Total liabilities increased and stood at RM33.13 million compared to RM30.93 million at the end of FY2021. Total borrowings increased by 6.1% to RM25.18 million from RM23.73 million in the previous year. However, the financial position of the Group remains healthy with a low net debt-to-equity ratio of 0.08x and its current ratio stood at 10.91x which indicates the Group's ability to meet its short-term obligations.

As at 31 December 2022, the Group's total cash and cash equivalents stood at RM16.38 million representing a decrease of RM8.05 million as compared to 31 December 2021. The utilisation of funds to finance the Group's property development segment resulted in a reduction in cash. All Group's excess funds have been invested into highly liquid and short-term instruments such as money market funds to generate interest income.

MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)

REVIEW OF OPERATIONS

While the aftermath of the Covid-19 pandemic continued to be felt throughout the year under review, the transition to endemic management of the disease heralded a return to normalcy. The economy, particularly the property sector gradually recovered as consumer sentiments improved. However, challenges such as residential property overhang and a unfavourable financing environment with upward revision of interest rate, had continued to prevail and slow down the recovery.

In addition to above, the ongoing disruption to domestic and international supply chains which had impacted the supply and demand dynamics for various materials resulting in significant price hikes during the financial year. The freeze on foreign labour intake, which was only removed in July 2022, had exacerbated the existing labour supply crunch resulting in higher foreign labour costs in FY2022.

Despite the obstacles and turbulent operating conditions, Parkwood adopted various strategic measures to adjust to the new normal which has enabled continued progress on both business and operational fronts.

Against this backdrop, the Group will continue to pursue its business and operational strategies and leverage our acumen towards the timing of new launches. We will continue to stay resilient and to introduce innovative lifestyle-oriented products suitably priced for buyers while leveraging on the strong traction and trust in the Parkwood brand. Fiscal strategies continue to be implemented to manage cash flow at the optimum level with progress billings and collections be tracked systematically and spending is being monitored closely and better managed.

The Group will also continue to explore joint ventures and identify new landbanks for development to ensure sustainability and growth. The Group will progressively develop a strong brand name as a reliable property developer that provides high-quality properties at reasonable prices in strategic locations. We will continue to differentiate our brand and leverage this strength going forward.

As for the sales of remaining Utamara Boutique Residences units, the Group has stepped up its various marketing efforts via social media platforms and working closely with agency networks. In addressing the financial challenges faced by many buyers, the Group has also implemented various home financing and ownership solutions.

UPCOMING DEVELOPMENTS

The Group will continue to be market driven in its product offerings whilst endeavouring to unlock the value of its land bank with well-conceived products. The proposed developments in the pipeline are summarised as follows:

- a. A double-storey warehouse (Phase 1) at Jalan Playar, Shah Alam for investment. This proposed development is currently in the planning phase and construction work is expected to be completed by end of 2024.
- b. A proposed mixed development at Damansara Damai, Selangor, comprising service apartment and lifestyle retail units. This proposed project is also currently in the planning phase and is expected to be launched in 2024.

The proposed warehouse development at Shah Alam is expected to generate recurring income for the Group in addition to income from development activities.

The proposed mixed development at Damansara Damai is located on five (5) pieces of adjoining commercial zoned land measuring approximately 3.55 acres in total. The mature surrounding of this development coupled with myriad amenities and facilities in the vicinity including a newly completed Mass Rapid Transit ("MRT") Station is envisaged to contribute immensely to the marketability of this proposed development.



MANAGEMENT DISCUSSION AND ANALYSIS (CONT'D)



Proposed Mixed Development @ Damansara Damai
Artist Impression



Proposed Avant Industrial Park @ Jalan Playar, Shah Alam
Artist Impression

FUTURE PROSPECT

The Malaysian economy, in particular the property market is expected to remain on an uptrend this year despite the external variables and various challenges. The number of residential overhang units is expected to decline. The market will be supported by the implementation of additional measures proposed under the revised Budget 2023 and initiatives under the 12th Malaysia Plan. The GDP growth was higher than expected in 2022, with a significant overall growth rate of 8.7%, surpassing the government’s forecast of 6.5% to 7% where such growth is expected to be sustained in 2023 and beyond.

Despite this stronger-than-expected GDP performance, Malaysia’s economy is projected to expand at a slower pace in

2023, with the Ministry of Finance predicting growth for 2023 at 4.0-5.0%. With the improvement of investment climate, there is possibility of more Foreign Direct Investments (“FDI”) to be secured with the Global top conglomerates in near future by the are newly elected ‘unity government’ which could provide further impetus to the economy and push this cautious estimate higher.

Moving forward, to stay competitive and to achieve its long-term goals, Parkwood remains cautious of the risks in our operating environment and continue to refine its operating strategy by prioritising and exercising efficient management of company resources to capitalise on situations and market opportunities.



Utamara Merdeka sales promotional campaign

SUSTAINABILITY STATEMENT

Report Overview

This is the 5th annual Sustainability Statement from Parkwood Holdings Berhad (“Parkwood”). This Statement details our sustainability performance on material environmental, economic, and social (“EES”) factors. We see this Statement as an opportunity to present our progress to stakeholders. Throughout the Statement, the following terms are used interchangeably to refer to Parkwood Holdings Berhad: “Parkwood”, “the Company” or “the Group”.

Sustainability is a core foundation of our strategy both in how we operate and how we will grow. Sustainability is also about moving with the times and being able to stay relevant and evolve so that we can stay in business and accommodate our wants and expectations.

FY 2022 saw us navigate the winds of change towards a ‘new normal’. In a year characterised by global economic, climate and social disruptions, the world has shifted its focus towards recovery and resilience. As the world continues to adapt to the disruptions caused by Covid-19, transformation is key for corporates to transition towards a greener future.

Sustainability is the only way we can keep doing what we do today as a business entity and a member of society, now and for generations to come. Ensuring sustainability has become a way of ensuring longevity in today’s resource-limited world.

Reporting Standards

This report has been prepared in accordance with the Main Market Listing Requirements of Bursa Malaysia Securities Berhad and with reference to Bursa Malaysia’s Sustainability Reporting Guide (3rd Edition).

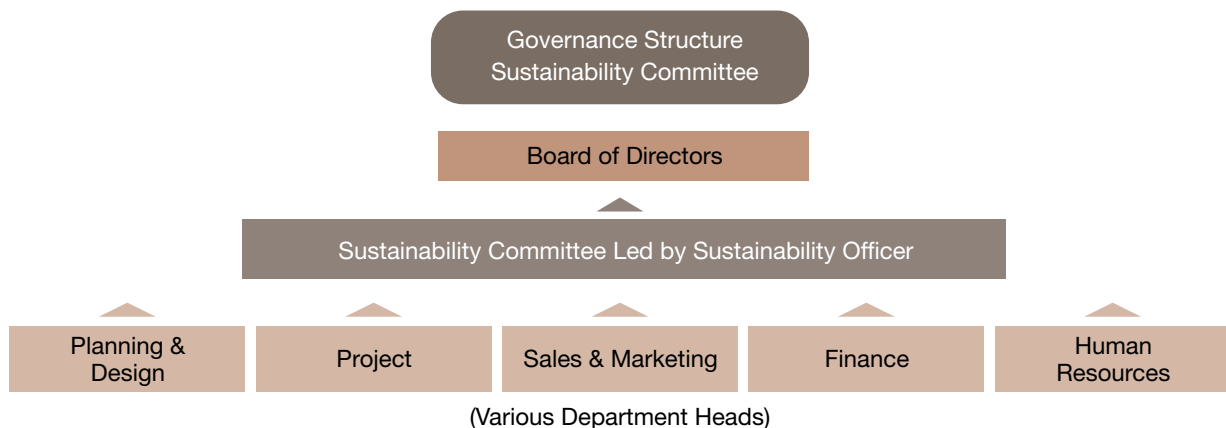
Feedback

We value feedback on this report and welcome stakeholders’ comments or questions as it enables continuous improvement in the Group’s sustainability policies, processes, and performance. Please send your comments and suggestions to admin@parkwood.my

Sustainability Governance

The Board of Directors (the “Board”) of Parkwood is committed to sustainability and considers sustainability issues as part of its strategic formulation. The Board is committed to growing in a responsible manner, delivering long-term economic value, and contributing to the environmental and social well-being of our communities.

Under strategic direction from the Board, the Group’s Sustainability Committee comprising a key Senior Management Team supervises the adoption and implementation of the sustainability strategies and policies and provides regular updates to the Board.



SUSTAINABILITY STATEMENT (CONT'D)

Sustainability at Parkwood





We are committed to driving responsible business practices throughout the organisation by instilling the principles of sustainability into our strategies, policies, and procedures, whilst integrating economic, environmental, and social considerations into our decision-making. As a developer and upcoming development manager of premium lifestyle properties, we create economic value from our developments and deliver products of exceptional quality. Towards this end, we strive to:

- Undertake responsible sustainability practices to minimise the environmental impact of our developments and operations.
- Conserve the environment by consuming resources and materials responsibly.
- Promote responsible business practices by achieving high standards of governance in our business operations.
- Improve the quality of life of the individuals and communities we operate in and support the underprivileged by meeting their social needs.

In line with our aim to be a sustainable developer, we manage our supply chain across the entire life cycle of our project, from its initiation and development through to construction and operations. We hold our contractors and suppliers accountable for their activities and products in line with industry best practices. A procurement process is in place to ensure purchases are of quality and reasonable cost. Yearly evaluation is conducted on existing suppliers to assess their performance in terms of past performance, timely delivery, commitment towards high-quality standards as well as price competitiveness. Building materials are sourced locally to support the local community.

<p>ECONOMIC SUSTAINABILITY </p> <ul style="list-style-type: none"> • Business strategies moving forward amidst global and economic environment impact on financial results. • Sustainable Development • Creation of short, medium and long-term value for shareholders and added value for all the Company's stakeholders. 	<p>ENVIRONMENTAL SUSTAINABILITY </p> <ul style="list-style-type: none"> • Protecting and preserving the environment by incorporating elements of green design and innovation in our projects. • Creating green culture in human resource management for the practise of 3R's. • Managing waste responsibly. 	<p>SOCIAL SUSTAINABILITY </p> <ul style="list-style-type: none"> • Employees' Welfare and Well-being • Contribution to the Community • Health and Safety • Engagement with the related stakeholders
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In selecting our contractors for projects, contractors are assessed under stringent criteria. These include good track record in respect of financial capability, past performance, timely delivery, commitment towards high quality standards, as well as health, safety, and environmental standards. Other relevant criteria such as best price and contractor's workload are also taken into consideration.

SUSTAINABILITY STRATEGY CORE FOCUS AREAS			
 GOVERNANCE	 ECONOMIC	 ENVIRONMENT	 SOCIAL
<p>To ensure responsible business practices and continuously complying with the applicable legislations, standards and good work practices.</p>	<p>To ensure that the business model prioritises sustainability, and add value to stakeholders apart from optimising returns</p>	<p>To ensure business decisions strive a long-term balance between preserving nature and meeting business objectives and lessen negative impact.</p>	<p>To ensure that social engagements of the Group cultivate a conducive work environment and to focus on community development through volunteering activities.</p>

SUSTAINABILITY STATEMENT (CONT'D)

Sustainability Approach

The Group's vision is to improve lives by delivering value for living and work, and our mission is to invest strategically and sustainably to make a difference for all stakeholders. By incorporating specific and manageable sustainability targets into our core business strategies, we can ensure sustainable business growth and create long-term value for our stakeholders.

The Group explores and implements sustainable practices across the business whilst attempting to achieve the right balance between economic success, the requirements of our stakeholders and the larger society. The Group's Sustainability Policy aims to integrate the principles of sustainability into the Group's strategies, policies, and procedures. Additionally, we strive to cultivate a culture of sustainability within the Group and the wider community, with an emphasis on incorporating economic, environmental, and social considerations into decision-making and in the delivery of outcomes.

Acting with Integrity

Integrity is a fundamental business philosophy deeply rooted in our corporate culture. Good governance is the foundation of building trust among the stakeholders. Parkwood strives to maintain the highest standards of integrity, accountability, and governance in its daily operations. The Group establishes policies and internal processes with specific guidance areas to ensure compliance at the workplace.

Policies	Guidance Area
Anti-Bribery Policy	Prevention and management of bribery and corruption
Directors' Fit and Proper Policy	Beliefs and actions to achieve a Board composition with appropriate balance, diversity and mix of skills, business experience, background, industry and geographic knowledge, professional qualifications, and other relevant qualities.
Whistle-blowing Policy	Channel for reporting concerns, including financial or professional misconduct, irregularities or non-compliance with laws and regulations, and corruption or bribery.

Stakeholders

Stakeholders are groups on which Parkwood's business has a significant impact and groups who have a vested interest in our business operations. Key stakeholders include employees, investors/shareholders, customers, business associates, contractors and suppliers and the local community. Other groups include regulators and key government agencies.

Continuous engagement with our stakeholder groups is vital for us to better understand their expectations and appreciate how our actions impact them. This in turn allows us to align our business objectives, social goals, and conduct in a more effective manner. We continuously strive to improve our engagement with stakeholders so as to be better equipped to manage emerging issues and drive change on the ground. A summary of engagement activities with our stakeholders is shown here (Figure 1).

Stakeholder Engagement	Channel	Engagement Frequency	Stakeholders' Concern	Response to Stakeholders' Concern
Regulatory Authorities and Local Governments	<ul style="list-style-type: none"> Regular consultation and meetings Reporting 	Ongoing	<ul style="list-style-type: none"> Compliance with laws and regulations Local community/public interests 	We maintain close consultations and provide regular updates to the regulatory authorities and local governments. In doing so, we ensure that we are continuously in compliance with prevailing laws.
Employees	<ul style="list-style-type: none"> Internal emails Departmental briefings 	Annual, Ongoing	<ul style="list-style-type: none"> Training and development Work-life Balance Safety, health, and wellbeing Employee benefits and welfare 	We engage with our employees to understand their interests and needs. Through our HR initiatives, employees and departments are encouraged to collaborate with one another to reinforce team spirit and increase work process efficiencies.

SUSTAINABILITY STATEMENT (CONT'D)

Stakeholders (Cont'd)

Stakeholder Engagement	Channel	Engagement Frequency	Stakeholders' Concern	Response to Stakeholders' Concern
Local Communities	<ul style="list-style-type: none"> • Online meetings • Engagement sessions • Volunteerism 	Ongoing, ad-hoc	<ul style="list-style-type: none"> • Livelihood • Personal well-being 	We are committed to achieving long-term meaningful community engagement, including providing meaningful support to enrich the lives of the communities we operate in.
Contractors	<ul style="list-style-type: none"> • Meetings and discussions 	Ongoing	<ul style="list-style-type: none"> • Compliance issues 	Supported by our technical and environmental consultants, we engage closely with our contractors to facilitate compliance with the relevant requirements, including regulatory requirements.



ECONOMIC SUSTAINABILITY

i. Financial Sustainability

Parkwood strives to strengthen its financial position and enhance its competitiveness through the adoption of good and ethical business practices, corporate governance, as well as effective capital management.

In FY2022, the Group focused on putting in place strategies and initiatives to achieve the continued financial well-being of the group, including:

- Investing the Group's excess fund into high liquidity and short-term instruments such as money market funds to generate interest income.
- Secured bank borrowing from financial institution for development with competitive interest rates and easy repayment terms.

We are in the midst of planning a master development programme for our upcoming mix development project at Damansara Damai. We aspire to build a responsible brand that ticks the right boxes on sustainability, strong values that emphasise business ethics, quality and most important of them all, meeting customers' expectations which is fundamental to long-term survivability. We are in a very interesting period, brought on by unparalleled innovation and the changing expectations of today's purchasers, exacerbated by headwinds in a challenging property market. Our products will have to change to cater for a millennial-centric market, to develop hybrid products that are value-driven and well-designed which also provide recreational, retail, and communal offerings that do not just cater to their needs but also function as an extension of their personality.

For more information about the Group's financial performance, please refer to the Group Financial Highlights on page 8 of Parkwood Holdings Berhad Annual Report 2022.

ii. Corporate Governance

Apart from prudent financial management, we believe that full commitment to high standards of corporate governance is essential to ensure the sustainability of the Group, as well as to safeguard shareholders' interests and maximise long-term shareholder value.

The Company has adopted, where appropriate, the principles and practices as set out in the Malaysian Code of Corporate Governance 2021 ("MCCG"). These standards include having clear policies, best practices, and sound internal controls as well as a system of continuous improvement. The overview of the Company's application of the principles as set out in the MCCG is disclosed in the Corporate Governance Statement in this Annual Report.

The Group aims to achieve the highest level of business ethics and prevent any occurrence of corruption activities. We have established an Anti-Corruption Framework comprising key policies and procedures that, together with general internal controls of the Group, are aimed at mitigating overall corruption risks. The Anti-Corruption Policy sets out the Group's expectations for internal and external parties working with and for the Group in upholding the Group's zero-tolerance stance against corruption. This policy, together with the Whistleblowing Policy, are accessible by all employees via the company intranet and by the external stakeholders through the corporate website. Trainings have been provided to internal and external stakeholders to reinforce their understanding of the Group's stance on anti-corruption, as well as relevant policies and procedures.

SUSTAINABILITY STATEMENT (CONT'D)



ECONOMIC SUSTAINABILITY (CONT'D)

iii. Sustainable Development

The Group endeavours to create a positive impact by supporting the procurement of products and services from locally established business entities in-line with the Government's effort to spur the economy through local spending.

We are also focusing on the effectiveness of people management to groom talent and optimise the work strength across the organisation. As part of our initiative to support our employees' continuous growth and development, we have set KPI for staff to attend a minimum of one (1) training session per year on skills, knowledge and competency needed to enhance functional and organisational performance as well as individual's performance and personal development.

In the context of our business and our continuing mission to create value for our multiple stakeholders, efficient systems and processes, meaningful economic growth, innovation, and partnerships contribute to sustainable development. We, therefore, emphasise the economic value generated and distributed for the greater benefit of the employees, our supply chain partners, the government as well as the community.

We aim to contribute towards building sustainable communities, expanding our product solutions to niche customer segments, building resilience against a cyclical operating environment, and meaningfully contributing to our future profitability.

iv. Creation of short, medium and long-term value for shareholders and added value for all the Company's stakeholders.

- In the context of our Group's stakeholders, we have also revisited our business model to incorporate various aspects of 'Value Creation' in the short, medium and long term to include both financial and non-financial metrics of performance. These strategies will not only drive sustainable growth in the short, medium, and long term but will also help mitigate our top material issues such as product quality and people development.
- Product quality can have a far-reaching impact on our reputation, as well as business plans. The ever-changing customer expectations in relation to timely delivery and quality products challenge us to meet the constantly evolving market needs by delivering the right products at the right price. Concurrently, ensuring operational efficiency from the product design up to the handover stage.

- Externally, due to the price and market volatility, there is always a risk of increasing costs and diminishing margins in the short term. But in the long term, with our uncompromising stand on quality products, systems, and solutions, we believe that we will see an incremental surge in our future development portfolio income.
- On balance, we will be mindful of our risks and aim to reduce our development cycle by optimising processes, enhancing our procurement strategy, and implementing strategic sourcing and value engineering through improved design and planning in our development projects. These in turn will help achieve new efficiencies and cost reduction in the long run.
- We have robust risk management and internal control systems in place to build our resilience, enhance our ability to meet stakeholder needs and achieve our long-term strategic goals.
- We seek ways to have a positive impact on local economic development through various business sectors. As a sustainable-driven organization, we recognize that we have a responsibility to contribute to the growth of the local economy. As the economy remained uncertain in FY 2022, we continued to see high sales cancellation rates. This worsened due to the banks' stricter approach to credit approvals, leaving many buyers unable to secure the required financing deposits. In response, we re-directed marketing budgets towards assistance packages to help buyers become homeowners.
- The Group is committed to comply with all laws, regulations and voluntary codes concerning:
 - a. Construction and development activities;
 - b. Occupational health and safety standards;
 - c. Environment;
 - d. Labour practices;
 - e. Marketing Communications;
 - f. Product health and safety and labelling by ensuring compliance with regulatory requirements; and
 - g. Remaining in close consultation with the relevant authorities to ensure that we clearly understand our compliance obligations

SUSTAINABILITY STATEMENT (CONT'D)



ENVIRONMENTAL SUSTAINABILITY

i. Minimizing our Environmental Impact

The Group is committed to safe and environmentally responsible design, construction, and operation and regularly reviews any risks and potential problems related to its operating environment. Action and measures have been taken to ensure that relevant environmental factors remained within the regulatory requirements of our operations.

We manage this through compliance with the relevant environmental laws and regulations, complemented by an internal system of self-regulation, monitoring and regular consultation with the authorities. We constantly focus on developing a positive and proactive environmental culture to be embraced in all aspects of our business, with the goal of zero pollution incidents. We acknowledge the importance of compliance as it not only upholds the Group's license to operate but more importantly, contributes to sustainable development and the well-being of communities.

During the reporting period, there were no incidences of non-compliance and penalties pertaining to environmental-related issues. We track and monitor our impact on the environment through a combination of initiatives. To maintain the highest standard of environmental compliance and to prevent any occurrence of incidence, we will continue to review and improve the current environmental

management system and practices.

We support "green building" movement through compliance with the requirements of the appropriate green building certification bodies for the sustainable design, construction, and operation of our projects.

ii. Creating Green Organisational Culture

We endeavour to consume material responsibly and reduce wastage in our operations by employing the 3R concept – Reduce, Reuse and Recycle.

- In line with the regulations governing scheduled waste handling, scheduled waste is stored in designated areas and only licensed scheduled waste handlers are allowed to handle the transportation and disposal of such waste and by-products of all segments.
- We encourage the use of recycled paper for general paperwork such as photocopying, single-page printing and scrap paper for notes.
- Our paper usage at the office is also minimised by encouraging our employees to communicate through emails or online channels, furthering our commitment to reduce waste.



SOCIAL SUSTAINABILITY

i. Employees' Welfare and Well-Being

The attraction, retention and development of talent are essential to ensure the Group's long-term sustainability. We strive to provide a positive working environment that fosters individual growth in order to achieve business goals.

We subscribe to the principle that our employees are one of the main pillars of our success and a key factor in determining an organisation's long-term effectiveness. The pertinent human resource practices in this regard include:

- Promoting a healthy and safe working environment that fosters mutual respect where employees irrespective of status, position and gender are treated with dignity and free from sexual harassment.
- To encourage and support our employees to develop and improve their skills and fulfil their personal development goals, the Group places priority on

learning and development programs. We customise and design training and development activities based on employees' training needs and work requirements to sharpen their skills, knowledge, and competencies. We will continue to provide training and education opportunities through comprehensive development programmes going forward and promote a conducive corporate environment where everyone could achieve their potential.

- Diversity and equal opportunity are key components to developing a fair workplace, hence we have adopted merit-based and non-discriminatory hiring practices.
- The health and well-being of our staff members remained firmly on the company's radar through this period of change and the challenges of operating in this new normal. We have strived to keep communication lines open and equipped employees with tips and techniques on how to work effectively from home.

SUSTAINABILITY STATEMENT (CONT'D)



SOCIAL SUSTAINABILITY (CONT'D)

ii. Contributing to Society

- Parkwood's Corporate Social Responsibility (CSR) policy reflects business accountability and commitment towards society by contributing to the well-being of communities and society through various environmental and social measures. CSR plays a crucial role in a company's brand perception, attractiveness to customers, employees and investors, talent retention and overall business success.
- Organising CSR activities also encourage employees to become more engaged and invested in their work while ensuring the event's success and meeting the objective. CSR can improve employee retention rates, boost morale, build loyalty and increase motivation.
- CSR theme for the financial year under review was "Sports for Unity". The Company organized a Futsal Clinic for school children from Sekolah Kebangsaan Damansara Damai 1 and their parents. This event highlighted and educated on the rules and regulations on how to play professional futsal where the company hired qualified instructors to educate the kids throughout the event. The sports event was held at NPNG Sports Centre in Damansara Damai. The reason for selecting this venue for the CSR programme was because we have a development project in the pipeline in that area. Hence, the importance to engage and establish a connection with the locals and build our reputation amongst the community there. We contributed approximately RM12,000 towards this community engagement.

iii. Health and Safety

- We have regulations and policies that promote safe practices among our employees and workers at the workplace.



- We ensure proper compliance with the relevant laws and legislations pertaining to health and safety at the workplace.
- We appoint qualified and competent safety personnel to oversee the compliance of health and safety requirements at our construction site.
- We are supportive of the government's policy in providing a smoke-free environment at the workplace to protect non-smokers.

iv. Engagement with the Related Stakeholders

We recognize the need for effective channels of communication and high standards in the provision of services in our continuous efforts to build a long-term relationship with our shareholders, investors, members of the media, regulators, customers, and financiers. We believe that reaching out to these stakeholders and maintaining a strong and cordial relationship with them is a crucial component of our business growth strategy.

Among the related initiatives to promote engagement with related stakeholders include:

- To participate in the CMDF-Bursa Research Scheme ("CBRS") administered by Bursa Malaysia with the aim of ensuring wider research coverage on our Group.
- Facilitating members of the media to interview directors and authorised spokespersons of the Group from time to time.
- Providing stakeholders with a dedicated email at admin@parkwood.my for them to communicate with the Group on any matters.

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

Throughout the years, Parkwood Holdings Berhad (“Parkwood” or “the Company”) and its Board of Directors (“the Board”) have been resolute in ensuring that the Company and its subsidiaries’ (“the Group”) business and affairs strictly adhere to the doctrine and principles of good corporate governance such as integrity, transparency, accountability and responsible business conduct.

The Board of Parkwood is committed in ensuring a high standard of corporate governance is practiced whilst pursuing its corporate objectives in enhancing the shareholders’ value and competitiveness. The Board is mindful of the importance of governance and acknowledges to continue delivering sustainable performance and instilling best corporate governance practices in building a sustainable business.

The Group will continue its efforts in evaluating its governance practices in response to evolving best practices and the changing requirements of the Group. The Board is pleased to present the Corporate Governance Overview Statement for the year ended 31 December 2022 outlining the application of the principles and recommendations as set out in the following guides:

1. Companies Act, 2016 (“CA 2016”);
2. Main Market Listing Requirements (“Main LR”) of Bursa Malaysia Securities Berhad (“Bursa Securities”);
3. Malaysian Code on Corporate Governance 2021 (“the Code”); and
4. Fourth Edition of Corporate Governance Guide issued by Bursa Securities.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

I. Board Responsibilities

The responsibilities of the Board, which was set out in a Board Charter, include Management oversight, setting strategic direction premised on sustainability and promoting ethical conduct in business dealings. Parkwood is led by an experienced Board comprising members who are specialist in various business sectors supported by a wide range of other professionals in the accounting, economics, IT, engineering and legal sectors. This wide spectrum of skills and experience provide the strength that is needed to lead the Company to meet its objectives and enable the Company to rest in the firm control of an accountable and competent Board of Directors.

Board Charter

The Board Charter established clearly the functions reserved for the Board, Director’s roles and responsibilities and those delegated to the Management. It acts as a reference in providing the Board members and Management insight into the functions of the Board of Directors. The core areas of the Board Charter are as follows:

1. Company Goals, Mission and Vision
2. Board Governance Process
3. Board and Management Relationship
4. Board and Shareholders Relationship
5. Stakeholders Relationship
6. Schedule of Board Matters

The Board Charter will be reviewed from time to time to ensure its consistency with the Board’s objectives and current laws and practices.

The Board Charter is accessible through the Company’s website at www.parkwood.my.

Duties and Responsibilities of the Board

The Board is dedicated to practice clear demarcation of duties, responsibilities and authority within the Company. Its key responsibilities pursuant to the recommendations of the Code include:

- Reviewing of the strategic direction of the Group, establishing goals for management and monitoring achievement of these goals;
- Overseeing the conduct of the Group’s business operations and performance;
- Identifying principal risks and ensuring the implementation of appropriate internal controls and mitigation measures;
- Reviewing the adequacy and integrity of the Group’s internal controls system of the Company;
- Implement succession planning for business and functional continuity; and
- Overseeing the development and implementation of a policy to enable effective communication with its shareholders and other stakeholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. Board Responsibilities (Cont'd)

Duties and Responsibilities of the Board (Cont'd)

There is a schedule of matters reserved specifically for the Board's decision, which includes approval of corporate plans and annual budgets, announcement of quarterly results, major capital expenditure, significant financial matters and the adequacy and integrity of internal controls, including risk assessment.

The Board delegated certain responsibilities to the Management or Board Committees namely the Nomination Committee, the Remuneration Committee and the Audit and Risk Management Committee. These Committees have the authority to examine specific issues and forward their recommendations to the Board. The final decisions on all matters, however, rest with the Board.

Separation of positions of Independent Non-Executive Chairman ("the Chairman") and Executive Directors

The Group practices and faithfully observed division of responsibilities between the Chairman and Executive Directors. The roles of the Chairman and Executive Directors are separate with clear distinctions of responsibilities between them to ensure balance of power and authority. The Chairman, Dato' Ghazali Bin Mat Ariff is primarily responsible for the orderly conduct of the Board meetings and ensure effectiveness of the Board and the Executive Directors, Dato' Ronnie Lim Yew Boon and Mr. Lim Chin Sean are responsible for the day-to-day operations of the Group whereby operational issues and problems are discussed, major transactions and matters relating to the Group are reviewed and formulating operational strategies.

The Independent Non-Executive Directors are independent of Management and free of any relationship which could materially interfere with the exercise of their independent judgement. They provide a check and balance on the performance of Management.

Code of Conducts and Ethics

Directors are expected to conduct themselves, as per the Directors' Code of Ethics ("the Directors' Code"), with the highest ethical standards, to behave ethically and professionally at all times to promote and protect reputation and performance of the Company.

The Directors' Code covers the principles of conflict of interest, insider dealings, integrity, compliance to law and etc. The Directors' Code, adopted by the Board in 2013, is accessible through the Company's website at www.parkwood.my.

Whistle-Blowing Policy

The Board believed that having a Whistle-Blowing Policy and Procedure in place will strengthen, support good management and at the same time demonstrates accountability, good risk management and sound corporate governance practices. A Whistle-Blowing Policy, recommended by the Audit and Risk Management Committee, was adopted by the Board in year 2013. The Whistle-Blowing Policy is accessible through the Company's website at www.parkwood.my.

The Board aimed to provide an avenue and to act as a mechanism for parties to channel their complaints or to provide information on fraud, wrongdoings or non-compliance to any rules or procedures by the employee or Management of the Company. The policy outlines when, how and to who a concern may be properly raised, distinguishes a concern from a personal grievance and allows the whistle-blower the opportunity to raise a concern outside their management line and in confidence. The identity of the whistle-blower is kept confidential and protection is accorded to the whistle-blower against any form of reprisal or retribution. All whistleblowing reports or complaints are to be addressed to the Chairman of the Audit and Risk Management Committee and the Executive Directors.

Anti-Bribery Policy

The Board is aware of the new Corporate Liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act 2009.

The Group has adopted a zero-tolerance stance against all forms of bribery and corruption and will not tolerate any acts which are in breach of the Company's policies. The Group strongly believes in acting professionally, fairly and with integrity in all business dealings and relationships.

Therefore, as part of the Group's efforts to support the implementation of the anti-bribery and corruption and ethical principles practiced in the Group and to uphold the highest standards of good governance, the Board has adopted an Anti-Bribery Policy and Anti-Bribery Management System ("ABMS") Manual.

The Anti-Bribery Policy and ABMS Manual are accessible through the Company's website at www.parkwood.my.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. Board Responsibilities (Cont'd)

Diversity Policy on Gender Diversity

The Company adopts diversity not only in the Boardroom but also in the workplace as it is an essential measure of good governance, critically attributing to a well-functioning organisation and sustainable development of the Company. Diversity encapsulates not only gender but also age and ethnicity, if well-managed, can drive performance and strengthen governance.

As at the date of this statement, one (1) female Director (i.e., 16.7%) has been appointed by the Company on 23 November 2022. No gender diversity policies and measures have been set by the Company. The Board through the Nomination Committee will take the necessary steps to ensure that women candidates are sought as part of its recruitment exercise.

Despite the importance of Boardroom diversity, the Board is of the view that the selection criteria of a Director, based on effective blend of competencies, skills, extensive experience and knowledge in areas identified by the Board, should remain a priority, not to compromise on qualification, experience and capabilities.

Sustainability

The Board recognises the importance of sustainability and its increasing significance in the business. The Board is committed to understanding and implementing sustainable practices and to exploring the benefits to the business whilst attempting to achieve the right balance between the need of the wider community, the requirements of shareholders and stakeholders and economic success.

The Company has formalised a Sustainability Policy which aims to integrate the principles of sustainability into the Company's strategies, policies and procedures and ensure that the Board and Senior Management are involved in implementation of this policy, review of the sustainability performance and create a culture of sustainability within the Company, and the community, with an emphasis on integrating the environmental, social and governance considerations into decision making and the delivery of outcomes.

The Non-Executive Directors are to deliberate and discuss policies and strategies formulated and proposed by Management with the view of the long-term interests of all stakeholders. They contributed to the formulation of policies, and decision making using their expertise and experience. They also provide guidance and promote professionalism to the Management. The Independent Non-Executive Directors fulfilled a pivotal role in corporate accountability, providing independent and unbiased view, advice and judgement to ensure a balanced and unbiased decision making process to protect the long term interests of all stakeholders and the community.

The policies on governance, the environment and social responsibility is disclosed in the Sustainability Statement set out on pages 14 to 20 of this Annual Report.

Succession Planning

The Board is responsible for reviewing candidates for key positions namely, the Non-Executive Chairman, Executive and Non-Executive Directors and all head of divisions; the succession planning is to ensure all candidates appointed to Senior Management positions are of appropriate expertise and adequately qualified. The Board had adopted a Succession Planning Policy is to ensure that there are avenues in place to provide for the orderly succession of Senior Management.

Supply and Access to Information

The Directors are supplied with and have unrestricted access to information pertaining to the Group's business and affairs to enable them to discharge their duties effectively. The information provided includes both verbal and written details.

All scheduled meetings held during the year were preceded by a formal agenda issued by the Company Secretaries in consultation with the Management. Prior to meetings, appropriate documents which include the agenda and reports relevant to the issues of the meetings are circulated to all members. All Directors have full and timely access to information with board papers distributed in advance of meetings. This ensures that Directors have sufficient time to appreciate issues deliberated at meetings which in turn enhances the decision making process.

All Directors have access to further information which they may require in discharging their duties including seeking independent professional advice, if necessary, at the Company's expense. They also have access to the advice and services of the Company Secretaries who are experienced, competent and knowledgeable on the laws and regulations, as well as directives issued by the regulatory authorities.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. Board Responsibilities (Cont'd)

Qualified and Competent Company Secretaries

The Board is supported by two (2) experienced and competent Company Secretaries, who are qualified to act under Section 235(2) of the CA 2016. The Company Secretaries are responsible to the Board for ensuring that all governance matters and Board procedures are followed and that applicable laws and regulations are complied with. These include obligations on Directors relating to disclosure of interests and disclosure of any conflicts of interest in transactions with the Group. The Company Secretaries also highlights all compliance and governance issues which they feel ought to be brought to the Board's attention. The Companies Secretaries had and will constantly keep themselves abreast, through continuous training on the regulatory changes and development in corporate governance.

The Company Secretaries provides support to the Chairman of the Company to ensure the effective functioning of the Board. The Company Secretaries and/or representative organise and attend all Board Meetings and Board Committees' Meetings ensuring that the accurate and proper record of deliberation of issues discussed, decisions made and conclusions taken. The Company Secretaries also facilitate the communication of key decisions and policies between the Board, Board Committees and Senior Management.

In ensuring the uniformity of Board conduct and effective boardroom practices throughout the Group, the Company Secretaries have oversight on overall corporate secretarial functions of the Group and maintains all secretarial and statutory records of the Group.

The Board is satisfied with the performances and support rendered by the Company Secretaries to the Board in the discharge of its functions.

II. Board Composition

Board Balance

The Board consists of six (6) principal directors. Out of the six (6) principal directors, two (2) are Executive Directors and four (4) are Non-Executive Directors. Four (4) of the Directors are independent, which is in compliance with the Main LR of Bursa Securities in respect of the board composition.

The composition of the Board reflects a balance of Executive, Non-Executive and Independent Directors with a wide range of professional skills, which are relevant and necessary for the business direction of the Group. A brief profile of each Director is presented on pages 4 to 6 of this Annual Report.

Board Committees

The following Board Committees have acted within the framework specified by the Board. These committees have sporadically made proposals to improve and enhance the role of the Board in governance processes. The Chairman of each of these Board Committees will report to the Board on the outcome of the Committee Meetings.

Below is a general description of some of the basic functions of the respective Board Committees.

a. Audit and Risk Management Committee

On 14 December 2017, the Board had approved the merger of the Audit Committee and Risk Management Committee to be known as the "Audit and Risk Management Committee" effective from 1 January 2018. The Audit and Risk Management Committee, which comprises exclusively of Independent Non-Executive Directors, is responsible for reviewing and monitoring the Group's internal audit processes, its external auditors, and of the integrity of the Group's financial statements. It is also responsible for reviewing the effectiveness of internal controls system.

The full details of the composition, terms of reference and summary of the activities of the Audit and Risk Management Committee for the financial year ended 31 December 2022 are set out in the Audit and Risk Management Committee Report on pages 39 to 43 of this Annual Report.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS (CONT'D)**II. Board Composition (Cont'd)****Board Committees (Cont'd)****b. Nomination Committee**

The Board established a Nomination Committee in May 2002, which consists exclusively of Independent Non-Executive Directors. The Chair of the Nomination Committee is an Independent Non-Executive Director identified by the Board.

Chairman : Datuk Hew Lee Lam Sang Independent Non-Executive Director

Members : Dato' Ghazali Bin Mat Ariff Independent Non-Executive Director
 Tuan Haji Fauzi Bin Mustapha Independent Non-Executive Director

The functions of the Nomination Committee are to assist the Board in discharging its responsibilities, particularly in:

- Assessing the effectiveness of the Board, respective Committees and contribution of each Director;
- Identifying, appointing and orientating new directors;
- Identifying the required mix of skills, experience and other core competencies the Board needs for it to function effectively and efficiently;
- Developing, maintaining and reviewing the criteria to be used in the recruitment process and annual assessment of Directors;
- Developing the criteria for annual assessment of independence of the Independent Directors of the Company by the Board and recommending to the Board for continuation in service of Independent Director(s) who have served the Board for a cumulative term of more than nine (9) years. If more than twelve (12) years, via a two-tier voting process; and
- Establishing measures to approach the boardroom diversity.

To carry out the tasks of reviewing on an annual basis the effectiveness of the Board as a whole, Independent Directors, Board Committees and the contribution of each individual Director, the Nomination Committee has adopted the following performance evaluation forms in assessing and evaluating the required mix of skills and experience, including core competencies, which the Directors should bring to the Board:

- a. Audit Committee Evaluation Questionnaire;
- b. Independent Directors' Self-Assessment Checklist;
- c. Directors'/Key Officers' Self-Assessment Evaluation Form;
- d. Board and Board Committees Evaluation Form;
- e. Board Committees Performance Evaluation Form;
- f. Board Evaluation Questionnaire relating to ESG or Sustainability; and
- g. Declaration of Fitness and Propriety of a Responsible Person(s) & Performance Evaluation Sheet by Nomination Committee.

The Nomination Committee held two (2) meetings during the financial year ended 31 December 2022. The summary of activities of the Nomination Committee during the financial year ended 31 December 2022 is as follows:

- Assessed the effectiveness of the Board as a whole, the Board Committees and contribution of individual Directors for the financial year ended 31 December 2021;
- Reviewed and recommended to the Board, re-election of Directors who are retiring by rotation;
- Assessed the independence of Independent Directors, who have served the Board for a cumulative term of more than nine (9) years. If more than twelve (12) years, via a two-tier voting process;
- Assessed the term of office and performance of the Audit and Risk Management Committee and each of its members in respect of financial year ended 31 December 2021; and
- Reviewed the independence, experience and skill set of a proposed candidate i.e. Ms. Irene Kam Sok Khuan and recommended to the Board on the appointment of the same for the positions as Independent Non-Executive Director.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. Board Composition (Cont'd)

c. Remuneration Committee

The Board established a Remuneration Committee in May 2002, which consists exclusively of Independent Non-Executive Directors:

Chairman : Dato' Ghazali Bin Mat Ariff Independent Non-Executive Director

Members : Tuan Haji Fauzi Bin Mustapha Independent Non-Executive Director
Datuk Hew Lee Lam Sang Independent Non-Executive Director

The Remuneration Committee is responsible to review the remuneration and benefits package to the Executive Directors, the Directors' fees and benefits to the Non-Executive Directors of the Company and also the meetings allowances to all Directors.

The Remuneration Committee held two (2) meetings during the financial year ended 31 December 2022. The summary of activities during the financial year ended 31 December 2022 is as follows:

- Reviewed and recommended to the Board, payment of Directors' fees to the Non-Executive Directors for the financial year ended 31 December 2021;
- Reviewed and recommended to the Board, payment of Directors' benefits (other than Directors' fees) for the period from 17 June 2022 until the next Annual General Meeting of the Company;
- Reviewed and recommended to the Board, remuneration package of the Executive Directors of the Company on 23 November 2022;
- Reviewed the remuneration package of the new Independent Non-Executive Director, Ms Irene Kam Sok Khuan on 23 November 2022; and
- Recommended the increase in the fees of Independent Non-Executive Directors and meeting allowance.

The Remuneration Committee has written Terms of Reference which deals with its authority and duties and these Terms are disclosed on the Company's website.

Appointment to the Board

The Board recognises its responsibility to carefully appraise and consider the appointment of new and existing Directors to ensure the Board continue to function effectively. Thus, whilst the initial appraisal of new candidates is delegated to the Nomination Committee, the Board will always ensure that the appointment or reappointment of each Director will always maintain the good balance of skills and experience in its composition. In assessing suitability of candidates, considerations will be given to the competencies, commitment, contribution and performance. Management will facilitate board induction by providing the new Director with relevant information about the Group.

The Nomination Committee is responsible for identifying, assessing and recommending to the Board, suitable nominees for appointment to the Board and Board Committees. Candidates are normally sourced through recommendations by existing Board members, Management or major shareholder. Nevertheless, the Nomination Committee could also consider utilising independent sources to identify suitable qualified candidates.

Retirement and Re-Election

The Company's Constitution requires a Director to retire at the Annual General Meeting ("AGM") following his/her appointment but he/she shall be eligible for re-election. The Company's Constitution also provides that one third (1/3) or the number nearest to one third (1/3) of the Directors in office are to retire by rotation at each AGM of the Company and the Directors may offer themselves for re-election.

Any person appointed by the Board either to fill a casual vacancy or as an addition to the existing Directors, shall hold office until the conclusion of the next AGM and shall then be eligible for re-election.

On 16 February 2023, the Board approved the recommendation of the Nomination Committee that Dato' Ronnie Lim Yew Boon and Datuk Hew Lee Lam Sang, who are due for retirement by rotation at the 52nd AGM pursuant to Clause 123 of the Company's Constitution, are eligible to stand for re-election at the 52nd AGM. Dato' Ronnie Lim Yew Boon and Datuk Hew Lee Lam Sang had expressed their willingness to seek for re-election at the 52nd AGM.

The Board also approved the recommendation by the Nomination Committee that Ms. Irene Kam Sok Khuan to retire pursuant to Clause 121 of the Company's Constitution.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. Board Composition (Cont'd)

Annual Assessment of Independent Directors

The Independent Directors play a key role in corporate accountability and provide unbiased views and impartiality to the Board's deliberation and decision making process. In addition, the Independent Directors ensure that matters and issues brought to the Board are given due consideration, fully discussed and examined, taking into account the interest of all stakeholders in the Group.

Any Director who considers that he/she has or may have a conflict of interest or a material personal interest or a direct or indirect interest or relationship that could reasonably be considered to influence in a material way the Director's decisions in any matter concerning to the Company is required to immediately disclose to the Board and to abstain from participating in any discussion or voting on the respective matter.

The Nomination Committee has developed the criteria to assess independence of the Independent Directors. The Board will apply these criteria upon admission, annually and when any new interest or relationship develops.

The Board with assistance from the Nomination Committee will undertake to carry out annual assessment of the effectiveness of the Board as a whole, including Independent Non-Executive Directors and consider whether the Independent Directors can continue to bring independent and objective judgment to the Board deliberations.

For the financial year ended 31 December 2022, the Board assessed the independence of its Independent Non-Executive Directors based on the criteria developed by the Nomination Committee of the Company. The Board is satisfied with the level of Independence demonstrated by all the Independent Directors and their ability to act in the best interest of the Company.

Tenure of Independent Directors

The Board has not developed a policy which limits the tenure of its Independent Directors to nine (9) years. However, the Board is mindful that the tenure of an Independent Director should not exceed a cumulative term of nine (9) years and upon completion of nine (9) years, to re-designate the director as Non-Independent Director if he continues to serve on the Board pursuant to the Code. If the Board intends to retain an Independent Director beyond nine (9) years, the Company should justify and seek shareholders' approval. If the Board continues to retain the Independent Director after the ninth (9) year, the Board should seek shareholders' approval through a two-tier voting process and the manner to obtain the shareholders' approval on the resolution shall follow the recommendation of the Code.

The Board further recognises that the tenure is not the absolute indicator of a Director's independence and objectivity wherein the spirit, intention, purpose and attitude, background and current activities should also be considered.

Shareholders' approval was sought at the last AGM on retention of Dato' Ghazali Bin Mat Ariff and Tuan Haji Fauzi Bin Mustapha, who have served more than nine (9) years, to continue to act as Independent Non-Executive Directors of the Company through a two-tier poll voting process in accordance with the recommendation of the Code.

The Nomination Committee and the Board have performed an assessment on the independence of the Independent Directors based on the criteria approved by the Board. Upon the Nomination Committee's recommendation, the Board recommended for shareholders' approval at the 52nd AGM the retention of Dato' Ghazali Bin Mat Ariff as Independent Non-Executive Director, based on the following justifications:

- He has fulfilled the criteria under the definition of Independent Director as stated in the Main LR of Bursa Securities;
- He has vast experience in a diverse range of businesses which enable him to provide constructive and independent judgment in the best interest of the Company;
- He has ensured that there is effective check and balance in proceedings of the Board and Board Committees and have actively participated in Board's deliberations, provided objective and independent opinion to the Board; and
- He has devoted sufficient time and attention to his responsibilities as Independent Non-Executive Director of the Company and exercised due care in the interest of the Company and shareholders.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. Board Composition (Cont'd)

Number of Directorship

Pursuant to Paragraph 15.06 of the Main LR of Bursa Securities, Directors of the Company must not hold more than five (5) directorships in public listed companies.

The Directors of the Company are required to first notify the Chairman, prior to acceptance of new directorship in other public listed companies, including the estimated time commitment required, to ensure that such appointment would not affect their commitments and focus for an effective input to the Board.

As at the date of this statement, none of the Directors of the Company hold more than five (5) directorships in public listed companies. The directorships of each Director are set out in the Profile of Directors on pages 4 to 6 of this Annual Report.

Board Meetings

The Board of Directors meets on a quarterly basis with additional meetings convened as and when necessary, to interalia approve quarterly financial results, business plans, budgets, governance matters and other business development activities. Special Board meetings may be convened to consider urgent proposal or matters which require the expeditious review or consideration by the Board.

Senior Management, both external and internal auditors and/or advisers may be invited to attend the Board meetings, if required, to provide additional information on the relevant agenda tabled at the Board Meetings.

Strategic issues such as acquisition and disposal of the group's investments or assets; announcements to regulators; corporate and restructuring exercises are presented to the Board for its decision to ensure that the direction and control of the Group is firmly in the Board's control. Besides Board Meetings, the Board also exercises control on matters that require Board's approval through circulation of Directors' resolutions.

Where a transaction is required to be approved by the shareholders, interested directors will abstain from deliberations and voting in respect of their shareholdings in the Company and they will further undertake to ensure that persons connected to them will similarly abstain from voting.

Board meetings for the ensuing financial year are scheduled in advance to facilitate the Directors to plan ahead. All meetings are furnished with proper agendas with due notice issued. Board papers and reports are prepared by the Management, which provide updates on financial, operational, legal matters. These are circulated prior to the meetings to all Directors to allow sufficient time for review so as to ensure effective discussions and decision making during the meetings.

During the financial year ended 31 December 2022, five (5) board meetings were held. Except for Ms. Irene Kam Sok Khuan who was appointed on 23 November 2022, all Directors in office have attended all the total Board meetings held and therefore, have complied with paragraph 15.05(3) of the Main LR of Bursa Securities. Details of the board meetings and their attendances at these meetings are set out below:

Name of Directors	Total Meetings Attended by Directors	Percentage
Dato' Ghazali Bin Mat Ariff	5/5	100%
Tuan Haji Fauzi Bin Mustapha	5/5	100%
Datuk Hew Lee Lam Sang	5/5	100%
Ms. Irene Kam Sok Khuan*	N/A	N/A
Dato' Ronnie Lim Yew Boon	5/5	100%
Mr. Lim Chin Sean	5/5	100%

* Not applicable (N/A) as appointed on 23 November 2022

Level of Time Commitment

The Board is satisfied with the level of time commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. This is evidenced by the attendance record of the Directors at Board Meetings as set out in the table above.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. Board Composition (Cont'd)

Directors' Training

The Directors have participated and continue to undergo the relevant training programmes to further enhance their skill and knowledge as well as the latest statutory and/or regulatory requirements in discharging their fiduciary duties to the Company.

During the financial year ended 31 December 2022, the Directors attended the following training programmes:

Directors	Training / Seminar Attended	Date
Dato' Ghazali Bin Mat Ariff	• Anti-Bribery Management System ("ABMS") - conducted by GRC Consulting Services Sdn Bhd	23.11.2022
Tuan Haji Fauzi Bin Mustapha	• Anti-Bribery Management System ("ABMS") - conducted by GRC Consulting Services Sdn Bhd	23.11.2022
Datuk Hew Lee Lam Sang	<ul style="list-style-type: none"> • Board Leadership, Climate Related Financial Disclosures - conducted by KPMG PLT • Developing Malaysia's Road Map to Net Zero - conducted by MICPA & KPMG PLT • Board & Audit Committee Priorities - conducted by KPMG PLT • Navigating through the evolution of Corporate Governance with the introduction of Tax Corporate Governance Framework - conducted by KPMG PLT • Supercharge ESG Ambitions with Technology - conducted by MICPA & KPMG PLT • Human Rights Risk Management - conducted by KPMG PLT • Understanding the requirements in Bursa Malaysia's Enhanced Sustainability Reporting Framework - conducted by KPMG PLT • Anti-Bribery Management System ("ABMS") - conducted by GRC Consulting Services Sdn Bhd 	21.04.2022 27.04.2022 31.05.2022 13.07.2022 10.08.2022 27.09.2022 02.11.2022 23.11.2022
Ms. Irene Kam Sok Khuan	• Anti-Bribery Management System ("ABMS") - conducted by GRC Consulting Services Sdn Bhd	23.11.2022
Dato' Ronnie Lim Yew Boon	• Anti-Bribery Management System ("ABMS") - conducted by GRC Consulting Services Sdn Bhd	23.11.2022
Mr Lim Chin Sean	• Anti-Bribery Management System ("ABMS") - conducted by GRC Consulting Services Sdn Bhd	23.11.2022

Remuneration

All Directors receive directors' fees determined by the Board based on the level of responsibilities. Meeting allowances are also paid to Directors at each Board and Board Committees meetings.

The Executive Directors' remuneration package comprises a fixed component which includes a monthly salary and benefits-in-kind or emoluments, and a variable component which includes performance-based bonus.

The details of Directors' fees, benefits in-kind and Directors' remuneration for the financial year ended 31 December 2022 including remuneration for services rendered to the Company and its subsidiaries are as follows:

	Salaries & Bonus (RM)	Defined Contribution Benefits (RM)	Fees (RM)	Meeting Allowances (RM)	Benefits In-Kind (RM)	Total (RM)
Executive Directors						
Dato' Ronnie Lim Yew Boon	304,290	35,129	-	6,000	11,827	357,246
Mr. Lim Chin Sean	217,350	25,098	25,282	6,000	-	273,730
Non-Executive Directors						
Dato' Ghazali Bin Mat Ariff	-	-	25,282	14,400	39,210	78,892
Datuk Hew Lam Sang	-	-	25,282	14,200	-	39,482
Tuan Haji Fauzi Bin Mustapha	-	-	25,282	13,000	-	38,282
Ms. Irene Kam Sok Khuan	-	-	3,847	-	-	3,847

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

II. Board Composition (Cont'd)

Remuneration (Cont'd)

Set out below are directors' remuneration paid or payable by the Company for financial year ended 31 December 2022, in aggregation and analysed into bands of RM50,000:

Range of Remuneration	Number of Directors	
	Executive	Non-Executive
Less than RM50,000	-	2
From RM50,001 to RM100,000	-	1
From RM250,001 to RM300,000	1	-
From RM350,001 to RM400,000	1	-

The Board acknowledges the recommendation of the Code for transparency in the disclosure of its key Senior Management remuneration. For the financial year ended 31 December 2022, the top 5 Senior Management of the Company whose total remuneration (including benefits-in-kind and other emoluments) falls within the following bands are as follows:

Range of Remuneration	Number of Senior Management
From RM150,001 to RM200,000	2
Above RM200,000	3

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

I. Audit and Risk Management Committee

The Audit and Risk Management Committee, which comprises exclusively of Independent Non-Executive Directors, is responsible for reviewing and monitoring the Group's internal audit processes, its external auditors, and of the integrity of the Group's financial statements. It is also responsible for reviewing the effectiveness of internal controls system.

The composition of the Audit and Risk Management Committee members, comprising exclusively of Independent Non-Executive Directors in compliance to the Main LR of Bursa Securities, are as follows:

Chairman :	Datuk Hew Lee Lam Sang	Independent Non-Executive Director
Members :	Dato' Ghazali Bin Mat Ariff	Independent Non-Executive Director
	Tuan Haji Fauzi Bin Mustapha	Independent Non-Executive Director

Further details of the Audit and Risk Management Committee are contained in the Audit and Risk Management Committee Report on pages 39 to 43 of this Annual Report.

Financial Reporting

The Board is firmly committed to present a proper and meaningful assessment of the Group's financial performance and prospects in every interim and annual report. In this connection, it is supported by the Audit and Risk Management Committee, which diligently ensures the accuracy, adequacy and reasonableness of information prior to reporting.

Internal Control

The Board is committed to identify and review the adequacy of the Group's internal control systems in compliance with the applicable laws, regulations, rules, directives and guidelines. The Statement on Risk Management and Internal Control is presented on pages 36 to 38 of this Annual Report. The Board will ensure the continuous process of identifying, evaluating and managing the internal control systems within the Group for review by the Audit and Risk Management Committee.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

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

I. Audit and Risk Management Committee (Cont'd)

Relationship with External Auditors

The role of the Audit and Risk Management Committee in relation to the external auditors may be found in the Audit and Risk Management Committee Report set out on pages 39 to 43 of this Annual Report. The Company has always maintained a transparent and appropriate relationship with its auditors in seeking professional advice and ensuring compliance with relevant accounting standards in Malaysia.

The Audit and Risk Management Committee undertakes an annual assessment of the suitability and independence of the external auditors, Crowe Malaysia PLT. Upon satisfactory assessment of their performance on 12 April 2023, the Audit and Risk Management Committee will recommend their re-appointment to the Board, upon which shareholders' approval will be sought at the AGM of the Company.

It is a policy of the Audit and Risk Management Committee that it meets with the external auditors at least twice (2) a year to discuss their audit plan, audit findings and the Company's financial statements as well as any other issues without the presence of the Executive Directors and Management.

II. Risk Management and Internal Control Framework

Sound Framework to Manage Risk

The Board acknowledges its responsibility to maintain a sound Risk Management and Internal Control system covering not only financial controls but also operational and compliance controls to identify risks in operations and finance and to design measures to manage those risks. This system is designed to manage, rather than eliminate, the risk of failure to achieve the Group's corporate objectives, as well as to safeguard shareholders' investments and the Group's assets. The Board, through the Audit and Risk Management Committee, seeks regular assurance on the continuity and effectiveness of the internal control system through independent reviews by the Internal Auditors and the External Auditors.

As per its Terms of Reference, the Audit and Risk Management Committee has been explicitly accorded the power to appoint, and to decide on the remuneration and the resignation/dismissal of the Internal Auditors. It has also been empowered to ensure that the internal audit function reports directly to the Audit and Risk Management Committee, that it is independent of the functions it audits and has the authorities and resources necessary to carry out its responsibilities. It will also approve the Internal Audit Plan and review and assess the performance of the internal audit function.

Internal Audit Function

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investments and the Group's assets, the Board has outsourced the internal audit function to a professional internal audit service provider firm during the financial year.

The Internal Auditors conduct regular audits to review the adequacy and effectiveness of the Group's Risk Management and Internal Control system in identifying and managing principal risks, ensuring compliance with the law and regulations and preserving the quality of assets and the integrity of the management information system.

Please refer to the Audit and Risk Management Committee Report on pages 39 to 43 of this Annual Report for more details.

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

I. Communication with Stakeholders

The Group recognises the importance of timely and thorough dissemination of information to shareholders and investors on all business matters. The Company is committed to keeping shareholders duly informed about the Group's performance, corporate governance and other matters affecting shareholders' interests, while always mindful of the laws and regulations governing the release of specific information.

The primary tool of communication with the shareholders of the Company is currently done through published annual reports and timely statutory periodic announcements to Bursa Securities. In order to enhance the Company's communication with the stakeholders, the Company has established a website at www.parkwood.my as a channel of communication and information dissemination. Various announcements made by the Company during the year and annual reports are available on the Company's website. The Company also disseminates information through press releases on corporate events and business as well as any significant developments of the Group.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

I. Communication with Stakeholders (Cont'd)

Corporate Disclosure Policy

The Board acknowledges the importance of timely and thorough dissemination of information to its investors and shareholders. The Board regards regular communications with the public via various announcements and the issuance of Annual Reports, circulars and press releases as key to building a good relationship with its shareholders.

In line with the Main LR of Bursa Securities and best practices recommended by the Code, the Company must disclose to the public all material information necessary for informed investment decisions and take reasonable steps to ensure that all who invest in the Company's securities enjoy equal access to such information. The Board strives to disclose such information to the public as soon as practicable through Bursa Securities, the media and the Company's website at www.parkwood.my, and to ensure that such information is handled properly to avoid leakage and improper use of such information.

The Company shall disclose all material information required to be disclosed under applicable securities laws, in accordance with a consistent procedure and in accordance with such laws, as per the disclosure principles listed below:

- Material information will be immediately announced to Bursa Securities first and later made available at the Company's website;
- Material information will be kept confidential temporarily if the immediate release of such information would be unduly detrimental to the interests of the Company;
- Content of disclosure must be factual and non-speculative and include any information the omission of which would cause the rest of the disclosure misleading;
- The disclosure must be corrected immediately if the Company learns that an earlier disclosure by the Company contained a material error at the time it was originally disclosed;
- The Company does not comment, affirmatively or negatively, on rumours. This also applies to rumours on the internet. Should Bursa Securities request that the Company to make a definitive statement in response to a market rumour that is causing significant volatility in the price of the Company's securities, the Executive Directors will respond appropriately after consulting with the Board for advice if time permits, before a reply is given to Bursa Securities; and
- All investors must have equal access to material information. Selective disclosure is not allowed.

Information is considered material if it is reasonably expected to have a material effect on the price, value and market activity of the Company's securities or the decision of a holder of security or an investor in determining his/her choice of actions.

The Company Secretaries are assigned to compile such information for the approval of the Board as soon as possible and for releasing such information to the market as stipulated by Bursa Securities.

Leverage on Information Technology

The Company disseminates information in relation to its financial performance, operations and corporate developments through the Annual Reports, Quarterly Interim Financial Reports, circulars and various general announcements. The Company releases all material information publicly through Bursa Securities and via its IR portal at www.parkwood.my.

Shareholders and investors are also encouraged to convey their queries and concerns to the Company via the Company's website at www.parkwood.my or via email to admin@parkwood.my. The queries will be attended by the Company's Senior Management or the Board, as the case may be.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

PRINCIPLE C: INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS (CONT'D)

II. Conduct of General Meetings

Annual General Meetings or Extraordinary General Meetings (“General Meetings”)

General Meetings remain the principal forum for dialogue between the Company and its shareholders, as the Company's General Meetings provide a means of communication with shareholders.

Notices of General Meetings, the related circulars and the Annual Reports of the Company are sent to the shareholders in accordance with the regulatory and statutory provisions. Where special business items appear in the Notices of General Meetings, an explanatory note will be included as a footnote to enlighten shareholders on the significance and impact when shareholders deliberate on such resolution. The Notices of General Meetings are advertised in a national English newspaper within the prescribed deadlines. Notice for an AGM should be given to the shareholders at least twenty eight (28) days prior to the meeting.

The Board notes the recommendation of the Code that Notice for an AGM should be given to the shareholders at least twenty eight (28) days prior to the meeting, which is earlier than the minimum notice periods stipulated in the Company's Constitution and the CA 2016. In the past years, the Company serves the Notice for AGM more than twenty eight (28) days prior to the meeting. From year 2020 onwards, the Annual Reports and Notice for General Meetings will be circulated electronically. Hard copies of the Annual Reports will be made available upon request.

The Company holds its General Meetings at places that are easily accessible and at a time convenient to the shareholders to encourage them to attend the meetings.

If a shareholder is unable to attend and vote in person at the General Meetings, the Company allows him/her to appoint the Chairman of the Meeting or any person, who may but need not be a member of the Company, to be his/her proxy without limitation and there shall be no restrictions as to the qualification of the proxy. A proxy appointed to attend and vote at the General Meetings shall have the same rights as the shareholder to speak at the General Meetings.

At the General Meetings, the Board encourages and gives sufficient opportunity for the shareholders to ask questions regarding the affairs of the Group, its financial performance and the resolutions being proposed at the meetings. The Chairman, when presenting the agenda items at the meetings, will give a brief background on the items to be voted on and shareholders are invited to give their views and raise question before voting takes place. Shareholders' suggestions received during the General Meetings are reviewed and considered for implementation, wherever possible.

All Directors attend the General Meetings. The Chairman of the Nomination, Remuneration and Audit and Risk Management Committees and Senior Management are also present at the General Meetings to respond to shareholders' queries addressed to them during the meetings. The external auditors and advisers of corporate exercises, where applicable, attend General Meetings upon invitation and are available to answer questions or clarify queries from shareholders relating to the subject matter.

Other than shareholders of the Company, representative from the Minority Shareholders Watch Group (“MSWG”) will also be invited as observer at the Company's General Meetings if prior requests have been made. Queries raised by the MSWG and the Company's reply thereto are presented at the General Meetings.

All meetings are recorded by the Company Secretaries and the summary of key matters discussed at the General Meetings is available for inspection at the Company's website.

Poll Voting

In compliance with the Main LR of Bursa Securities, all resolutions that set out in the Notice of General Meetings will be voted via poll voting.

The polling process will be conducted by the share registrar as the Poll Administrator and an independent scrutineer will be appointed to oversee the conduct of the poll and verify the results of the poll.

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

ADDITIONAL COMPLIANCE INFORMATION

a. Audit and Non-Audit Fees

During the financial year ended 31 December 2022, the amount of audit fees paid or payable to the External Auditors, Crowe Malaysia PLT 201906000005 (LLP0018817-LCA) & AF 1018 by Parkwood and its subsidiaries were as follows:

Fees paid by Parkwood	: RM52,000
Fees paid by Parkwood subsidiaries	: RM61,000

For the financial year ended 31 December 2022, a fee of RM5,000 for non-audit assignments was paid by the Company to the External Auditors and its affiliated corporation.

b. Material contracts

Other than the following and those disclosed in the Notes to the Financial Statements on the Significant Related Party Transactions, there were no material contracts entered into by the Company and/or the Group involving directors' and major shareholders' interests:

During the financial year 2021, the Group had entered into a Development Management Agreement ("DMA") with Triangle Asia Sdn Bhd ("Triangle Asia" or "the Developer") for the appointment as the Development Manager of the Developer to provide property development and project management services in relation to its project ("Development Management Services") at Jalan Taman U-Thant. The project management services commenced on 1 January 2022 and for a duration of 6 years.

The total consideration for the DMA amounted to RM3,000,000 and a sales administration fees equal to 1% of the selling price for each project unit sold.

Save as disclosed below, none of the Directors, major shareholders and/or persons connected to them have any interest, either direct or indirect, in the Project:

- Mr. Lim Chin Sean is an Executive Director of Parkwood Group and a major shareholder of Parkwood by virtue of his interest in Telaxis Sdn Bhd.
- Mr. Lim Chin Sean is also a Director of Triangle Asia and Synergy Estate Sdn Bhd.
- Synergy Estate Sdn Bhd holds 90% equity interest in Parkwood PJS Sdn Bhd, while Parkwood Developments Sdn Bhd holds 10% equity interest in Parkwood PJS Sdn Bhd. Parkwood PJS Sdn Bhd holds 34% equity interest in Triangle Asia.
- Mr. Lim Chin Sean is a major shareholder of Synergy Estate Sdn Bhd by virtue of his interest in LGB Holdings Sdn Bhd and CSLim Holdings Sdn Bhd.

c. Utilisation of Proceeds

On 27 April 2021, the Company had raised a net proceed of RM24.08 million from the issuance of rights issue pursuant to the approval obtained from the shareholders at the Extraordinary General Meeting held on 26 January 2021.

The status of utilisation of proceeds raised as at 31 December 2022 is as follows:

Details of Utilisation	Proposed Utilisation RM'000	Actual Utilisation RM'000	Proceeds Balance RM'000	Timeframe for Utilisation
For Utamara's project	21,000	(21,000)	-	Within 18 months
For working capital (after the corporate exercise expenses)	3,078	(3,065)	13	Within 6 months
Total	24,078	(24,065)	13	

CORPORATE GOVERNANCE OVERVIEW STATEMENT (CONT'D)

ADDITIONAL COMPLIANCE INFORMATION (CONT'D)

d. Recurrent Related Party Transactions (“RRPT”) of a Revenue or Trading Nature

There were no RRPT of a revenue or trading nature between the Company and/or the Group and its related parties which required shareholders’ mandate during the financial year under review.

DIRECTORS’ RESPONSIBILITY STATEMENT IN RESPECT OF THE PREPARATION OF THE AUDITED FINANCIAL STATEMENT

The Directors are required by the CA 2016, to state whether, in their opinion, the Group and the Company’s financial statements for the financial year are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards, Main LR of Bursa Securities and CA 2016 which will provide a true and fair view of the Group and the Company’s financial position and the performance and cash flow for the financial year.

Towards this, the Directors ensure that relevant accounting policies have been used and applied consistently and that reasonable and prudent judgments and estimates have been made, in the preparation of financial statements. The Directors also ensure that applicable approved accounting standards have been followed and that proper accounting records are being kept to enable disclosure of the Group’s and Company’s financial position in compliance with laws and regulations.

The Board is satisfied that in preparing the financial statements of the Company and the Group as at 31 December 2022, the Company and the Group have used appropriate accounting policies and applied them consistently and prudently.

CONCLUSION

The Board recognises the importance of the Group practising good corporate governance and has made it a corporate policy to continuously improve on its corporate governance practices and structure to achieve an optimal governance framework.

This Corporate Governance Overview Statement was approved by the Board of Directors of Parkwood on 12 April 2023.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

1. INTRODUCTION

Pursuant to paragraph 15.26(b) of the Main LR of Bursa Securities, the Board of Directors (“the Board”) is pleased to issue this statement on risk management and internal control of the Group for the financial year ended 31 December 2022 in compliance with the Principles and Best Practices as stipulated in the Code.

2. BOARD'S RESPONSIBILITY

The Board acknowledges the importance of systems of internal control and recognises that it is their responsibility to maintain a sound system of internal control to safeguard shareholders' investment. In this connection, the Board confirms that there is on-going effort to identify risks and to introduce or improve controls in the functional areas.

In line with its responsibilities, the Audit Committee (“AC”) and Risk Management Committee (“RMC”) have been merged and to be known as the Audit and Risk Management Committee (“ARMC”) effective from 1 January 2018.

The Board has established the ARMC to oversee the effective implementation of the risk management process and systems of internal control.

The role of ARMC is to provide an independent assessment of the effectiveness, adequacy and reliability of the risk management process, compliance with risk policies, applicable laws, regulations, rules, directives, guidelines and systems of internal control as established by management. These assessments are assisted by an independent internal audit function.

As there are limitations inherent in any systems of internal control, therefore, it shall be noted that the controls are designed and positioned to mitigate risks but not eliminating the present and future risks. In this connection, it shall also be noted that systems of internal control can only provide reasonable but not absolute assurance against material misstatements, frauds and losses.

3. RISK MANAGEMENT FRAMEWORK

The ARMC was established to adopt the Risk Management Framework designed for the Group. This framework provides guidance and facilitates a structured approach for identifying, evaluating and managing significant risks that could inadvertently prevent the achievement of business objectives.

The Board has approved the following Terms of Reference for the ARMC:

- a. To review the Group's overall objectives by assessing the adequacy and effectiveness of the risk portfolio composition and risk mitigation controls in determining the desired exposures of each major area on a periodic basis.
- b. To promote and ensure that the risk management process and culture are embedded.
- c. To review and assess the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks and their effectiveness.
- d. To ensure adequate infrastructure, resources and systems are in place for managing risks.
- e. To identify other corporate risk areas such as regulatory compliances, new business development and financial issues.
- f. To establish a task force to oversee the proper conduct of regular review and control of risk in the functional activities.

The ARMC had approved the Risk Handbook, which was developed by the Risk Management Working Group (“RMWG”). The aim of the Risk Handbook is to introduce a standardised approach for Management to adopt and assist in identification, analysis and management of risks.

The RMWG has invited the Internal Auditors to observe the risk assessment exercise in 2022. In this exercise, a structured risk management framework was reviewed and key risks that could affect the achievement of the Group's objectives, the control and mitigating action plans were identified and documented. The risk report was presented to the Board for discussion and formalisation of actions plan and updated by the RMWG.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

4. INTERNAL AUDIT FUNCTION

The Internal Audit function of the Group was outsourced to a professional internal audit service provider firm ("Internal Auditor"), which includes performing regular reviews of the business processes, checking compliance with policies/procedure, evaluating the adequacy and effectiveness of internal control, risk management and governance processes established by Management and/or the Board within the Group. The Internal Audit function highlights significant findings and corrective measures in respect of any non-compliance to Management and the ARMC on a timely basis. The annual audit plan is reviewed and approved by the ARMC. Further activities of the Internal Audit function are set out in the ARMC report on pages 39 to 43.

The costs incurred by the Group in relation to the Internal Audit function for the financial year ended 31 December 2022 amounted to approximately RM52,800.

5. INTERNAL CONTROL

The Group's systems of internal control during the financial year ended 31 December 2022 and up to the date of approval of this statement for inclusion into the annual report encompasses inter alia, the key elements as follows:

- A functional organisational structure that defines the level of authority and responsibilities of management.
- Policies and procedures, updated as necessary, are documented and communicated to personnel for compliance.
- An ARMC with defined responsibilities as set out on pages 39 to 43.
- An internal audit function, which is accountable to the ARMC, objectively reviews and reports on the effectiveness of control processes.
- An annual operating budget and strategic business plan approved by the Board.
- Appropriate human resource guidelines for hiring and terminating staff, formal training programmes, annual performance appraisals and other relevant procedures are in place to ensure employees' competency.
- The Group's performance is monitored by using key performance indicators, monthly management reports and periodic management meetings. These performance reports are benchmarked against budgets. Any exceptions noted will be investigated and reported.
- Quarterly monitoring of financial results by the Board.

In making this statement, the Board had considered the Bursa's Guidance on Statement on Internal Control for all subsidiaries. The Board is of the view that there has been no significant breakdown or weaknesses in the systems of internal control of the Group that may result in material losses incurred for the financial year ended 31 December 2022. Nevertheless, remedial actions and corrective measures have been or are being taken to address the weaknesses noted, if any.

6. MANAGEMENT RESPONSIBILITIES

The Management is responsible for implementing the processes for identifying, evaluating, monitoring and reporting of risks and systems of internal control, taking appropriate and timely corrective actions as needed, and for providing assurance to the Board that the processes have been carried out.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL (CONT'D)

7. REVIEW OF THIS STATEMENT BY EXTERNAL AUDITORS

Pursuant to Paragraph 15.23 of the Main LR, the external auditors have reviewed this Statement on Risk Management and Internal Control. Their review was conducted in accordance with Audit and Assurance Practice Guide 3 ("AAPG 3"), Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in Annual Report, issued by the Malaysian Institute of Accountants ("MIA"). AAPG 3 does not require the external auditors to, and they did not, consider whether this Statement covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk and control procedures. AAPG 3 also does not require the external auditors 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.

Based on their review, the external auditors have reported to the Board that nothing has come to their attention that causes them to believe that the Statement on Risk Management and Internal Control is inconsistent with their understanding of the process the Board has adopted in the review of the adequacy and effectiveness of the Group's risk management and systems of internal control.

8. CONCLUSION

The Board is satisfied with the adequacy and effectiveness of the Group's risk management and systems of internal control. The Board has received assurance from the Executive Directors and CFO that the Group's risk management and systems of internal control, in all material aspects, is operating adequately and effectively. For the financial year under review, there were no material control failures or adverse compliance events that have directly resulted in any material loss to the Group.

This Statement on Risk Management and Internal Control was approved by the Board of Directors on 12 April 2023.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT

MEMBERSHIP

The Board had on 14 December 2017 approved the merger of the Audit Committee and the Risk Management Committee to be known as the “Audit and Risk Management Committee” effective from 1 January 2018. The rationale of the merger of the two (2) Board Committees is to enhance the efficiency of the Board Committee in discharging its duties and responsibilities.

Members of the Audit and Risk Management Committee, their respective designation and directorate are as follows:

Name	Designation	Directorship
Datuk Hew Lee Lam Sang	Chairman	Independent Non-Executive Director
Tuan Haji Fauzi Bin Mustapha	Member	Independent Non-Executive Director
Dato’ Ghazali Bin Mat Ariff	Member	Independent Non-Executive Director

All Audit and Risk Management Committee members of the Company are Independent Non-Executive Directors.

SUMMARY OF TERMS OF REFERENCE

1. COMPOSITION, MEETINGS, MINUTES AND ACTIVITIES

The Audit and Risk Management Committee shall be appointed by the Board amongst the Directors and shall consist of not less than three (3) members. All Audit and Risk Management Committee members must be Non-Executive Directors, with a majority of them being Independent Directors. The Chairman shall be an Independent Non-Executive Director appointed by the Nomination Committee.

If a member of the Audit and Risk Management Committee resigns or for any reason ceases to be a member resulting in the number of members to be reduced to below three (3), the Board of Directors shall, within three (3) months of that event, appoint a replacement to make up the minimum of three (3). The vacancy of the Independent Chairman of the Audit and Risk Management Committee must also be filled within three (3) months.

The Board shall review the terms of reference and performance of the Audit and Risk Management Committee and each of its members annually to determine whether the Audit and Risk Management Committee and its members have carried out their duties in accordance with their terms of reference.

The Audit and Risk Management Committee shall meet at least four (4) times annually or at more frequent intervals as required. The Audit and Risk Management Committee shall meet with the external auditors at least twice (2) a year and with internal auditors at least once (1) a year, without the Executive Directors and Management present. The Chief Operating Officer and the Chief Financial Officer are normally invited to attend the Audit and Risk Management Committee meetings. The presence of the external auditors shall be requested, if required. Other Board members and employees may attend Audit and Risk Management Committee meetings upon the invitation of the Audit and Risk Management Committee.

The Company Secretaries shall be the Secretary to the Audit and Risk Management Committee. Minutes of each meeting shall be distributed to each member prior to the meeting. The Chairman shall report to the Board, a summary of significant matters arising at each meeting. The Audit and Risk Management Committee is authorised by the Board to investigate any activity within its terms of reference and shall have unrestricted access to both the internal and external auditors and to all employees of the Group.

The Audit and Risk Management Committee is also authorised by the Board to seek and accept independent professional advice and to secure the attendance of outsiders with relevant experience and expertise, whenever deemed necessary.

During the financial year ended 31 December 2022, the Audit and Risk Management Committee held a total of five (5) meetings. The members of the Audit and Risk Management Committee together with their attendance are set out below:

Name	Attendance at Meetings
Datuk Hew Lee Lam Sang	5/5 (100%)
Tuan Haji Fauzi Bin Mustapha	5/5 (100%)
Dato’ Ghazali Bin Mat Ariff	5/5 (100%)

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF TERMS OF REFERENCE (CONT'D)

2. KEY FUNCTIONS, ROLE AND RESPONSIBILITIES

The Audit and Risk Management Committee's duties and responsibilities are as follow:

- To consider the appointment and re-appointment of the external auditors and the audit fee.
- To recommend the nomination of a person or persons as external auditors.
- To discuss on the resignation or removal of external auditors and the reasons thereof.
- To discuss with the external auditors the nature and scope of any audit exercise prior to its commencement and to ensure coordination of such exercise where more than one audit firm is involved.
- To review the quarterly and annual financial statements of the Company and the Group, before submission to the Board whilst ensuring that they are prepared in an accurate manner focusing particularly on:
 - (i) Changes in or implementation of major accounting policies and principles changes.
 - (ii) Significant matters highlighted including financial reporting issues, significant judgements made by Management, significant and unusual events or transactions, and how these matters are addressed.
 - (iii) Significant adjustments arising from the audit.
 - (iv) The going concern assumption.
 - (v) Compliance with accounting standards and relevant statutory and regulatory requirements.
- To discuss issues, concerns and reservations arising from interim and final external audits, and such other matters the external auditors may wish to raise.
- To review the external auditors' management letter and management's response to specific matters raise therein.
- To assess the suitability and independence of external auditors.
- To do the following in connection with the internal audit function:
 - (i) Review the adequacy of its scope, functions, competency and resources and that it has the necessary authority to carry out its work.
 - (ii) Review and discuss the nature and scope of the audit programme with internal auditors and the follow-up thereto, ensuring that appropriate actions are taken as recommended.
 - (iii) Review any performance appraisals or assessment of its staff.
 - (iv) Approve the appointment, resignation or termination of its senior members.
 - (v) Take cognisance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his reason for resigning.
- To monitor any related-party transaction and conflict of interest situation which may arise within the Group, including any transaction, procedure or course of conduct that raises questions of management integrity.
- To review the adequacy and efficacy of the Group's system of internal control.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF TERMS OF REFERENCE (CONT'D)

2. KEY FUNCTIONS, ROLE AND RESPONSIBILITIES (CONT'D)

With the merger of the Audit Committee and Risk Management Committee on 1 January 2018, the functions of the Audit and Risk Management Committee shall include the functions of the Risk Management Committee to assist the Board in discharging its responsibilities, particularly in:

- Reviewing the Group's overall objectives by assessing the adequacy and effectiveness of risk portfolio composition and risk mitigation controls to determine the desired exposures of each major area of risk on a periodic basis.
- Promoting and ensuring risk management process and culture are embedded throughout the Group.
- Reviewing and assessing the adequacy of risk management policies and framework for identifying, measuring, monitoring and controlling risks as well as the extent to which these are operating effectively.
- Ensuring adequate infrastructure, resources and systems are established to make risk management effective.
- Identifying other corporate risk areas such as regulatory compliances, new business development and financial issues.
- Establishing a task force as the main risk management unit to oversee the proper operating, reviewing and controlling of risk pertaining to functional activities.

The Board has established a Risk Management Working Group ("RMWG"), which is headed by the Chief Operating Officer, Mr. Chan Keen Wai and comprise of all head of departments. This is to ensure that all risk classes particularly the Group strategic risks, risks related to project development businesses and compliance to statutory requirements, are considered at senior level in a consistent manner. The Board through the Audit and Risk Management Committee receives periodic reporting on the risk environment and management's actions to mitigate and manage significant risks in a manner consistent with the Group's risk appetite.

The RMWG is responsible to oversee the risk management activities of the Group, approving appropriate risk management procedures and measurement methodologies across the Group as well as identifying and managing strategic business risks of the Group. In fulfilling the primary objectives, the RMWG is tasked to undertake the following responsibilities and duties:

- (a) to promote good risk management practices and effective governance within the Group and in ensuring that roles, responsibilities and accountability in managing risks are clearly established, defined and communicated;
- (b) to create high level risk policies aligned with the Group's strategic business objectives;
- (c) to review the enterprise risk management framework for the effective identification, assessment, measurement, monitoring, reporting and mitigation of risks within the Group; and
- (d) to identify and communicate existing and potential critical risk areas faced by the Group and the management action plans to mitigate such risks by working with the internal auditors in providing periodic reports and updates to the Audit and Risk Management Committee.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

SUMMARY OF ACTIVITIES OF AUDIT AND RISK MANAGEMENT COMMITTEE

In line with its terms of reference, the Audit and Risk Management Committee discharged its duties and responsibilities in the financial year ended 31 December 2022 through the following activities:

a. External Audit

- Reviewed the Audit Review Memorandum by the external auditors for the financial year ended 31 December 2021 and discussed the results of their audit report and management letter together with Management's response to their findings;
- Reviewed the annual audited financial statements of the Group to ensure compliance with the CA 2016, Main LR of Bursa Securities, applicable accounting standards and other legal and regulatory requirements prior to submission to the Board for consideration and approval;
- Carried out an annual review of the performance of the External Auditors, including assessment of their independence in performing their obligations, and then recommended to the Board for re-appointment as External Auditors and remuneration of the External Auditors;
- Conducted independent meetings with the External Auditors during the year without the presence of the Executive Directors and Management; and
- Reviewed the Audit Planning Memorandum, which includes reporting responsibilities and deliverables, audit approach and scope for the statutory audits of the Group accounts for the financial year ended 31 December 2022 with the external auditors prior to the commencement of audit.

b. Internal Audit

- Reviewed and approved the Internal Audit Plan of the Group with the selected auditable areas for each reporting quarter of 2022;
- Reviewed and deliberated on the Internal Audit reports, recommendations and management responses;
- Reviewed the corrective actions taken on the audit findings, outstanding audit issues from previous audits to ensure that actions have been taken timely and effectively; and
- Conducted independent meeting with the Internal Auditors during the year without the presence of the Executive Directors and Management.

c. Risk Management

- Reviewed the risk profiles of the Group, including action plans and strategies to address these risks identified; and
- Reviewed the risk policy and risk appetite of the Group and recommended to the Board for approval and inclusion in the Statement on Risk Management and Internal Control.

d. Financial Reporting

- Reviewed the unaudited quarterly reports before recommending for Board's approval for submission to Bursa Securities and Securities Commission Malaysia.

e. Related Party Transactions

- Reviewed, with the assistance of the Internal Auditors, the related party transactions entered into by the Company and the Group to ensure that the transactions entered into were in adherence to Main LR of Bursa Securities and the recurrent related party transactions entered were within the approved limits of the shareholders' mandate on recurrent related party transactions and also conflict of interest situations which arose within the Group during the year.

f. Annual Report

- Reviewed the Statement on Risk Management and Internal Control and recommended to the Board for approval and inclusion in the 2021 Annual Report; and
- Presented the Audit and Risk Management Committee Report to the Board for approval and inclusion in the 2021 Annual Report.

AUDIT AND RISK MANAGEMENT COMMITTEE REPORT (CONT'D)

INTERNAL AUDIT FUNCTION

During the financial year ended 31 December 2022, the Audit and Risk Management Committee is supported by an outsourced internal audit service provider firm, GRC Consulting Services Sdn Bhd (“GRCCS”), in the discharge of its duties and responsibilities.

GRCCS is an independent professional consultant firm which is sufficiently resourced and is a member of the Institute of the Internal Auditors Malaysia to provide the services that meet with the Group’s required service level. The Internal Auditors are able to provide reasonable assurance that the Group’s system of internal control and risk management is adequate and effective. The Engagement Director of GRCCS is Mr. Affeiz Abdul Razak who has more than 20 years diverse professional experience in internal audit, risk management and corporate governance advisory. He is currently one of the Governors in The Institute of Internal Auditors Malaysia’s (IIAM) Board as Board’s Vice President I and had served previously as the Honorary Treasurer and Honorary Secretary of IIAM. He is a Chartered Member of Institute of Internal Auditors Malaysia - CMIIA, Certified Financial Services Auditor - CFSA (US) and has Accreditation in Internal Audit Function Assessment Validation by IIA (US), Associate Member of Association of Certified Fraud Examiners (US), Member of Business Continuity Institute (UK) - MBCI (UK), Affiliate Member of Institute of Risk Management (UK), Certified Business Continuity Institute (UK) Professional - CBCI with Merit (UK), Member of Institute of Corporate Directors Malaysia and Associate Member of Asian Institute of Chartered Bankers.

The Internal Auditors carried out a meeting with Management to discuss on the audit observations for each cycle of internal audit engagement. The Internal Auditor reports directly to the Audit and Risk Management Committee and is independent of the activities it audits. The primary responsibility of the Internal Auditor is to undertake regular and systematic reviews of the risk management process, systems of internal controls and governance practices of the Company and the Group in conformance with the International Professional Practices Framework so as to provide reasonable assurance that the risk management process, systems of internal controls and governance practices are operating satisfactorily and effectively and are in line with the Group’s goals and objectives. The results of the internal audits provided in the Internal Audit Reports together with the findings and recommendation for improvements were presented to the Audit and Risk Management Committee for deliberations. The resulting reports from the internal audits were also forwarded to the Management for attention and necessary corrective actions. The functions and responsibilities of the Internal Audit Function are embodied in the Internal Audit Charter.

All Internal Audit personnel in the service provider firm do not have family relationships with any Directors or major shareholders of the Company and the Group. They also do not have any conflicts of interest which could impair their objectivity and independence.

The internal audit activities carried out by Internal Auditors for the financial year ended 31 December 2022 included, inter alia, the following:

- reviewed and assessed the adequacy and integrity of control environment and systems of internal control of the Group;
- reported on audit findings noted from risk based internal audit on the risks areas highlighted in the risk profile of Parkwood;
- reviewed and reported on the follow-up status of previous audit findings;
- conducted risk assessment for the implementation of an enterprise risk management framework;
- presented the Internal Audit Plan of the Group for year 2023 to the Audit and Risk Management Committee for review and approval.

The costs incurred by the Group in relation to the Internal Audit function for outsourced internal audit and risk management services for the financial year ended 31 December 2022 amounted to approximately RM52,800.

LIST OF PROPERTIES

Tenure	Leasehold
Size	Lot PT 329: 6,752 sq. metres Lot PT 330: 182 sq. metres Total: 6,934 sq. metres
Carrying Value (RM)	39,553,644
Location	Both located at Kg Sg Kayu Ara Mukim of Sungai Buloh Daerah Petaling Selangor Darul Ehsan
Description / Existing Use	Property Development 99 years lease (expiring in 2117)
Date of acquisition	4 December 2017

Tenure	Leasehold
Size	46,509 sq. metres
Carrying Value (RM)	79,179,105
Address	Lot 22, Jalan Pelaya 15/1, Section 15 40200 Shah Alam Selangor Darul Ehsan
Location	H.S.(D) 172552 Bandar Shah Alam Daerah Petaling Selangor Darul Ehsan
Description / Existing Use	Investment Property and Property Development 99 years lease (expiring in 2074) Buildings approximately 6 years
Date of valuation	31 December 2022

Tenure	Leasehold
Size	Lot 70303: 2,429 sq. metres Lot 70304: 2,448 sq. metres Lot 70305: 2,360 sq. metres Lot 70306: 2,467 sq. metres Lot 70307: 4,661 sq. metres Total: 14,365 sq. metres
Carrying Value (RM)	33,354,196
Address	Lot 70303 - 70307 Jalan PJU 10/1A Damansara Damai 47830 Petaling Jaya Selangor Darul Ehsan
Location	Mukim of Sungai Buloh Daerah Petaling Selangor Darul Ehsan
Description / Existing Use	Investment Property and Property Development 99 years lease (expiring in 2103) Buildings approximately 16 years
Date of valuation	9 January 2023

ANALYSIS OF
SHAREHOLDINGS

AS AT 27 MARCH 2023

Share Classification and Voting Rights

Class of Shares	: Ordinary Shares
Voting Rights by show of hand	: One vote for every member
Voting Rights by poll	: One vote for every share held
Issued and Paid-up Capital	: 281,968,184 Ordinary Shares (including 6,797,300 ordinary shares retained as Treasury Shares)

1. Distribution of Shareholdings and Number of Shareholders as at 27 March 2023

Size of Shareholdings	No. of Shareholders	Percentage (%) of Shareholdings	No. of Shares Held	Percentage (%) of Issued Shares
Less than 100	489	15.55	17,719	0.01
100 – 1,000	257	8.17	102,541	0.04
1,001 – 10,000	1,670	53.10	5,817,908	2.11
10,001 – 100,000	566	18.00	18,853,495	6.85
100,001 – 13,758,543*	161	5.12	117,328,554	42.64
13,758,544 and above**	2	0.06	133,050,667	48.35
Total	3,145	100.00	275,170,884	100.00

* - Less than 5% of issued shares

** - 5% and above of issued shares

2. List of Thirty (30) Largest Shareholders as per Records of Depositors as at 27 March 2023

No.	Name of Shareholders	No. of Shares Held	Percentage (%)
1	Telaxis Sdn Bhd	96,589,867	35.10
2	Telaxis Sdn Bhd	36,460,800	13.25
3	Ertidaya Sdn Bhd	7,485,216	2.72
4	Era Erat Sdn Bhd	6,194,829	2.25
5	Tan Chee Fatt	6,000,000	2.18
6	Lim Kian Wat	5,916,900	2.15
7	Kenanga Nominees (Asing) Sdn Bhd <i>Pledged Securities Account for Ra Wha Hyun (009)</i>	4,882,400	1.77
8	Lim Kian Wat	4,389,900	1.60
9	Wong Mei Sun	4,086,600	1.49
10	Yap Kiew @ Yap Yoke Ho	4,018,000	1.46
11	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Boon Kheong</i>	3,784,700	1.38
12	Siew Min Chung	3,664,500	1.33
13	Excel Impression Sdn Bhd	3,654,856	1.33
14	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ng Geok Wah (B Brklang-CL)</i>	3,342,200	1.21
15	Cimsec Nominees (Tempatan) Sdn Bhd <i>CIMB for Mettiz Capital Sdn Bhd (PB)</i>	3,000,000	1.09
16	Lai Thiam Poh	2,646,500	0.96
17	Wong Wai Kuan	2,419,900	0.88
18	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ong Kok Thye</i>	2,370,000	0.86

ANALYSIS OF SHAREHOLDINGS (CONT'D)

AS AT 27 MARCH 2023

2. List of Thirty (30) Largest Shareholders as per Records of Depositors as at 27 March 2023 (Cont'd)

No.	Name of Shareholders	No. of Shares Held	Percentage (%)
19	Ng Boon Kheong	1,960,000	0.71
20	Mass Ocean Sdn Bhd	1,720,644	0.63
21	Chia Kah Ying	1,717,200	0.62
22	UOB Kay Hian Nominees (Asing) Sdn Bhd <i>Exempt An for UOB Kay Hian Pte Ltd (A/c Clients)</i>	1,641,025	0.60
23	Affin Hwang Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Tan Kim Meng (M10)</i>	1,539,600	0.56
24	Kenanga Nominees (Tempatan) Sdn Bhd <i>For Chiang Siew Eng @ Le Yu Ak Ee</i>	1,482,200	0.54
25	CGS-CIMB Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lai Chin Yang (T Mutiara-CL)</i>	1,244,000	0.45
26	Kenanga Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Liew Yoon Peck</i>	1,013,400	0.37
27	Public Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Ong Chew Huat (E-SPG)</i>	1,000,025	0.36
28	Maybank Nominees (Tempatan) Sdn Bhd <i>Pledged Securities Account for Lim Chee Leong</i>	970,000	0.35
29	Soo Eng Choon	955,250	0.35
30	Wong Seng Poh	947,100	0.34
	Total	217,097,612	78.89

3. List of Substantial Shareholders as per Register of Substantial Shareholders as at 27 March 2023

Name	No. of Shares			
	Direct	%	Indirect	%
Telaxis Sdn Bhd	133,050,667	48.35	-	-
Dato' Lim Chee Meng	31,500	0.01	*133,050,667	48.35
Mr Lim Chin Sean	-	-	*133,050,667	48.35
LGB Group Sdn Bhd	-	-	#133,050,667	48.35
LGB Holdings Sdn Bhd	-	-	#133,050,667	48.35
Adil Cita Sdn Bhd	-	-	#133,050,667	48.35

Notes:-

* Deemed interest by virtue of his interest in Telaxis Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

Deemed interest by virtue of its interest in Telaxis Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

4. List of Directors' Shareholdings as per Register of Directors' Shareholdings as at 27 March 2023

Name	No. of Shares			
	Direct	%	Indirect	%
a) Dato' Ghazali Bin Mat Ariff	317,125	0.12	-	-
b) Tuan Haji Fauzi Bin Mustapha	20,000	0.01	-	-
c) Dato' Ronnie Lim Yew Boon	10,000	0.01	-	-
d) Mr. Lim Chin Sean	-	-	*133,050,667	48.35
e) Datuk Hew Lee Lam Sang	-	-	-	-
f) Ms. Irene Kam Sok Khuan	-	-	-	-

Notes:-

* Deemed interest by virtue of his interest in Telaxis Sdn Bhd pursuant to Section 8 of the Companies Act, 2016.

FINANCIAL STATEMENTS



FINANCIAL REVIEW

- 48 Directors' Report
- 52 Statement by Directors
- 52 Statutory Declaration
- 53 Independent Auditors' Report
- 56 Statements of Financial Position
- 57 Statements of Profit or Loss and Other Comprehensive Income
- 58 Statements of Changes in Equity
- 59 Statements of Cash Flows
- 61 Notes to the Financial Statements

DIRECTORS REPORT

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

PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and property development.

The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

RESULTS

	The Group RM	The Company RM
Profit after taxation for the financial year	2,347,074	3,168,803
Attributable to: Owners of the Company	2,347,074	3,168,803

DIVIDENDS

No dividend was recommended by the directors for the financial year.

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

- (a) there were no changes in the issued and paid-up share capital of the Company; and
- (b) there were no issues of debentures by the Company.

TREASURY SHARES

As at 31 December 2022, the Company held as treasury shares a total of 6,797,300 of its 281,968,184 issued and fully paid-up ordinary shares. The treasury shares are held at a carrying amount of RM3,724,544. The details of the treasury shares are disclosed in Note 22 to the financial statements.

OPTIONS GRANTED OVER UNISSUED SHARES

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

DIRECTORS' REPORT (CONT'D)

BAD AND DOUBTFUL DEBTS

Before the financial statements of the Group and of the Company were made out, the directors took reasonable steps to ascertain that action had been taken in relation to the writing off of bad debts and the making of allowance for impairment losses on receivables and satisfied themselves that there are no known bad debts and that no allowance for impairment losses on receivables is required.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS

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

Dato' Ghazali Bin Mat Ariff
Datuk Hew Lee Lam Sang
Dato' Lim Yew Boon
Tuan Haji Fauzi Bin Mustapha
Lim Chin Sean
Irene Kam Sok Khuan (Appointed on 23.11.2022)

The names of directors of the Company's subsidiaries who served during the financial year until the date of this report are similar to those disclosed above.

DIRECTORS' INTERESTS

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

	← Number of Ordinary Shares →			
	At 1.1.2022	Bought	Sold	At 31.12.2022
The Company				
<i>Direct Interests</i>				
Dato' Ghazali Bin Mat Ariff	317,125	-	-	317,125
Dato' Lim Yew Boon	10,000	-	-	10,000
Tuan Haji Fauzi Bin Mustapha	20,000	-	-	20,000
<i>Indirect Interest</i>				
Lim Chin Sean [#]	127,550,667	5,500,000	-	133,050,667

[#] Deemed interest by virtue of his direct substantial shareholding in Telaxis Sdn. Bhd., a substantial shareholder of the Company.

By virtue of his shareholding in the Company, Lim Chin Sean is deemed to have interest in shares in its related corporations during the financial year to the extent of the Company's interests, in accordance with Section 8 of the Companies Act 2016.

The other directors holding office at the end of the financial year had no interest in shares of the Company or its related corporations during the financial year.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 36(b) to the financial statements.

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

DIRECTORS' REPORT (CONT'D)

DIRECTORS' REMUNERATION

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

	The Group/ The Company RM
Fees	96,000
Salaries, bonuses and other benefits	575,240
Defined contribution benefits	60,227
	<hr/> 731,467 <hr/>

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM51,037.

INDEMNITY AND INSURANCE COST

During the financial year, there was no indemnity given to or professional indemnity insurance effected for directors, officers or auditors of the Group and of the Company.

SUBSIDIARIES

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

AUDITORS

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

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

	The Group RM	The Company RM
Audit fees	113,000	52,000
Non-audit fees	5,000	5,000
	<hr/> 118,000 <hr/>	<hr/> 57,000 <hr/>

Signed in accordance with a resolution of the directors dated 12 April 2023.

Dato' Lim Yew Boon

Lim Chin Sean

STATEMENT BY DIRECTORS

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

We, Dato' Lim Yew Boon and Lim Chin Sean, being two of the directors of Parkwood Holdings Berhad, state that, in the opinion of the directors, the financial statements set out on pages 56 to 107 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 12 April 2023.

Dato' Lim Yew Boon

Lim Chin Sean

STATUTORY DECLARATION

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

I, Chin Kok Siong, (MIA Membership Number: 8796), being the officer primarily responsible for the financial management of Parkwood Holdings Berhad, do solemnly and sincerely declare that the financial statements set out on pages 56 to 107 are, to the best of my knowledge and belief, correct and I make this solemn declaration conscientiously believing the declaration to be true, and by virtue of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the abovementioned
Chin Kok Siong, NRIC Number: 650410-03-5447
at Kuala Lumpur
in the Federal Territory
on this 12 April 2023.

Before me

Chin Kok Siong

Dr. T. Yokheswaram
Commissioner for Oaths
No. W540

INDEPENDENT
AUDITORS' REPORTTO THE MEMBERS OF PARKWOOD HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 196901000692 (9118 - M)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Parkwood Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 56 to 107.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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

Valuation of Investment Property Refer to Note 7 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
The Group's investment property is stated at fair value. The fair value of the investment property was determined based on valuation performed by an independent firm of professional valuers.	Our procedures included, amongst others:- (a) evaluated the objectivity, independence and capabilities of the professional valuers;
The carrying value of investment property as at 31 December 2022 amounted to RM41.7 million.	(b) assessed the appropriateness of the valuation model, property related data, including estimates used by the professional valuers; and
Significant judgement is required by directors in determining the fair value of investment property. We identified the valuation of investment property as a key audit matter due to the significance of the balance to the financial statements as a whole, combined with the judgement associated with determining the value.	(c) assessed the reasonableness of the assumptions used in the valuation and judgements made.

INDEPENDENT AUDITORS' REPORT (CONT'D)

TO THE MEMBERS OF PARKWOOD HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 196901000692 (9118 - M)

Key Audit Matters (Cont'd)

Revenue Recognition for Property Development Activities Refer to Note 28 to the financial statements	
Key Audit Matter	How our audit addressed the Key Audit Matter
<p>The Group recognises property development revenue using the input method, determined based on the proportion of property development costs incurred for work performed to date over the estimated total property development costs.</p> <p>Accounting for property development activities is inherently complex and there is judgement involved in the following areas:-</p> <p>(a) determination of the progress; and</p> <p>(b) estimated total property development costs and cost incurred to complete a project.</p> <p>We determined this to be a key audit matter given the complexity and judgemental nature of these areas.</p>	<p>Our procedures included, amongst others:-</p> <p>(a) tested costs incurred to date to supporting documentation such as contractors' claim certificates;</p> <p>(b) assessed the reasonableness of the estimated total property development costs to supporting documentation such as contracts, quotations and variation orders with contractors;</p> <p>(c) checked for any variation orders and checked that changes to contracts and quotations with the contractors, if any, are properly supported, for ongoing projects;</p> <p>(d) tested sales of properties to signed sales and purchase agreements and billings raised to property buyers; and</p> <p>(e) re-computed the revenue recognition towards satisfaction of performance obligation and checked the journal entries impacting revenue are recognised appropriately with reference to the computation of the revenue and corresponding costs of the projects.</p>

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

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

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

Auditors' 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.

INDEPENDENT AUDITORS' REPORT (CONT'D)TO THE MEMBERS OF PARKWOOD HOLDINGS BERHAD
(INCORPORATED IN MALAYSIA) REGISTRATION NO: 196901000692 (9118 - M)**Auditors' Responsibilities for the Audit of the Financial Statements (Cont'd)**

As part of an audit in accordance with approved standards on auditing in Malaysia and 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.

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

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

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

OTHER MATTERS

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

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

Ho Yen Ling
03378/06/2024 J
Chartered Accountant

Kuala Lumpur
12 April 2023

STATEMENTS OF FINANCIAL POSITION

AT 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
ASSETS					
NON-CURRENT ASSETS					
Investments in subsidiaries	5	-	-	54,295,527	54,295,527
Equipment	6	127,370	126,995	1	157
Investment property	7	41,700,000	36,600,000	41,700,000	36,600,000
Right-of-use assets	8	1,113,916	986,857	-	21,373
Land held for property development	9	33,354,196	33,134,352	-	-
Club membership	10	10,364	10,727	10,364	10,727
Other investment	11	577,000	458,000	-	-
Other assets		32,060	32,060	19,060	19,060
		76,914,906	71,348,991	96,024,952	90,946,844
CURRENT ASSETS					
Property development costs	12	74,168,040	68,717,474	37,479,105	37,320,238
Contract cost assets	13	2,864,709	3,338,721	-	-
Trade and other receivables	14	1,803,928	2,963,387	181,932	100,892
Contract assets	15	7,691,138	4,887,679	-	-
Amount owing by subsidiaries	16	-	-	18,971,462	8,945,591
Current tax assets		1,115	1,115	-	-
Fixed deposits with licensed banks	17	2,542,860	6,505,560	2,542,860	6,505,560
Short-term investments	18	8,124,192	16,192,344	8,124,192	16,192,344
Cash and bank balances	19	12,142,812	7,751,762	965,506	496,853
		109,338,794	110,358,042	68,265,057	69,561,478
TOTAL ASSETS		186,253,700	181,707,033	164,290,009	160,508,322
EQUITY AND LIABILITIES					
EQUITY					
Share capital	20	46,239,324	46,239,324	46,239,324	46,239,324
Reserves	21	110,606,633	108,259,559	119,899,593	116,730,790
Treasury shares	22	(3,724,544)	(3,724,544)	(3,724,544)	(3,724,544)
TOTAL EQUITY		153,121,413	150,774,339	162,414,373	159,245,570
NON-CURRENT LIABILITIES					
Lease liabilities	23	646,539	636,985	-	-
Borrowings	24	21,713,063	22,823,634	-	-
Retirement benefit obligations	25	81,744	81,744	-	-
Deferred tax liabilities	26	666,442	156,442	510,000	-
		23,107,788	23,698,805	510,000	-
CURRENT LIABILITIES					
Trade and other payables	27	5,973,571	5,779,934	1,246,492	1,115,571
Lease liabilities	23	469,664	425,727	-	28,037
Borrowings	24	3,462,120	909,084	-	-
Current tax liabilities		119,144	119,144	119,144	119,144
		10,024,499	7,233,889	1,365,636	1,262,752
TOTAL LIABILITIES		33,132,287	30,932,694	1,875,636	1,262,752
TOTAL EQUITY AND LIABILITIES		186,253,700	181,707,033	164,290,009	160,508,322

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

STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
REVENUE	28	18,415,098	9,905,523	2,206,232	2,271,882
COST OF SALES		(13,813,170)	(6,166,335)	(572,310)	(472,468)
GROSS PROFIT		4,601,928	3,739,188	1,633,922	1,799,414
OTHER INCOME	29	7,260,388	1,107,506	6,442,031	392,051
		11,862,316	4,846,694	8,075,953	2,191,465
SELLING AND DISTRIBUTION EXPENSES		(406,333)	(396,257)	-	-
ADMINISTRATIVE EXPENSES		(7,053,645)	(7,050,590)	(4,348,713)	(3,891,251)
PROFIT/(LOSS) FROM OPERATIONS		4,402,338	(2,600,153)	3,727,240	(1,699,786)
FINANCE COSTS		(1,120,859)	(1,216,901)	(491)	(5,759)
PROFIT/(LOSS) BEFORE TAXATION	30	3,281,479	(3,817,054)	3,726,749	(1,705,545)
INCOME TAX EXPENSE	31	(934,405)	(497,696)	(557,946)	(38,680)
PROFIT/(LOSS) AFTER TAXATION		2,347,074	(4,314,750)	3,168,803	(1,744,225)
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME/(EXPENSES) FOR THE FINANCIAL YEAR		2,347,074	(4,314,750)	3,168,803	(1,744,225)
PROFIT/(LOSS) AFTER TAXATION ATTRIBUTABLE TO:-					
Owners of the Company		2,347,074	(4,314,750)	3,168,803	(1,744,225)
TOTAL COMPREHENSIVE INCOME/(EXPENSES) ATTRIBUTABLE TO:-					
Owners of the Company		2,347,074	(4,314,750)	3,168,803	(1,744,225)
EARNINGS/(LOSS) PER SHARE (SEN)	32				
Basic		0.85	(1.79)		
Diluted		0.85	(1.79)		

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Note	Share Capital RM	Treasury Shares RM	← Non-distributable → Asset		Distributable	Total Equity RM
			Revaluation Reserve RM	Capital Reserve RM	Retained Profits RM	
The Group						
Balance at 1.1.2021	22,160,982	(3,724,544)	24,539,768	48,208,750	39,825,791	131,010,747
Contributions by owners of the Company						
- Issuance of shares	24,765,380	-	-	-	-	24,765,380
- Shares issuance expenses	(687,038)	-	-	-	-	(687,038)
Total transactions with owners	24,078,342	-	-	-	-	24,078,342
Loss after taxation for the financial year	-	-	-	-	(4,314,750)	(4,314,750)
Balance at 31.12.2021/1.1.2022	46,239,324	(3,724,544)	24,539,768	48,208,750	35,511,041	150,774,339
Profit after taxation for the financial year	-	-	-	-	2,347,074	2,347,074
Balance at 31.12.2022	46,239,324	(3,724,544)	24,539,768	48,208,750	37,858,115	153,121,413
The Company						
Balance at 1.1.2021	22,160,982	(3,724,544)	24,539,768	48,208,750	45,726,497	136,911,453
Contributions by owners of the Company						
- Issuance of shares	24,765,380	-	-	-	-	24,765,380
- Shares issuance expenses	(687,038)	-	-	-	-	(687,038)
Total transactions with owners	24,078,342	-	-	-	-	24,078,342
Loss after taxation for the financial year	-	-	-	-	(1,744,225)	(1,744,225)
Balance at 31.12.2021/1.1.2022	46,239,324	(3,724,544)	24,539,768	48,208,750	43,982,272	159,245,570
Profit after taxation for the financial year	-	-	-	-	3,168,803	3,168,803
Balance at 31.12.2022	46,239,324	(3,724,544)	24,539,768	48,208,750	47,151,075	162,414,373

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

STATEMENTS OF
CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

Note	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FOR OPERATING ACTIVITIES				
Profit/(Loss) before taxation	3,281,479	(3,817,054)	3,726,749	(1,705,545)
Adjustments for:-				
Amortisation of club membership	363	364	363	364
Covid-19-related rent concessions	-	(10,413)	-	-
Depreciation of equipment	67,228	126,971	156	66,574
Depreciation of right-of-use assets	434,268	480,298	5,343	42,745
Equipment written off	-	358,016	-	352,590
Interest expense on lease liabilities	52,167	76,060	491	5,759
Interest expense on bridging loan	16,219	-	-	-
Interest expense on term loans	1,052,473	1,140,841	-	-
Dividend income	(51,102)	(237,583)	(51,102)	(237,583)
Retirement benefit obligations	-	19,537	-	-
Fair value gain on investment property	(5,100,000)	-	(5,100,000)	-
Fair value (gain)/loss on short-term investments	(171,164)	307,328	(171,164)	307,328
Gain on modification of a lease	(84,230)	(16,375)	(4,999)	-
Interest income	(191,892)	(230,938)	(64,766)	(154,468)
Gain on disposal of a subsidiary	-	(9,741)	-	-
Operating loss before working capital changes	(694,191)	(1,812,689)	(1,658,929)	(1,322,236)
Increase in property development costs	(5,450,566)	(2,800,407)	(158,867)	-
Decrease/(Increase) in contract cost assets	474,012	(128,629)	-	-
Increase in contract assets	(2,803,459)	(638,657)	-	-
Decrease/(Increase) in trade and other receivables	1,159,459	(1,910,850)	(81,040)	370,508
Increase in amount owing by subsidiaries	-	-	(10,025,871)	(7,115,509)
Decrease in amount owing to a subsidiary	-	-	-	(1,266,621)
Increase/(Decrease) in trade and other payables	193,637	1,025,826	130,921	(14,705)
CASH FOR OPERATIONS	(7,121,108)	(6,265,406)	(11,793,786)	(9,348,563)
Income tax paid	(424,405)	(457,656)	(47,946)	(38,680)
Retirement benefits paid	-	(101,733)	-	-
NET CASH FOR OPERATING ACTIVITIES	(7,545,513)	(6,824,795)	(11,841,732)	(9,387,243)

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

STATEMENTS OF CASH FLOWS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
CASH FLOWS FOR INVESTING ACTIVITIES					
Additional investment in short-term investments		-	(307,328)	-	(307,328)
Disposal of a subsidiary, net of cash and cash equivalents disposed of	33	-	(810)	-	-
Dividend received		51,102	237,583	51,102	237,583
Increase in pledged bank balances with licensed banks		(374,383)	(107,804)	(316,798)	(62,803)
Interest income received		191,892	230,938	64,766	154,468
Proceeds from disposal of short-term investments		171,164	-	171,164	-
Purchase of equipment		(67,603)	(14,392)	-	-
Purchase of land held for property development		(219,844)	(545,001)	-	-
Increase in pledged fixed deposits with licensed banks		(40,203)	(39,460)	(40,203)	(39,460)
Purchase of other investment		(119,000)	(452,000)	-	-
NET CASH FOR INVESTING ACTIVITIES		(406,875)	(998,274)	(69,969)	(17,540)
CASH FLOWS (FOR)/FROM FINANCING ACTIVITIES					
Drawdown of bridging loan	34(a)	7,514,682	-	-	-
Interest paid	34(a)	(1,136,557)	(1,220,673)	(491)	(5,759)
Proceeds from issuance of ordinary shares		-	24,765,380	-	24,765,380
Payment of share issuance expenses		-	(687,038)	-	(687,038)
Repayment of lease liabilities	34(a)	(423,606)	(466,086)	(7,008)	(54,241)
Repayment of bridging loan	34(a)	(4,039,499)	-	-	-
Repayment of term loans	34(a)	(2,017,020)	(2,595,423)	-	-
NET CASH (FOR)/FROM FINANCING ACTIVITIES		(102,000)	19,796,160	(7,499)	24,018,342
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(8,054,388)	11,973,091	(11,919,200)	14,613,559
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		24,431,773	12,458,682	20,533,089	5,919,530
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	34(c)	16,377,385	24,431,773	8,613,889	20,533,089

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are at Unit 8-02, Level 8, Menara LGB, No.1 Jalan Wan Kadir, Taman Tun Dr. Ismail, 60000 Kuala Lumpur.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 12 April 2023.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the businesses of investment holding and property development. The principal activities of the subsidiaries are set out in Note 5 to the financial statements.

3. BASIS OF PREPARATION

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

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

Amendments to MFRS 3: Reference to the Conceptual Framework
 Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use
 Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract
 Annual Improvements to MFRS Standards 2018 - 2020

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

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)

	Effective Date
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS***Key Sources of Estimation Uncertainty*

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

(a) Depreciation of Equipment

The estimates for the residual values, useful lives and related depreciation charges for the equipment are based on commercial factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions. The Group anticipates that the residual values of its equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of equipment as at the reporting date is disclosed in Note 6 to the financial statements.

(b) Impairment of Investments in Subsidiaries, Equipment, Right-of-use Assets and Other Investment

The Group determine whether an item of its investments in subsidiaries, equipment, right-of-use assets and other investment are impaired by evaluating the extent to which the recoverable amount of the asset is less than its carrying amount. This evaluation is subject to changes such as market performance, economic and political situation of the country. A variety of methods is used to determine the recoverable amount, such as valuation reports and discounted cash flows. For discounted cash flows, significant judgement is required in the estimation of the present value of future cash flows generated by the assets, which involve uncertainties and are significantly affected by assumptions used and judgements made regarding estimates of future cash flows and discount rates. The carrying amounts of investments in subsidiaries, equipment, right-of-use assets and other investment as at the reporting date are disclosed in Notes 5, 6, 8 and 11 to the financial statements respectively.

(c) Impairment of Trade Receivables and Contract Assets

The Group uses the simplified approach to estimate a lifetime expected credit loss allowance for all trade receivables and contract assets. The contract assets are grouped with trade receivables for impairment assessment because they have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group develops the expected loss rates based on the payment profiles of past sales and the corresponding historical credit losses, and adjusts for qualitative and quantitative reasonable and supportable forward-looking information. If the expectation is different from the estimation, such difference will impact the carrying values of trade receivables and contract assets. The carrying amounts of trade receivables and contract assets as at the reporting date are disclosed in Notes 14 and 15 to the financial statements respectively.

(d) Revenue and Cost Recognition of Property Development Activities

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)***Key Sources of Estimation Uncertainty (Cont'd)***(e) Income Taxes**

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Group recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were initially recognised, such difference will impact the income tax expense and deferred tax balances in the period in which such determination is made. The carrying amounts of current tax assets and current tax liabilities of the Group as at the reporting date are RM1,115 and RM119,144 (2021 - RM1,115 and RM119,144) respectively and the current tax liabilities of the Company is RM119,144 (2021 - RM119,144).

(f) Valuation of Investment Properties

Investment properties of the Group are reported at fair value which is based on valuations performed by independent professional valuers.

The independent professional valuers have exercised judgement in determining factors used in the valuation process as disclosed in Note 7 to the financial statements.

(g) Impairment of Non-Trade Receivables

The loss allowances for non-trade financial assets are based on assumptions about risk of default (probability of default) and expected loss if a default happens (loss given default). It also requires the Group to assess whether there is a significant increase in credit risk of the non-trade financial asset at the reporting date. The Group uses judgement in making these assumptions and selecting appropriate inputs to the impairment calculation, based on the past payment trends, existing market conditions and forward-looking information. The carrying amounts of other receivables and amounts owing by subsidiaries as at the reporting date are disclosed in Notes 14 and 16 to the financial statements respectively.

(h) Impairment of Property Development Costs

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

(i) Valuation of Land Held for Property Development

Land held for property development is stated at the lower of cost and net realisable value. The Group determines net realisable value based on the recent sales transactions of similar properties or comparable properties in similar or nearby locations. The estimation of the selling price in particular is subject to significant inherent uncertainties, in particular the property market. Possible changes in these estimates could result in revisions to the valuation of land held for property development. The carrying amount of land held for property development as at the reporting date is disclosed in Note 9 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

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

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

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

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

(b) Lease Terms

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

In determining the incremental borrowing rate of the respective leases, the Group first determines the closest available borrowing rates before using significant judgement to determine the adjustments required to reflect the term, security, value or economic environment of the respective leases.

4.2 BASIS OF CONSOLIDATION

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to the end of the reporting period.

Subsidiaries are entities (including structured entities, if any) controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Potential voting rights are considered when assessing control only when such rights are substantive. The Group also considers it has de facto power over an investee when, despite not having the majority of voting rights, it has the current ability to direct the activities of the investee that significantly affect the investee's return.

Subsidiaries are consolidated from the date on which control is transferred to the Group up to the effective date on which control ceases, as appropriate.

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.2 BASIS OF CONSOLIDATION (CONT'D)****(a) Business Combinations**

Acquisitions of businesses are accounted for using the acquisition method. Under the acquisition method, the consideration transferred for acquisition of a subsidiary is the fair value of the assets transferred, liabilities incurred and the equity interests issued by the Group at the acquisition date. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs, other than the costs to issue debt or equity securities, are recognised in profit or loss when incurred.

In a business combination achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

Non-controlling interests in the acquiree may be initially measured either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets at the date of acquisition. The choice of measurement basis is made on a transaction-by-transaction basis.

(b) Non-controlling Interests

Non-controlling interests are presented within equity in the consolidated statement of financial position, separately from the equity attributable to owners of the Company. Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(c) Changes In Ownership Interests In Subsidiaries Without Change of Control

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of consideration paid or received is recognised directly in equity of the Group.

(d) Loss of Control

Upon the loss of control of a subsidiary, the Group recognises any gain or loss on disposal in profit or loss which is calculated as the difference between:-

- (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest in the former subsidiary; and
- (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the former subsidiary and any non-controlling interests.

Amounts previously recognised in other comprehensive income in relation to the former subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of (i.e. reclassified to profit or loss or transferred directly to retained profits). The fair value of any investments retained in the former subsidiary at the date when control is lost is regarded as the fair value of the initial recognition for subsequent accounting under MFRS 9 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

4.3 FUNCTIONAL AND PRESENTATION CURRENCY

The individual financial statements of each entity in the Group are presented in the currency of the primary economic environment in which the entity operates, which is the functional currency.

The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is the Company's functional and presentation currency.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS

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

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

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

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

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

(a) Financial Assets

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

Debt Instruments

(i) Amortised Cost

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

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

(ii) Fair Value through Other Comprehensive Income

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.4 FINANCIAL INSTRUMENTS (CONT'D)****(a) Financial Assets (Cont'd)***Debt Instruments (Cont'd)***(iii) Fair Value through Profit or Loss**

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

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

Equity Instruments

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

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

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

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

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

(ii) Other Financial Liabilities

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(c) Equity Instruments

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

(i) Ordinary Shares

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

Dividends on ordinary shares are recognised as liabilities when approved for appropriation.

(ii) Treasury Shares

When the Company's own shares recognised as equity are bought back, the amount of the consideration paid, including all costs directly attributable, are recognised as a deduction from equity. Own shares purchased that are not subsequently cancelled are classified as treasury shares and are 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.

Where treasury shares are reissued by resale, the difference between the sales consideration received and the carrying amount of the treasury shares is recognised in equity.

Where treasury shares are cancelled, their costs are transferred to retained profits.

(d) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual rights to the cash flows from the financial asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the carrying amount of the asset and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of a debt instrument classified as fair value through other comprehensive income, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified from equity to profit or loss. In contrast, there is no subsequent reclassification of the fair value reserve to profit or loss following the derecognition of an equity investment.

A financial liability or a part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are recognised initially as liabilities at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee or, when there is no specific contractual period, recognised in profit or loss upon discharge of the guarantee. If the debtor fails to make payment relating to a financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.5 INVESTMENTS IN SUBSIDIARIES**

Investments in subsidiaries are stated at cost in the statement of financial position of the Company, and are reviewed for impairment at the end of the reporting period if events or changes in circumstances indicate that the carrying values may not be recoverable. The cost of the investments includes transaction costs.

On the disposal of the investments in subsidiaries, the difference between the net disposal proceeds and the carrying amount of the investments is recognised in profit or loss.

4.6 EQUIPMENT

All items of equipment are initially measured at cost. Cost includes expenditure that are directly attributable to the acquisition of the asset and other costs directly attributable to bringing the asset to working condition for its intended use.

Subsequent to initial recognition, all equipment are stated at cost less accumulated depreciation and any impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when the cost is incurred and it is probable that the future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. The carrying amount of parts that are replaced is derecognised. The costs of the day-to-day servicing of equipment are recognised in profit or loss as incurred.

Depreciation on equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on a straight-line method to write off the depreciable amount of the assets over their estimated useful lives. Depreciation of an asset does not cease when the asset becomes idle or is retired from active use unless the asset is fully depreciated. The principal annual rates used for this purpose are:-

Electrical installations	10%
Office equipment, furniture and fittings	10% to 20%
Office renovation	10%

The depreciation method, useful lives and residual values are reviewed, and adjusted if appropriate, at the end of each reporting period to ensure that the amounts, method and periods of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of the equipment. Any changes are accounted for as a change in estimate.

When significant parts of an item of equipment have different useful lives, they are accounted for as separate items (major components) of equipment.

An item of equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss. The revaluation reserve included in equity is transferred directly to retained profits on retirement or disposal of the asset.

4.7 INVESTMENT PROPERTIES

Investment properties are properties which are owned or right-to-use asset held to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties which are owned are initially measured at cost. Cost includes expenditure that is directly attributable to the acquisition of the investment property. The right-of-use asset held under a lease contract that meets the definition of investment property is measured initially similarly as other right-of-use assets.

Subsequent to initial recognition, investment properties are stated at fair value with fair value changes recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 INVESTMENT PROPERTIES (CONT'D)

Investment properties are derecognised when they have either been disposed of or when the investment property is permanently withdrawn from use and no future benefit is expected from its disposal.

On the derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property or inventories, the fair value at the date of change becomes the cost for subsequent accounting purposes. If the owner-occupied property becomes an investment property, such property shall be accounted for in accordance with the accounting policy for equipment up to date of change in use.

4.8 LEASES

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for low-value assets and short-term leases with 12 months or less. For these leases, the Group recognises the lease payments as an operating expense on a straight-line method over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets that do not meet the definition of investment property and the associated lease liabilities are presented as a separate line item in the statements of financial position.

The right-of-use asset is initially measured at cost. Cost includes the initial amount of the corresponding lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any incentives received.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses, and adjustment for any remeasurement of the lease liability. The depreciation starts from the commencement date of the lease. If the lease transfers ownership of the underlying asset to the Group or the cost of the right-of-use asset reflects that the Group expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest method. It is remeasured when there is a change in the future lease payments (other than lease modification that is not accounted for as a separate lease) with the corresponding adjustment is made to the carrying amount of the right-of-use asset or is recognised in profit or loss if the carrying amount has been reduced to zero.

4.9 LAND HELD FOR PROPERTY DEVELOPMENT

Land held for property development represents land on which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operating cycle.

Land held for property development is stated at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.9 LAND HELD FOR PROPERTY DEVELOPMENT (CONT'D)**

The cost comprises cost associated to the purchase of land, conversion fees and other relevant levies and an appropriate proportion of common infrastructure costs.

Net realisable value represents the estimated selling price of intended properties that to be developed less the estimated costs of completion and the estimated costs necessary in selling the properties. If future development layout plan is not available, the replacement cost of the land held for development will be the best available measure of the net realisable value.

Land held for property development is transferred to property development cost category when development activities have commenced and are expected to be completed within the normal operating cycle.

4.10 PROPERTY DEVELOPMENT COSTS

Property development costs are stated at the lower of cost and net realisable value.

The cost comprises cost associated with the purchase of land, conversion fees, aggregate cost of development, materials and supplies, wages and other direct expenses, and an appropriate proportion of common infrastructure costs.

Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated costs necessary in selling the property.

4.11 CONTRACT COST ASSETS**(a) Incremental Costs of Obtaining Contracts**

The Group recognises incremental costs of obtaining contracts with customers as an asset when the Group expects to recover these costs. When the amortisation period of the asset is one year or less, such costs are recognised as an expense immediately when incurred.

(b) Costs to Fulfill A Contract

The Group recognises costs that relate directly to a contract (or an anticipated contract) with customer as an asset when the costs generate or enhance resources of the Group, will be used in satisfying performance obligation in the future and are recovered.

The contract cost assets are initially measured at cost and amortised on a systematic basis that is consistent with the pattern of revenue recognition to which the asset relates.

An impairment loss is recognised in the profit or loss when the carrying amount of the contract cost assets exceeds the expected revenue less expected cost that will be incurred. Any impairment loss recovered shall be reversed to the extent of the carrying amount of the contract cost assets does not exceed the amount that would have been recognised had there been no impairment loss recognised previously.

4.12 CONTRACT ASSET AND CONTRACT LIABILITY

A contract asset is recognised when the Group's right to consideration is conditional on something other than the passage of time. A contract asset is subject to impairment requirements of MFRS 9.

A contract liability is stated at cost and represents the obligation of the Group to transfer goods or services to a customer for which consideration has been received (or the amount is due) from the customers.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.13 IMPAIRMENT****(a) Impairment of Financial Assets**

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost, trade receivables and contract assets.

The expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate.

The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument. The Group always recognises lifetime expected credit losses for trade receivables and contract assets using the simplified approach. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience and are adjusted for forward-looking information (including time value of money where appropriate).

For all other financial instruments, the Group recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at fair value through other comprehensive income, for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 does not apply, are reviewed at the end of each reporting period for impairment when an annual impairment assessment is compulsory or there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the assets' fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flow using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group determines the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss immediately unless the asset is carried at its revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease to the extent of a previously recognised revaluation surplus for the same asset. Any impairment loss recognised in respect of a cash-generating unit is allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the cash-generating unit on a pro rata basis.

In respect of assets other than goodwill, and when there is a change in the estimates used to determine the recoverable amount, a subsequent increase in the recoverable amount of an asset is treated as a reversal of the previous impairment loss and is recognised to the extent of the carrying amount of the asset that would have been determined (net of amortisation and depreciation) had no impairment loss been recognised. The reversal is recognised in profit or loss immediately unless the asset is carried at its revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.14 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise cash in hand, bank balances, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value with original maturity periods of three months or less. For the purpose of the statements of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.15 PROVISIONS

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and when a reliable estimate of the amount can be made. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the provision is the present value of the estimated expenditure required to settle the obligation. The discount rate shall be a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as interest expense in profit or loss.

4.16 INCOME TAXES**(a) Current tax**

Current tax assets and liabilities are the expected amount of income tax recoverable or payable to the taxation authorities.

Current taxes are measured using tax rates and tax laws that have been enacted or substantively enacted at the end of the reporting period and are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss (either in other comprehensive income or directly in equity).

(b) Deferred tax

Deferred tax is recognised using the liability method of all temporary differences other than those that arise from goodwill or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Where investment properties are carried at their fair value, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held with the objective to consume substantially all of the economic benefits embodied in the property over time, rather than through sale.

Current and deferred tax items are recognised in correlation to the underlying transactions either in profit or loss, other comprehensive income or directly in equity. Deferred tax arising from a business combination is adjusted against goodwill or negative goodwill.

Current tax assets and liabilities or deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same taxable entity (or on different tax entities but they intend to settle current tax assets and liabilities on a net basis) and the same taxation authority.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and recognised in profit or loss in the period in which the associated services are rendered by employees of the Group.

(b) Defined Contribution Plans

The Group's contributions to defined contribution plans are recognised in profit or loss in the period to which they relate. Once the contributions have been paid, the Group has no further liability in respect of the defined contribution plans.

(c) Defined Benefit Plan

In addition to the statutory contribution to Employees' Provident Fund, the Group operates an unfunded benefit plan. Retirement gratuities are payable to eligible employees who have been in service for at least seven years upon their retirement or resignation.

4.18 OPERATING SEGMENTS

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

4.19 EARNINGS PER ORDINARY SHARE

Basic earnings per ordinary share is calculated by dividing the consolidated profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the reporting period, adjusted for own shares held.

Diluted earnings per ordinary share is determined by adjusting the consolidated profit or loss attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue is recognised by reference to each distinct performance obligation in the contract with customer and is measured at the consideration specified in the contract of which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, net of sales and service tax, returns, rebates and discounts. Transaction price is allocated to each performance obligation on the basis of the relative standalone selling prices of each distinct good or services promised in the contract.

The Group recognises revenue when (or as) it transfers control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of that asset.

The Group transfers control of a good or service at a point in time unless one of the following 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.
- 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.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**4.20 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)****Property Development Activities**

Revenue from property development is recognised progressively when property development services are rendered and such services do not create an asset with an alternative's use to the Group, and the Group has a present right to payment for services rendered to date. The progress towards complete satisfaction of the performance obligation is measured based on a method that best depicts the Group's performance in satisfying the performance obligation of the contract. This is determined by reference to the property development costs incurred up to the end of the reporting period as a percentage of total estimated costs for complete satisfaction of the contract. Otherwise, revenue is recognised at a point in time upon delivery of property and customer's acceptance, and the Group has a present right to payment for the property sold.

A receivable is recognised when the development activities are carried out as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. When the services rendered exceed the billings to customers, a contract asset is recognised. If the billings exceed the services rendered, a contract liability is recognised.

4.21 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME**(a) Rental Income**

Rental income is accounted for on a straight-line method over the lease term.

(b) Interest Income

Interest income is recognised on an accrual basis using the effective interest method.

4.22 BORROWING COSTS

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

4.23 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using a valuation technique. The measurement assumes that the transaction takes place either in the principal market or in the absence of a principal market, in the most advantageous market. For non-financial asset, the fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial reporting purposes, the fair value measurements are analysed into level 1 to level 3 as follows:-

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liability that the entity can access at the measurement date;

Level 2: Inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: Inputs are unobservable inputs for the asset or liability.

The transfer of fair value between levels is determined as of the date of the event or change in circumstances that caused the transfer.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

5. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022	2021
	RM	RM
Unquoted shares, at cost	64,609,437	64,609,437
Allowance for impairment losses	(10,313,910)	(10,313,910)
	<u>54,295,527</u>	<u>54,295,527</u>
Allowance for impairment losses:-		
At 1 January/31 December	(10,313,910)	(10,313,910)

The details of the subsidiaries are as follows:-

Name of Subsidiary	Principal Place of Business/ Country of Incorporation	Percentage of Issued Share Capital Held by Parent		Principal Activities
		2022	2021	
		%	%	
Parkwood Damai Sdn. Bhd.	Malaysia	100	100	Property development.
Parkwood Developments Sdn. Bhd.	Malaysia	100	100	Trading of construction related materials and project management activities.
Parkwood Damansara Sdn. Bhd.	Malaysia	100	100	Trading construction and building materials whereas the subsidiary is dormant since its incorporation.
Parkwood Sdn. Bhd.	Malaysia	100	100	Property development.

In the previous financial year, Parkwood Developments Sdn. Bhd., a wholly-owned subsidiary of the Company disposed off 90% equity interest in Parkwood PJS Sdn. Bhd. for a total consideration of RM6,834. Following the completion of the disposal, Parkwood PJS Sdn. Bhd. ceased to be a subsidiary of the Company. The details of the disposal are disclosed in Note 33 to the financial statements.

6. EQUIPMENT

The Group	Electrical	Office	Office	Total
	Installations	Equipment,	Renovation	
	RM	Furniture and Fittings	RM	RM
2022				
Cost				
At 1 January	1,950	493,177	3,280	498,407
Additions	-	45,933	21,670	67,603
At 31 December	<u>1,950</u>	<u>539,110</u>	<u>24,950</u>	<u>566,010</u>
Accumulated depreciation				
At 1 January	666	339,624	1,121	341,411
Depreciation charge during the financial year (Note 30)	195	65,640	1,393	67,228
At 31 December	<u>861</u>	<u>405,264</u>	<u>2,514</u>	<u>408,639</u>
Accumulated impairment loss				
At 1 January/31 December	-	30,001	-	30,001
Carrying Amount	<u>1,089</u>	<u>103,845</u>	<u>22,436</u>	<u>127,370</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

6. EQUIPMENT (CONT'D)

The Group	Electrical Installations RM	Office Equipment, Furniture and Fittings RM	Office Renovation RM	Total RM
2021				
Cost				
At 1 January	190,296	1,162,078	126,201	1,478,575
Additions	-	14,392	-	14,392
Write off	(188,346)	(683,293)	(122,921)	(994,560)
At 31 December	1,950	493,177	3,280	498,407
Accumulated depreciation				
At 1 January	66,392	743,777	40,815	850,984
Depreciation charge during the financial year (Note 30)	19,030	95,321	12,620	126,971
Write off	(84,756)	(499,474)	(52,314)	(636,544)
At 31 December	666	339,624	1,121	341,411
Accumulated impairment loss				
At 1 January/31 December	-	30,001	-	30,001
<i>Carrying Amount</i>	1,284	123,552	2,159	126,995

The Company	Office Equipment, Furniture and Fittings RM
2022	
Cost	
At 1 January/31 December	3,150
Accumulated depreciation	
At 1 January	2,993
Depreciation charge during the financial year (Note 30)	156
At 31 December	3,149
<i>Carrying Amount</i>	1

The Company	Electrical Installations RM	Office Equipment, Furniture and Fittings RM	Office Renovation RM	Total RM
2021				
Cost				
At 1 January	188,346	678,129	122,921	989,396
Write off	(188,346)	(674,979)	(122,921)	(986,246)
At 31 December	-	3,150	-	3,150
Accumulated depreciation				
At 1 January	65,921	464,132	40,022	570,075
Depreciation charge during the financial year (Note 30)	18,835	35,447	12,292	66,574
Write off	(84,756)	(496,586)	(52,314)	(633,656)
At 31 December	-	2,993	-	2,993
<i>Carrying Amount</i>	-	157	-	157

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

7. INVESTMENT PROPERTY

	The Group/The Company	
	2022	2021
	RM	RM
<i>Carrying Amount</i>		
At 1 January	36,600,000	36,600,000
Gain on changes in fair value (Note 29)	5,100,000	-
At 31 December	41,700,000	36,600,000

The following investment property is held under lease terms:

	The Group/The Company	
	2022	2021
	RM	RM
Included in the above are:-		
Leasehold land	30,600,000	25,500,000
Building	11,100,000	11,100,000
	41,700,000	36,600,000

- (a) The investment property of the Group and of the Company is leased to a customer under operating leases with rentals payable monthly. The leases contain initial non-cancellable periods of 5 (2021 - 6) years.

As at the reporting date, the future minimum rentals receivable under the non-cancellable operating leases are as follows:-

	The Group/The Company	
	2022	2021
	RM	RM
Within 1 year	2,221,298	2,199,732
Between 1 and 2 years	2,458,524	2,221,298
Between 2 and 3 years	2,458,524	2,458,524
Between 3 and 4 years	2,232,777	2,458,524
Between 4 and 5 years	-	2,232,777
	9,371,123	11,570,855

- (b) Investment property is stated at fair value, which have been determined based on valuation performed by an independent firm of professional valuers who have appropriate professional qualification. The fair value of the investment property was determined using cost and sales comparison approach. This valuation approach seeks to determine the value of the property being valued by comparing and adopting as a yardstick recent sale evidences involving other similar properties in the vicinity. Sales price of comparable properties in close proximity are adjusted for difference in key attributes such as location, size, time and tenure.

The fair values of the investment property is within level 2 of the fair value hierarchy.

There were no transfers between level 1 and level 2 during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

8. RIGHT-OF-USE ASSETS

	At 1.1.2022 RM	Depreciation Charges (Note 30) RM	Reassessment of Lease Liabilities RM	Modification of Lease Liabilities RM	Derecognition Due to Lease Modification RM	At 31.12.2022 RM
The Group 2022						
<i>Carrying Amount</i>						
Office buildings	943,020	(382,528)	174,284	909,390	(718,615)	925,551
Office furniture	43,837	(51,740)	-	214,527	(18,259)	188,365
	986,857	(434,268)	174,284	1,123,917	(736,874)	1,113,916

	At 1.1.2021 RM	Depreciation Charges (Note 30) RM	Derecognition Due to Lease Modification RM	At 31.12.2021 RM
The Group 2021				
<i>Carrying Amount</i>				
Office buildings	1,427,831	(436,461)	(48,350)	943,020
Office furniture	87,674	(43,837)	-	43,837
	1,515,505	(480,298)	(48,350)	986,857

The Group has leased office buildings and office furniture that run for 1 to 3 (2021 - 2 to 3) years, with an option to renew the lease after that date. The Group is allowed to sublease the office building.

	At 1.1.2022 RM	Depreciation Charges (Note 30) RM	Derecognition Due to Lease Modification RM	At 31.12.2022 RM
The Company 2022				
<i>Carrying Amount</i>				
Office building	21,373	(5,343)	(16,030)	-

	At 1.1.2021 RM	Depreciation Charges (Note 30) RM	At 31.12.2021 RM
The Company 2021			
<i>Carrying Amount</i>			
Office building	64,118	(42,745)	21,373

In the previous financial year, the Company has leased an office building that run for 3 years, with an option to renew the lease after that date. The Company was allowed to sublease the office building.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

9. LAND HELD FOR PROPERTY DEVELOPMENT

	The Group	
	2022 RM	2021 RM
At 1 January	33,134,352	32,589,351
Additions	219,844	545,001
At 31 December	33,354,196	33,134,352
Analysed by: -		
Leasehold land	31,000,000	31,000,000
Development costs	2,354,196	2,134,352
	33,354,196	33,134,352

Land held for property development with a total carrying amount of RM33,354,196 (2021 - RM33,134,352) has been pledged to a licensed bank as securities for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

10. CLUB MEMBERSHIP

	The Group/The Company	
	2022 RM	2021 RM
Transferable club membership, at cost	20,000	20,000
Accumulated amortisation:-		
At 1 January	(9,273)	(8,909)
Amortisation during the financial year (Note 30)	(363)	(364)
At 31 December	(9,636)	(9,273)
	10,364	10,727

11. OTHER INVESTMENT

	The Group	
	2022 RM	2021 RM
<u>Non-current</u>		
Unquoted ordinary shares, at fair value	577,000	458,000
	577,000	458,000

The Group has designated this investment to be measured at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

12. PROPERTY DEVELOPMENT COSTS

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January:				
- Leasehold land	50,693,396	52,444,496	37,100,000	37,100,000
- Property development costs	18,024,078	13,472,571	220,238	220,238
	<u>68,717,474</u>	<u>65,917,067</u>	<u>37,320,238</u>	<u>37,320,238</u>
Leasehold land:				
- Transfer to contract costs assets (Note 13)	(1,959,074)	(1,751,100)	-	-
Property development cost				
- Cost incurred during the financial year	18,217,414	8,622,903	158,867	-
- Transfer to contract costs assets (Note 13)	(10,807,774)	(4,071,396)	-	-
At 31 December	<u>74,168,040</u>	<u>68,717,474</u>	<u>37,479,105</u>	<u>37,320,238</u>
Analysed by:-				
Leasehold land	48,734,322	50,693,396	37,100,000	37,100,000
Property development costs	25,433,718	18,024,078	379,105	220,238
	<u>74,168,040</u>	<u>68,717,474</u>	<u>37,479,105</u>	<u>37,320,238</u>

The leasehold land with a carrying amount of RM11,634,322 (2021 - RM13,593,396) has been pledged to a licensed bank as securities for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

13. CONTRACT COST ASSETS

	The Group	
	2022 RM	2021 RM
Costs to fulfill a contract:-		
At 1 January	3,338,721	3,210,092
Transfer from property development costs (Note 12)	12,766,848	5,822,496
Cost recognised as cost of sales in profit or loss	(13,240,860)	(5,693,867)
At 31 December	<u>2,864,709</u>	<u>3,338,721</u>

The costs to fulfill a contract primarily comprises land and related development costs that are attributable to the properties units sold. These costs are expected to be recoverable and are amortised to profit or loss when the related revenue is recognised.

The contract cost assets have been pledged to a licensed bank as securities for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

14. TRADE AND OTHER RECEIVABLES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade receivables	409,669	2,432,136	1,533	36,134
Other receivables:-				
Third parties	129,478	55,000	125,478	1,000
Goods and services tax recoverable	3,034	3,034	-	-
	132,512	58,034	125,478	1,000
Deposits	1,229,331	454,444	29,985	44,985
Prepayments	32,416	18,773	24,936	18,773
	1,803,928	2,963,387	181,932	100,892

All customers are granted credit periods ranging from 7 to 60 days (2021 - 7 to 60 days). Other credit terms are assessed and approved on a case-by-case basis.

15. CONTRACT ASSETS

	The Group	
	2022 RM	2021 RM
Contract Assets		
Contract assets relating to property development activities	7,691,138	4,887,679

(a) The contract assets primarily relate to the Group's rights to consideration for property development work completed on contracts but not yet billed at the reporting date. The amount will be invoiced within 14 (2021 - 14) days.

(b) The changes to contract asset balances during the financial year are summarised below:-

	The Group	
	2022 RM	2021 RM
At 1 January	4,887,679	4,249,022
Property development revenue recognised during the financial year	16,208,866	7,633,641
Billings to customers during the financial year (transferred to trade receivables)	(13,405,407)	(6,994,984)
At 31 December	7,691,138	4,887,679

(c) As at the end of the reporting period, the transaction price allocated to the unsatisfied performance obligation of a long-term contract is RM11,275,042 (2021 - RM18,731,081). The remaining performance obligation is expected to be recognised as below:-

	The Group	
	2022 RM	2021 RM
Within 1 year	11,275,042	18,731,081

The amounts disclosed include variable consideration which is constrained.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

16. AMOUNT OWING BY SUBSIDIARIES

The non-trade balances are unsecured, interest-free and repayable on demand. The amount owing is to be settled in cash.

17. FIXED DEPOSITS WITH LICENSED BANKS

- (a) The fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period bore an effective interest rate of 2.25% (2021 - 1.45% to 1.60%) per annum. The fixed deposits have a maturity period of 80 days (2021 - 7 to 80 days) for the Group and the Company.
- (b) Included in the fixed deposits with licensed banks of the Group and of the Company at the end of the reporting period was an amount of RM2,542,860 (2021 - RM2,502,657) which has been pledged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

18. SHORT-TERM INVESTMENTS

The short-term investments of the Group and of the Company represent investments in highly liquid money market instruments. These investments are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value. The short-term investments bore effective interest rates ranging from 0.20% to 1.10% (2021 - 1.40% to 3.64%) per annum.

19. CASH AND BANK BALANCES

- (a) Included in the cash and bank balances of the Group is an amount of RM3,240,099 (2021 - RM3,044,589) held pursuant to Section 7A of the Housing Development (Control and Licensing) Act 1966, as amended by the Housing Developers (Housing Development Account) (Amendment) Regulation, 2002. The amount is held at call with a bank and is available only to the subsidiary involved in the property development activities.
- (b) Included in the cash and bank balances of the Group and of the Company is an amount of RM3,889,619 and RM475,809 (2021 - RM3,515,236 and RM159,011) respectively pledged as securities for banking facilities granted to the Group as disclosed in Note 24 to the financial statements.

20. SHARE CAPITAL

	2022	2021	2022	2021
Issued and Fully Paid-Up	Number of Shares		RM	RM
Ordinary Shares				
At 1 January	281,968,184	144,382,742	46,239,324	22,160,982
Issuance of new shares for cash	-	137,585,442	-	24,765,380
Share issuance expenses	-	-	-	(687,038)
At 31 December	281,968,184	281,968,184	46,239,324	46,239,324

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company and are entitled to one vote per ordinary share at meetings of the Company. The ordinary shares have no par value.

In the previous financial year, the Company increased its issued and paid-up share capital from RM22,160,982 to RM46,926,362 by way of issuance of 137,585,442 new ordinary shares at RM0.18 each for a cash consideration of RM24,765,380. After offsetting the share issuance expenses of RM687,038, the issued and paid-up share capital stood at RM46,239,324.

The new ordinary shares issued rank pari passu in all respects with the existing shares of the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

21. RESERVES

	Note	The Group		The Company	
		2022 RM	2021 RM	2022 RM	2021 RM
Asset revaluation reserve	21.1	24,539,768	24,539,768	24,539,768	24,539,768
Capital reserve	21.2	48,208,750	48,208,750	48,208,750	48,208,750
Retained profits		37,858,115	35,511,041	47,151,075	43,982,272
		110,606,633	108,259,559	119,899,593	116,730,790

21.1 ASSET REVALUATION RESERVE

The asset revaluation reserve represents the increase in the fair value of leasehold land and buildings of the Group and the Company (net of deferred tax, where applicable).

21.2 CAPITAL RESERVE

The capital reserve represents the credit arising from the par value reduction by way of cancellation of RM0.40 from the par value of RM0.50 to RM0.10 of each existing ordinary share of the Company.

22. TREASURY SHARES

	The Group/The Company			
	2022 Number of Ordinary Shares	2021 Number of Ordinary Shares	2022 RM	2021 RM
At 1 January/31 December	6,797,300	6,797,300	3,724,544	3,724,544

There were no ordinary shares repurchased during the year. The repurchased shares are being held as treasury shares and carried at cost in accordance with the requirements of Section 127(6) of the Companies Act 2016. Treasury shares have no rights to vote, dividends and participation in other distribution.

23. LEASE LIABILITIES

	The Group	
	2022 RM	2021 RM
At 1 January	1,062,712	1,603,936
Changes due to reassessment of lease term	174,284	-
Changes due to lease modification	1,123,917	-
Covid-19-related rent concessions received (Note 29)	-	(10,413)
Derecognition due to lease modification	(821,104)	(64,725)
Interest expense recognised in profit or loss (Note 30)	52,167	76,060
Repayment of principal	(423,606)	(466,086)
Repayment of interest expense	(52,167)	(76,060)
At 31 December	1,116,203	1,062,712
Analysed by:-		
Current liabilities	469,664	425,727
Non-current liabilities	646,539	636,985
	1,116,203	1,062,712

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

23. LEASE LIABILITIES (CONT'D)

	The Company	
	2022 RM	2021 RM
At 1 January	28,037	82,278
Derecognition due to lease modification	(21,029)	-
Interest expense recognised in profit or loss (Note 30)	491	5,759
Repayment of principal	(7,008)	(54,241)
Repayment of interest expense	(491)	(5,759)
At 31 December	-	28,037

24. BORROWINGS (SECURED)

	The Group	
	2022 RM	2021 RM
Non-current		
Bridging loan	2,263,063	-
Term loans	19,450,000	22,823,634
	21,713,063	22,823,634
Current		
Bridging loan	1,212,120	-
Term loans	2,250,000	909,084
	3,462,120	909,084

The borrowings bore effective interest rates of ranging from 5.46% to 6.16% (2021 - 4.43% to 5.13%) per annum at the end of the reporting date and are secured by:-

- (a) facility agreements;
- (b) a first party legal charge over the leasehold land of the Group as disclosed in Notes 9 and 12 to the financial statements;
- (c) a corporate guarantee of the Company;
- (d) a legal charge over the debt service reserve account of the Group as disclosed in Note 19 to the financial statements;
- (e) a legal charge over the escrow account of the Company as disclosed in Note 19 to the financial statements;
- (f) a third party deed of assignment to be executed over the rental proceeds derived from the investment property of the Group and of the Company;
- (g) a legal charge over the fixed deposits with licensed banks of the Group and of the Company as disclosed in Note 17 to the financial statements; and
- (h) project debenture on development known as "Utamara Residences".

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

25. RETIREMENT BENEFIT OBLIGATIONS

The Group operates an unfunded defined retirement benefit plan for eligible employees.

The movements during the financial year and the amounts recognised in the statements of financial position are as follows:-

	The Group	
	2022 RM	2021 RM
At 1 January	81,744	163,940
Charged to profit or loss	-	19,537
Retirement benefit paid	-	(101,733)
At 31 December	81,744	81,744

The amount recognised in the statements of financial position are determined as follows:-

	The Group	
	2022 RM	2021 RM
Present value of unfunded obligations	81,744	81,744

The amount recognised in the profit or loss are as follows:-

	The Group	
	2022 RM	2021 RM
Current service cost	-	19,537

The above amount that have been recognised in profit or loss were included in administrative expenses.

The principal actuarial assumptions used in respect of the unfunded defined benefit plan are as follows:-

	The Group	
	2022 RM	2021 RM
Discount rate	5.00%	5.00%

26. DEFERRED TAX LIABILITIES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
At 1 January	156,442	156,442	-	-
Recognised in profit or loss (Note 31)	510,000	-	510,000	-
At 31 December	666,442	156,442	510,000	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

26. DEFERRED TAX LIABILITIES (CONT'D)

The deferred tax liabilities are attributable to the following:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Deferred tax liabilities:-				
Fair value adjustment on land held for property development through acquisition of a subsidiary	156,442	156,442	-	-
Fair value adjustment on investment property	510,000	-	510,000	-

27. TRADE AND OTHER PAYABLES

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Trade payables	4,059,080	3,852,077	8,500	-
Other payables	200,587	266,765	23,189	18,698
Deposits	728,589	884,089	641,589	761,089
Accruals	985,315	777,003	573,214	335,784
	5,973,571	5,779,934	1,246,492	1,115,571

- (a) The normal trade credit terms granted to the Group and the Company is 30 (2021 - 30) days.
- (b) Included in the trade payables are retention sum payables totaling RM1,452,871 (2021 - RM1,460,376). The retention sums are expected to be settled within the periods ranging from 12 to 30 (2021 - 12 to 30) months.

28. REVENUE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Revenue from Contracts with Customers				
Recognised over time				
Property development activities	16,208,866	7,633,641	-	-
Revenue from Other Sources				
Rental income	2,206,232	2,271,882	2,206,232	2,271,882
	18,415,098	9,905,523	2,206,232	2,271,882

- (a) The information on the disaggregation of the revenue by geographical market is disclosed as follows:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	18,415,098	9,905,523	2,206,232	2,271,882

- (b) The information on the unsatisfied performance obligations is disclosed in Note 15(c) to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

29. OTHER INCOME

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Included in other income are the following items:-				
COVID-19-related rent concessions (Note 23)	-	10,413	-	-
Development management fee	500,000	-	500,000	-
Dividend income:				
- short-term investments	51,102	237,583	51,102	237,583
Fair value gain on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investments	171,164	-	171,164	-
Fair value gain on investment property	5,100,000	-	5,100,000	-
Gain on modification of a lease	84,230	16,375	4,999	-
Gain on disposal of a subsidiary	-	9,741	-	-
Rental income on office	1,162,000	463,345	550,000	-
Total interest income on financial assets measured at amortised cost	191,892	230,938	64,766	154,468

30. PROFIT/(LOSS) BEFORE TAXATION

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
In addition to those disclosed in Note 29 to the financial statements, profit/(loss) before taxation is arrived at after charging:-				
Auditors' remuneration:				
- audit fees	113,000	105,000	52,000	48,000
- non-audit fees:				
- auditors of the Company	5,000	35,000	5,000	35,000
Directors' remuneration (Note 35)	731,467	712,800	731,467	712,800
Material Expenses				
Amortisation of club membership (Note 10)	363	364	363	364
Depreciation:				
- equipment (Note 6)	67,228	126,971	156	66,574
- right-of-use assets (Note 8)	434,268	480,298	5,343	42,745
Equipment written off	-	358,016	-	352,590
Fees payable to a company in which a director has a substantial financial interest	24,000	24,000	24,000	24,000
Interest expense on financial liabilities that are not at fair value through profit or loss:				
- bridging loan	16,219	-	-	-
- term loans	1,052,473	1,140,841	-	-
Interest expense on lease liabilities (Note 23)	52,167	76,060	491	5,759
Fair value loss on financial assets measured at fair value through profit or loss mandatorily:				
- short-term investments	-	307,328	-	307,328
Lease expenses:				
- short-term leases	4,840	5,316	4,840	5,316
- low-value assets	9,690	13,280	-	-
Staff costs:				
- defined contribution plan	418,933	372,979	223,743	88,537
- retirement benefit obligations:				
- current financial year	-	19,537	-	-
- salaries and others benefits	3,492,075	3,053,224	1,862,842	685,052

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM51,037 (2021 - RM75,788).

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

31. INCOME TAX EXPENSE

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Current tax expense	407,230	350,000	45,000	38,680
Underprovision in the previous financial year	17,175	147,696	2,946	-
	424,405	497,696	47,946	38,680
Deferred tax (Note 26)				
- Origination and reversal of temporary differences	510,000	-	510,000	-
	934,405	497,696	557,946	38,680

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

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Profit/(Loss) before taxation	3,281,479	(3,817,054)	3,726,749	(1,705,545)
Tax at the statutory tax rate of 24% (2021 - 24%)	787,555	(916,093)	894,420	(409,331)
Tax effects of:-				
Non-deductible expenses	1,101,020	1,143,113	334,114	170,471
Non-taxable gain	(838,637)	(57,020)	(726,264)	(57,020)
Utilisation of deferred tax assets previously not recognised	(185,438)	(154,560)	-	-
Deferred tax assets not recognised during the financial year	52,730	334,560	52,730	334,560
Underprovision of current tax in the previous financial year	17,175	147,696	2,946	-
	934,405	497,696	557,946	38,680

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2021 - 24%) of the estimated assessable profit for the financial year.

At the end of the reporting period, the amounts of deferred tax assets not recognised (stated at gross) due to uncertainty of their realisation are as follows:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Unused tax losses:				
- expires year of assessment 2028	35,107,000	35,426,000	24,455,000	24,455,000
- expires year of assessment 2029	3,000	-	-	-
Unabsorbed capital allowances	7,079,000	7,130,000	7,079,000	7,079,000
Other deductible temporary differences	1,965,000	2,152,000	352,000	132,000
	44,154,000	44,708,000	31,886,000	31,666,000

Based on the current legislation, the unused tax losses up to the year of assessment 2018 can be carried forward until the year of assessment 2028 and the unused tax losses for 2019 onwards are allowed to be utilised for 10 consecutive years of assessment immediately following that year of assessment.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

32. EARNINGS/(LOSS) PER SHARE

Basic earnings/(loss) per share

The basic earnings/(loss) per share has been calculated based on the consolidated profit after taxation of RM2,347,074 (2021 - consolidated loss after taxation of RM4,314,750) and on 275,170,884 (2021 - 241,245,707) being the weighted average number of ordinary shares during the financial year after deducting treasury shares calculated as follows:

	The Group	
	2022	2021
Weighted average number of ordinary shares in issue:-		
Ordinary shares at 1 January	281,968,184	144,382,742
Effect of new ordinary shares issued	-	103,660,265
	<hr/> 281,968,184	<hr/> 248,043,007
Less: Treasury shares	(6,797,300)	(6,797,300)
Weighted average number of ordinary shares at 31 December	<hr/> 275,170,884	<hr/> 241,245,707
Basic earnings/(loss) per share (sen)	<hr/> 0.85	<hr/> (1.79)

The diluted earnings/(loss) per share is equal to the basic earnings/(loss) per share as there were no potential dilutive ordinary shares outstanding at the end of the reporting period.

33. DISPOSAL OF A SUBSIDIARY

In the previous financial year, Parkwood Developments Sdn. Bhd., a wholly-owned subsidiary of the Company disposed off 90% equity interest in Parkwood PJS Sdn. Bhd. for a total consideration of RM6,834. Following the completion of the disposal, Parkwood PJS Sdn. Bhd. ceased to be a subsidiary of the Company.

The financial effects of the disposal at the date of disposal are summarised below:-

	The Group
	2021
	RM
Bank balance	7,644
Other payables and accruals	(4,551)
Carrying amount of net assets disposed of	<hr/> 3,093
Fair value of equity interests retained as other investment	(6,000)
Gain on disposal of a subsidiary (Note 29)	<hr/> 9,741
Consideration received, satisfied in cash	6,834
Less: Bank balance of a subsidiary disposed of	<hr/> (7,644)
Net cash outflow from the disposal of a subsidiary	<hr/> (810)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. CASH FLOW INFORMATION

(a) The reconciliations of liabilities arising from financing activities are as follows:-

The Group	Bridging Loan RM	Term Loan RM	Lease Liabilities RM	Total RM
2022				
At 1 January	-	23,732,718	1,062,712	24,795,430
<u>Changes in Financing Cash Flows</u>				
Drawdown of bridging loan	7,514,682	-	-	7,514,682
Repayment of principal	(4,039,499)	(2,017,020)	(423,606)	(6,480,125)
Repayment of interests	(16,219)	(1,068,171)	(52,167)	(1,136,557)
	3,458,964	(3,085,191)	(475,773)	(102,000)
<u>Other Changes</u>				
Modification of leases	-	-	1,123,917	1,123,917
Reassessment of lease term	-	-	174,284	174,284
Derecognition due to lease modification	-	-	(821,104)	(821,104)
Interest expense recognised in profit or loss (Note 30)	16,219	1,052,473	52,167	1,120,859
	16,219	1,052,473	529,264	1,597,956
At 31 December	3,475,183	21,700,000	1,116,203	26,291,386

The Group	Term Loans RM	Lease Liabilities RM	Total RM
2021			
At 1 January	26,331,913	1,603,936	27,935,849
<u>Changes in Financing Cash Flows</u>			
Repayment of principal	(2,595,423)	(466,086)	(3,061,509)
Repayment of interests	(1,144,613)	(76,060)	(1,220,673)
	(3,740,036)	(542,146)	(4,282,182)
<u>Other Changes</u>			
Covid-19-related rent concessions	-	(10,413)	(10,413)
Derecognition due to lease modification	-	(64,725)	(64,725)
Interest expense recognised in profit or loss (Note 30)	1,140,841	76,060	1,216,901
	1,140,841	922	1,141,763
At 31 December	23,732,718	1,062,712	24,795,430

The Company	Lease Liabilities RM
2022	
At 1 January	28,037
<u>Changes in Financing Cash Flows</u>	
Repayment of principal	(7,008)
Repayment of interests	(491)
	(7,499)
<u>Other Changes</u>	
Derecognition due to lease modification	(21,029)
Interest expense recognised in profit or loss (Note 30)	491
	(20,538)
At 31 December	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

34. CASH FLOW INFORMATION (CONT'D)

(a) The reconciliations of liabilities arising from financing activities are as follows (Cont'd):-

The Company	Lease Liabilities RM
2021	
At 1 January	82,278
<u>Changes in Financing Cash Flows</u>	
Repayment of principal	(54,241)
Repayment of interests	(5,759)
	(60,000)
<u>Other Changes</u>	
Interest expense recognised in profit or loss (Note 30)	5,759
At 31 December	<u>28,037</u>

(b) The total cash outflows for leases as a lessee are as follows:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Payment of short-term leases	4,840	5,316	4,840	5,316
Payment of low-value assets	9,690	13,280	-	-
Interest paid on lease liabilities	52,167	76,060	491	5,759
Payment of lease liabilities	423,606	466,086	7,008	54,241
	<u>490,303</u>	<u>560,742</u>	<u>12,339</u>	<u>65,316</u>

(c) The cash and cash equivalents comprise the following:-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Fixed deposits with licensed banks	2,542,860	6,505,560	2,542,860	6,505,560
Short-term investments	8,124,192	16,192,344	8,124,192	16,192,344
Cash and bank balances	12,142,812	7,751,762	965,506	496,853
	<u>22,809,864</u>	<u>30,449,666</u>	<u>11,632,558</u>	<u>23,194,757</u>
Less: Fixed deposits pledged with licensed banks	(2,542,860)	(2,502,657)	(2,542,860)	(2,502,657)
Less: Bank balances held in escrow	(475,809)	(159,011)	(475,809)	(159,011)
Less: Bank balances pledged with a licensed bank	(3,413,810)	(3,356,225)	-	-
	<u>16,377,385</u>	<u>24,431,773</u>	<u>8,613,889</u>	<u>20,533,089</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

35. KEY MANAGEMENT PERSONNEL COMPENSATION

The key management personnel of the Group and of the Company include executive directors and non-executive directors of the Group and of the Company.

The key management personnel compensation during the financial year is as follows:-

	The Group/The Company	
	2022	2021
	RM	RM
Directors		
<i>Directors of the Company</i>		
<i>Executive Directors</i>		
Short-term employee benefits:		
- fees	24,000	24,000
- salaries, bonuses and other benefits	533,640	509,000
	557,640	533,000
Defined contribution benefits	60,227	59,400
	617,867	592,400
<i>Non-executive Directors</i>		
Short-term employee benefits:		
- fees	72,000	72,000
- Other benefits	41,600	48,400
	113,600	120,400
Total directors' remuneration (Note 30)	731,467	712,800

The estimated monetary value of benefits-in-kind provided by the Group and the Company to the directors of the Company were RM51,037 (2021 - RM75,788).

36. RELATED PARTY DISCLOSURES**(a) Identities of Related Parties**

Parties are considered to be related to the Group if the Group or the Company has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group or the Company and the party are subject to common control.

In addition to the information detailed elsewhere in the financial statements, the Group has related party relationships with its directors, key management personnel and entities within the same group of companies.

(b) Significant Related Party Transactions and Balances

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year:-

	The Group		The Company	
	2022	2021	2022	2021
	RM	RM	RM	RM
Transactions with subsidiaries				
Parkwood Developments Sdn. Bhd.				
- Management services	-	-	324,017	459,312
- Administrative support services	-	-	99,500	85,933

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances (Cont'd)

Other than those disclosed elsewhere in the financial statements, the Group and the Company also carried out the following significant transactions with the related parties during the financial year (Cont'd):-

	The Group		The Company	
	2022 RM	2021 RM	2022 RM	2021 RM
Transactions with related parties				
GSL Realty Sdn. Bhd.				
- Rental of office	227,599	208,260	-	-
- Plygon signage license	1,000	1,000	-	-
- Upkeep of office	100	-	-	-
Synergy Estate Sdn. Bhd.				
- Office rental	7,500	110,000	7,500	60,000
Exitra Sdn. Bhd.				
- Computer and nominal assets	36,631	15,203	-	-
- Office and office furniture rental	60,675	54,300	-	-
- Upkeep of office	48,930	44,700	-	-
- IT related services	134,339	70,946	-	-
- Software and programming	10,120	2,511	-	-
- O365 usage services	16,569	15,511	-	-
- VPS for server services	19,459	19,311	-	-
- Website and emails	943	-	-	-
- Printing & stationery	14,709	-	-	-
- Lease of photostat machine	3,390	-	-	-
- Maintenance of photostat machine	311	-	-	-
- Stamping fee	60	-	-	-
Exitra Solutions Sdn. Bhd.				
- Telephone and administration charges	1,417	-	-	-
- IT related services	-	41,870	-	41,870
- Subscription fees	13,006	13,006	13,006	13,006
- Website and emails	530	3,639	-	-
- Shareholder expenses	3,215	-	3,215	-
LGB Management Service Sdn. Bhd.				
- Administrative services	83,100	65,000	83,100	65,000
- Drinks and refreshment	-	5,200	-	5,200
- Upkeep of office	-	9,000	-	9,000
- Miscellaneous expenses	6,353	6,191	1,879	4,058
- Gifts	-	4,225	-	240
Bellworth Developments Sdn. Bhd.				
- Rental of office	180,000	180,000	-	-
Taliwork Corporation Berhad				
- Software and programming	547	-	-	-
Transactions with a company in which a director has financial interests				
Telaxis Sdn. Bhd.				
- Fee	24,000	24,000	24,000	24,000
Transactions with a legal firm in which a director is a Partner				
Messrs. Ghazali Ariff & Partners				
- Legal fee	72,000	72,000	72,000	72,000

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

36. RELATED PARTY DISCLOSURES (CONT'D)

(b) Significant Related Party Transactions and Balances (Cont'd)

The significant outstanding balances of the related parties together with their terms and conditions are disclosed in the respective notes to the financial statements.

The related party transactions described above were entered into in the normal course of business carried out based on negotiated terms and conditions and are mutually agreed with respective parties.

37. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Group Chief Executive Officer as its chief operating decision maker in order to allocate resources to segments and to assess their performance on a quarterly basis. For management purposes, the Group is organised into business units based on their products and services provided.

The Group is organised into 2 main reportable segments as follows:-

- Investment holding - rental of investment property
 - Property development - property development activities
- (a) The Group Chief Executive Officer assesses the performance of the reportable segments based on their profit before interest expense and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.
- (b) Each reportable segment assets is measured based on all assets of the segment other than tax-related assets.
- (c) Each reportable segment liabilities is measured based on all liabilities of the segment other than borrowings and tax-related liabilities.
- (d) Assets, liabilities and expenses which are common and cannot be meaningfully allocated to the reportable segments are presented under unallocated items. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters) and head office expenses.

Transactions between reportable segments are carried out on agreed terms between both parties. Transfer prices between operating segments are at arm's length basis in a manner similar to transactions with third parties. The effects of such inter-segment transactions are eliminated on consolidation.

37.1 BUSINESS SEGMENTS

	Investment Holding RM	Property Development RM	The Group RM
2022			
External revenue	2,206,232	16,208,866	18,415,098
Inter-segment revenue	-	2,738,580	2,738,580
	<hr/>	<hr/>	<hr/>
	2,206,232	18,947,446	21,153,678
Consolidation adjustments			(2,738,580)
Consolidated revenue			<hr/> <u>18,415,098</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. OPERATING SEGMENT (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

2022	Investment Holding RM	Property Development RM	The Group RM
Results			
Results before following adjustments	(1,482,766)	1,043,969	(438,797)
Amortisation of club membership	(363)	-	(363)
Depreciation of equipment	(156)	(67,072)	(67,228)
Depreciation of right-of-use assets	(5,343)	(428,925)	(434,268)
Fair value gain on investment property	5,100,000	-	5,100,000
Segment results	<u>3,611,372</u>	<u>547,972</u>	<u>4,159,344</u>
Dividend income			51,102
Interest income			191,892
Finance costs			(1,120,859)
Income tax expense			(934,405)
Consolidated profit after taxation			<u>2,347,074</u>
Assets			
Segment assets	53,543,915	132,708,670	186,252,585
Unallocated asset: -current tax assets			1,115
Consolidated total assets			<u>186,253,700</u>
Additions to non-current assets other than financial instruments are:-			
Equipment	-	67,603	67,603
Land held for development	-	219,844	219,844
Liabilities			
Segment liabilities	1,246,492	31,100,209	32,346,701
Unallocated liabilities:- - current tax liabilities			119,144
- deferred tax liabilities			666,442
Consolidated total liabilities			<u>33,132,287</u>
2021			
External revenue	2,271,882	7,633,641	9,905,523
Inter-segment revenue	-	3,679,116	3,679,116
	<u>2,271,882</u>	<u>11,312,757</u>	<u>13,584,639</u>
Consolidation adjustments			(3,679,116)
Consolidated revenue			<u>9,905,523</u>

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. OPERATING SEGMENT (CONT'D)

37.1 BUSINESS SEGMENTS (CONT'D)

2021	Investment Holding RM	Property Development RM	The Group RM
Results			
Results before following adjustments	(1,982,154)	(535,794)	(2,517,948)
Consolidation adjustments and eliminations	56,907	-	56,907
Amortisation of club membership	(364)	-	(364)
Depreciation of equipment	(66,574)	(60,397)	(126,971)
Depreciation of right-of-use assets	(42,745)	(437,553)	(480,298)
Segment results	<u>(2,034,930)</u>	<u>(1,033,744)</u>	<u>(3,068,674)</u>
Dividend income			237,583
Interest income			230,938
Finance costs			(1,216,901)
Income tax expense			(497,696)
Consolidated loss after taxation			<u>(4,314,750)</u>
Assets			
Segment assets	59,946,966	121,758,952	181,705,918
Unallocated asset:			
- current tax assets			1,115
Consolidated total assets			<u>181,707,033</u>
Additions to non-current assets other than financial instruments are:-			
Equipment	-	14,392	14,392
Land held for development	-	545,001	545,001
Liabilities			
Segment liabilities	1,143,608	29,513,500	30,657,108
Unallocated liabilities:-			
- current tax liabilities			119,144
- deferred tax liabilities			156,442
Consolidated total liabilities			<u>30,932,694</u>

37.2 GEOGRAPHICAL INFORMATION

Revenue is based on the country in which the customers are located.

Non-current assets are determined according to the country where these assets are located. The amounts of non-current assets do not include financial instruments.

Group	Revenue		Non-current Assets	
	2022 RM	2021 RM	2022 RM	2021 RM
Malaysia	18,415,098	9,905,523	76,914,906	71,348,991

The information on the disaggregation of revenue based on geographical region is summarised below:-

	Over Time/Group	
	2022 RM	2021 RM
Malaysia	18,415,098	9,905,523

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

37. OPERATING SEGMENT (CONT'D)

37.3 MAJOR CUSTOMERS

The following are major customers with revenue equal to or more than 10% of the Group's total revenue:-

	Revenue		Segment
	2022 RM	2021 RM	
Customer #1	2,199,732	2,199,732	Investment Holding

38. FINANCIAL INSTRUMENTS

The Group's activities are exposed to a variety of market risk (including foreign currency risk, interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall financial risk management policy focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

38.1 FINANCIAL RISK MANAGEMENT POLICIES

The Group's policies in respect of the major areas of treasury activity are as follows:-

(a) Market Risk

(i) Foreign Currency Risk

The Group does not have any transactions or balances denominated in foreign currencies and hence, is not exposed to foreign currency risk.

(ii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates available and by maintaining a balanced portfolio mix of fixed and floating rate borrowings.

The Group's fixed rate receivables and borrowings are carried at amortised cost. Therefore, they are not subject to interest rate risk as in defined MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates.

The Group's exposure to interest rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Note 24 to the financial statements.

Interest Rate Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the interest rates at the end of the reporting period, with all other variables held constant:-

	The Group	
	2022 RM	2021 RM
Effects on Profit/(Loss) After Taxation		
Increase of 100 basis points	- 191,331	+ 180,369
Decrease of 100 basis points	+ 191,331	- 180,369

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(iii) Equity Price Risk

The Group's principal exposure to equity price risk arises mainly from changes in quoted investment prices. The Group manages its exposure to equity price risk by maintaining a portfolio of equities with different risk profiles.

Equity Price Risk Sensitivity Analysis

The following table details the sensitivity analysis to a reasonably possible change in the prices of the quoted investments at the end of the reporting period, with all other variables held constant:-

	The Group	
	2022	2021
	RM	RM
Effects on Profit/(Loss) After Taxation		
Increase of 1%	+ 61,744	- 123,062
Decrease of 1%	- 61,744	+ 123,062
<hr/>		
	The Company	
	2022	2021
	RM	RM
Effects on Profit/(Loss) After Taxation		
Increase of 1%	+ 61,744	- 123,062
Decrease of 1%	- 61,744	+ 123,062
<hr/>		

(b) Credit Risk

The Group's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and other receivables. The Group manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company's exposure to credit risk arises principally from loans and advances to subsidiaries and corporate guarantee given to financial institutions for credit facilities granted to certain subsidiaries. The Company monitors the results of these subsidiaries regularly and repayments made by the subsidiaries.

(i) Credit Risk Concentration Profile

The Group does not have any major concentration of credit risk related to any individual customer or counterparty.

(ii) Maximum Exposure to Credit Risk

At the end of the reporting period, the maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position of the Group and of the Company after deducting any allowance for impairment losses (where applicable).

In addition, the Company's maximum exposure to credit risk also includes corporate guarantees provided to its subsidiaries as disclosed under the 'Maturity Analysis' of item (c) below, representing the outstanding banking facilities of the subsidiaries as at the end of the reporting period. These corporate guarantees have not been recognised in the Company's financial statements since their fair value on initial recognition were not material.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses

The Group has an informal credit policy in place and the exposure to credit risk is monitored on an on-going basis through periodic review of the ageing of the trade receivables. The Group closely monitors the trade receivables' financial strength to reduce the risk of loss.

At each reporting date, the Group assesses whether any of financial assets at amortised cost and contract assets are credit impaired.

The gross carrying amounts of financial assets are written off when there is no reasonable expectation of recovery despite they are still subject to enforcement activities.

A financial asset is credit impaired when any of following events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred:

- Significant financial difficult of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be in default when the receivable is unlikely to repay its debt to the Group in full or is more than 180 days past due.

Trade Receivables and Contract Assets

The Group applies the simplified approach to measure expected credit losses using a lifetime expected credit loss allowance for all trade receivables and contract assets.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. Therefore, the Group concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The Group measures the expected credit losses of certain major customers, trade receivables that are credit impaired and trade receivables with a high risk of default on individual basis.

The expected loss rates are based on the payment profiles of sales over 12 months (2021 - 12 months) before the reporting date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

For property development, purchasers are generally financed by loan facilities from reputable financiers. In addition, the credit risk is limited as the ownership and rights to the properties sold will revert to the Group in the event of default, and the products do not suffer from physical, technological and fashion obsolescence. Therefore, there is minimal exposure to credit risk.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Trade Receivables and Contract Assets (Cont'd)*Allowance for Impairment Losses*

The Group	Gross Amount RM	Individual Impairment RM	Collective Impairment RM	Carrying Amount RM
2022				
Current (not past due)	409,669	-	-	409,669
More than 90 days past due	-	-	-	-
Trade receivables	409,669	-	-	409,669
Contract assets	7,691,138	-	-	7,691,138
	8,100,807	-	-	8,100,807
2021				
Current (not past due)	2,376,453	-	-	2,376,453
More than 90 days past due	55,683	-	-	55,683
Trade receivables	2,432,136	-	-	2,432,136
Contract assets	4,887,679	-	-	4,887,679
	7,319,815	-	-	7,319,815

The Group believes that no impairment allowance is necessary in respect of its trade receivables and contract assets because the probability of default by these trade receivables and contract assets were negligible.

Other Receivables

The Group applies the 3-stage general approach to measuring expected credit losses for its other receivables.

Under this approach, loss allowance is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the receivable would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD).

In deriving the PD and LGD, the Group considers the receivable's past payment status and its financial condition as at the reporting date. The PD is adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the receivable to settle its debts.

Allowance for Impairment Losses

No expected credit loss is recognised on other receivables as it is negligible.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers the licensed banks have low credit risks. In addition, some of the bank balances are insured by Government agencies. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(iii) Assessment of Impairment Losses (Cont'd)

Amount Owing By Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the subsidiaries' loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured on either 12-month expected credit losses or lifetime expected credit losses, by considering the likelihood that the subsidiary would not be able to repay during the contractual period (probability of default, PD), the percentage of contractual cash flows that will not be collected if default happens (loss given default, LGD) and the outstanding amount that is exposed to default risk (exposure at default, EAD). In deriving the PD and LGD, the Group considers the subsidiary's past payment status and its financial condition as at the reporting date.

There are no significant changes in the estimation techniques and assumptions as compared to the previous financial year.

Allowance for Impairment Losses

	Gross Amount RM	Lifetime Loss Allowance RM	Carrying Amount RM
The Company			
2022			
Low credit risk	18,971,462	-	18,971,462
2021			
Low credit risk	8,945,591	-	8,945,591

Based on the assessment performed, the identified impairment loss was immaterial and hence, it is not provided for.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and adequate working capital to meet its obligations as and when they fall due.

Maturity Analysis

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

	Weighted Average Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM	Over 5 Years RM
The Group						
2022						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Lease liabilities	6.00	1,116,203	1,211,580	523,860	687,720	-
Bridging loan	5.66	3,475,183	3,738,904	1,389,637	2,349,267	-
Term loan	5.46 - 6.16	21,700,000	25,150,152	3,480,914	21,669,238	-
Trade and other payables	-	5,973,571	5,973,571	5,973,571	-	-
		32,264,957	36,074,207	11,367,982	24,706,225	-
2021						
<u>Non-derivative</u>						
<u>Financial Liabilities</u>						
Lease liabilities	5.00 - 7.00	1,062,712	1,159,836	472,560	229,092	458,184
Term loan	4.43 - 5.13	23,732,718	27,661,421	1,959,495	22,394,766	3,307,160
Trade and other payables	-	5,779,934	5,779,934	5,779,934	-	-
		30,575,364	34,601,191	8,211,989	22,623,858	3,765,344
The Company						
2022						
<u>Non-derivative Financial Liabilities</u>						
Trade and other payables	-	1,246,492	1,246,492	-	-	-
Financial guarantee contracts in relation to: - Corporate guarantees given to a licensed bank for credit facilities granted to subsidiaries	-	-	25,175,183	-	-	-
		1,246,492	26,421,675	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS (CONT'D)

38.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(c) Liquidity Risk (Cont'd)

Maturity Analysis (Cont'd)

The following table sets out the maturity profile of the financial liabilities at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period) (Cont'd):-

	Effective Interest Rate %	Carrying Amount RM	Contractual Undiscounted Cash Flows RM	Within 1 Year RM	1 - 5 Years RM
The Company					
2021					
<u>Non-derivative Financial Liabilities</u>					
Lease liabilities	7.00	28,037	30,000	30,000	-
Trade and other payables	-	1,115,571	1,115,571	1,115,571	-
Financial guarantee contracts in relation to:					
- Corporate guarantees given to a licensed bank for credit facilities granted to subsidiaries	-	-	23,732,718	23,732,718	-
		1,143,608	24,878,289	24,878,289	-

The contractual undiscounted cash flows represent the outstanding credit facilities of the subsidiaries at the end of the reporting period. The financial guarantees have not been recognised in the financial statements since their fair value on initial recognition were not material.

38.2 CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities within the Group will be able to maintain an optimal capital structure so as to support its businesses and maximise shareholders' value. To achieve this objective, the Group may make adjustments to the capital structure in view of changes in economic conditions, such as adjusting the amount of dividend payment, returning of capital to shareholders or issuing new shares.

The Group manages its capital based on debt-to-equity ratio that complies with debt covenants and regulatory, if any. The debt-to-equity ratio is calculated as net debt divided by total equity. The Group includes within net debt, loans and borrowings from financial institutions less cash and cash equivalents. Capital includes equity attributable to the owners of the parent and non-controlling interest. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2022 RM	2021 RM
Lease liabilities (Note 23)	1,116,203	1,062,712
Bridging loan (Note 24)	3,475,183	-
Term loans (Note 24)	21,700,000	23,732,718
	26,291,386	24,795,430
Less: Fixed deposits with licensed banks (Note 17)	(2,542,860)	(6,505,560)
Less: Cash and bank balances (Note 19)	(12,142,812)	(7,751,762)
Net debt	11,605,714	10,538,108
Total equity	153,121,413	150,774,339
Debt-to-equity ratio	0.08	0.07

There was no change in the Group's approach to capital management during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS (CONT'D)

38.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	2022		2021	
	The Group RM	The Company RM	The Group RM	The Company RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Short-term investments (Note 18)	8,124,192	8,124,192	16,192,344	16,192,344
Other investment	577,000	-	458,000	-
	<u>8,701,192</u>	<u>8,124,192</u>	<u>16,650,344</u>	<u>16,192,344</u>
<u>Amortised Cost</u>				
Trade and other receivables (Note 14)	539,147	127,011	2,487,136	37,134
Amount owing by subsidiaries (Note 16)	-	18,971,462	-	8,945,591
Fixed deposits with licensed banks (Note 17)	2,542,860	2,542,860	6,505,560	6,505,560
Cash and bank balances	12,142,812	965,506	7,751,762	496,853
	<u>15,224,819</u>	<u>22,606,839</u>	<u>16,744,458</u>	<u>15,985,138</u>
Financial Liabilities				
<u>Amortised Cost</u>				
Lease liabilities (Note 23)	1,116,203	-	1,062,712	28,037
Bridging loan (Note 24)	3,475,183	-	-	-
Term loans (Note 24)	21,700,000	-	23,732,718	-
Trade and other payables (Note 27)	5,973,571	1,246,492	5,779,934	1,115,571
	<u>32,264,957</u>	<u>1,246,492</u>	<u>30,575,364</u>	<u>1,143,608</u>

38.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	2022		2021	
	The Group RM	The Company RM	The Group RM	The Company RM
Financial Assets				
<u>Fair Value Through Profit or Loss</u>				
Net gain/(loss) recognised in profit or loss - mandatorily required by MFRS 9	222,266	222,266	(66,084)	(69,745)
<u>Amortised Cost</u>				
Net gain recognised in profit or loss	191,892	64,766	227,277	154,468
Financial Liabilities				
<u>Amortised Cost</u>				
Net loss recognised in profit or loss	(1,120,859)	(491)	(1,216,901)	(5,759)

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS (CONT'D)

38.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

The following table sets out the fair value profile of financial instruments that are carried at fair value and those not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments Carried at Fair Value			Fair Value of Financial Instruments Not Carried at Fair Value			Total Fair Value RM	Carrying Amount RM
	Level 1 RM	Level 2 RM	Level 3 RM	Level 1 RM	Level 2 RM	Level 3 RM		
The Group								
2022								
<u>Financial Assets</u>								
Short-term								
investments	8,124,192	-	-	-	-	-	8,124,192	8,124,192
Other investment	-	577,000	-	-	-	-	577,000	577,000
<u>Financial Liability</u>								
Bridging loan								
	-	-	-	-	3,475,183	-	3,475,183	3,475,183
Term loan	-	-	-	-	21,700,000	-	21,700,000	21,700,000
2021								
<u>Financial Asset</u>								
Short-term								
investments	16,192,344	-	-	-	-	-	16,192,344	16,192,344
Other investment	-	458,000	-	-	-	-	458,000	458,000
<u>Financial Liability</u>								
Term loans								
	-	-	-	-	23,732,718	-	23,732,718	23,732,718
The Company								
2022								
<u>Financial Asset</u>								
Short-term								
investments	8,124,192	-	-	-	-	-	8,124,192	8,124,192
2021								
<u>Financial Asset</u>								
Short-term								
investments	16,192,344	-	-	-	-	-	16,192,344	16,192,344

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

38. FINANCIAL INSTRUMENTS (CONT'D)**38.5 FAIR VALUE INFORMATION (CONT'D)****(a) Fair Value of Financial Instruments Carried at Fair Value**

- (i) The fair value of short-term fund is determined at its quoted closing bid prices at the end of the reporting period.
- (ii) The fair value of the unquoted equity investment is estimated based on the price to book valuation model. Management believes that the estimated fair value resulting from this valuation model is reasonable and the most appropriate at the end of the reporting period.
- (iii) There were no transfers between level 1 and level 2 during the financial year.

(b) Fair Value of Financial Instruments Not Carried at Fair Value

The fair value of the Group's term loans that carry floating interest rates approximated their carrying amounts as they are repriced to market interest rates on or near the reporting date.

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