GAGASAN NADI CERGAS
BERHAD 201701024800(1238966-U)

A BETTER TOMORROW

Annual Report 2021

A BETTER TOMORROW

Gagasan Nadi Cergas has persevered during the tough operating environment, and delivered an encouraging overall performance for the financial year ended 31 December 2021 ("FY2021").

As COVID-19 headwinds start to dissipate with the mass rollout of vaccines and milder COVID-19 variants, the Group is now ready to tap on its 20-odd years of construction expertise to complete on-hand projects, win more jobs, and achieve a better tomorrow.

5th ANNUAL GENERAL MEETING

Date & Time
Monday, 30 May 2022, 10.00 a.m.

Online Meeting Platform
TIIH Online websites at
https://tiih.online
or
https://tiih.com.my

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Corporate Information

BOARD OF DIRECTORS

Ir. Dr. Muhamad Fuad Bin Abdullah
Independent Non-Executive Chairman

Haji Wan Azman Bin Wan Kamal
Group Managing Director

Dato' Sri Subahan Bin Kamal
Executive Director

Professor Emerita Siti Naaishah Hambali
Independent Non-Executive Director

Chng Boon Huat
Independent Non-Executive Director

AUDIT AND RISK MANAGEMENT COMMITTEE
Chng Boon Huat - *Chairman*
Ir. Dr. Muhamad Fuad Bin Abdullah
Professor Emerita Siti Naaishah Hambali

REMUNERATION COMMITTEE
Professor Emerita Siti Naaishah Hambali - *Chairman*
Ir. Dr. Muhamad Fuad Bin Abdullah
Chng Boon Huat

NOMINATION COMMITTEE
Ir. Dr. Muhamad Fuad Bin Abdullah - *Chairman*
Professor Emerita Siti Naaishah Hambali
Chng Boon Huat

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(MAICSA 7001358)
Lim Hooi Mooi (SSM PC No. 201908000134)
(MAICSA 0799764)
Ong Wai Leng (SSM PC No. 202008003219)
(MAICSA 7065544)

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STOCK EXCHANGE LISTING
ACE Market of Bursa Malaysia Securities Berhad
Bursa Malaysia : NADIBHD / 0206
Bloomberg Code : GNCB MK
Reuters Code : GAGA.KL

Corporate Profile

Listed on the ACE Market of Bursa Malaysia Securities Berhad, Gagasan Nadi Cergas Berhad ("Gagasan Nadi Cergas" or "the Group") offers an integrated four-pronged spectrum of businesses to propel the Group's momentum.

CONSTRUCTION

Incorporated in 1999 by an experienced team of industry veterans, Nadi Cergas Sdn Bhd ("Nadi Cergas") commenced business as a contractor of building construction works. In over two decades, Gagasan Nadi Cergas has carved a distinct reputation for building and delivering quality developments.

Our ability to undertake integrated design-and-build projects allows us to manage projects from initial concept to completion, thus ensuring quality at every step of the way.

In line with our constant pursuit of excellence, we spare neither effort nor cost in embracing trailblazing technologies, deploying advanced machinery and acquiring industry benchmark technical expertise. This is seen through our use in latest technologies such as Industrialized Building System ("IBS") and Building Information Modeling ("BIM"). Leveraging on our team of qualified engineers and BIM and IBS expertise, we seek to propel ourselves to be a leading construction group providing competitive services that enhance stakeholders' values.

Nadi Cergas holds a Grade G7 license approved by the Construction Industry Development Board ("CIDB") Malaysia and Pusat Khidmat Kontraktor ("PKK") which permits the Group to bid, secure and undertake construction projects for an unlimited amount including bumiputera-allocated projects. Moreover, Nadi Cergas has the Code B29 certification under CIDB, which allows the Group to undertake construction of public hospitals and healthcare facilities.

In April 2021, Nadi Cergas received the 5-Star SCORE award by CIDB, a testament to the Group's exemplary reputation and performance in the construction industry.

Within a span of two decades, we have secured more than RM3 billion worth of projects and built a vast array of iconic and sizable developments, including various academic institutions, public institutional buildings and public housing projects across Malaysia.

Our stellar track record has enabled us to establish enduring business relationships built on trust and allowed us to venture into synergistic segments.

CONCESSION AND FACILITY MANAGEMENT

True to our ethos of being an end-to-end service provider, Gagasan Nadi Cergas not only undertakes project development from start to finish, but also provides post-completion facility management services.

Through Sasaran Etika Sdn Bhd and Naluri Etika Sdn Bhd, we manage the entire spectrum of construction services and concessions development under the Private Finance Initiative ("PFI") model as part of the Public-Private Partnership ("PPP") programme. This encompasses financing, designing, constructing, and project delivery.

Our role as concessionaire also includes the provision of facility management services via Nadi Cergas Urus Harta Sdn Bhd, which executes general maintenance works, electrical works, landscaping and housekeeping services.

Recognising the need to ensure the operational viability of developments we have constructed, we aim to find ways to build a sustainable revenue base for each project.

Corporate Profile (Cont'd)

UTILITY SERVICES

Our innovation in spearheading sustainability and eco-conscious construction extends to optimising efficiency in utilities management.

Our utility arm under Naditech Utilities Sdn Bhd is a proven designer, builder and operator of District Cooling Systems ("DCS") and Electricity Distribution System ("EDS").

Through the utilisation of Thermal Energy Storage ("TES"), our DCS distributes cooling energy in the form of chilled water from a central source to multiple buildings through a network of underground pipes for use in space and process cooling. This innovative solution aids building owners to improve space utilisation and optimise overall electricity usage.

In 2018, Gagasan Nadi Cergas secured a license from the Energy Commission to distribute electricity independently, thus, bestowing the Group as one of the elite utility service providers in the nation. With a steadfast commitment for a sustainable future, our team aims to play our part to achieve this goal by delivering and operating a 21st century EDS by adopting the state-of-the-art smart metering system.

PROPERTY DEVELOPMENT

Backed by our track record and prowess in construction, it was a natural progression for Nadi Cergas to extend our wings into the property development sector.

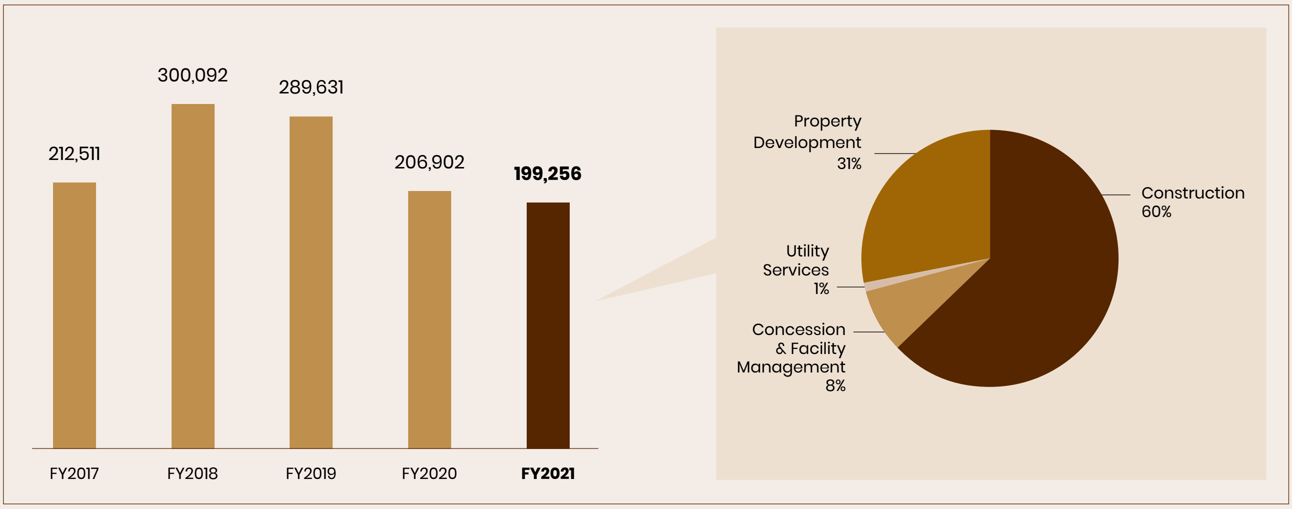
Equipped with our core specialisation of design-and-build expertise, we ventured into property development through Nadi Cergas Development Sdn Bhd.

Our property development activities are supported not only by our principal competency of building construction, but also with a full scope of in-house expertise, such as development planning, architectural and engineering design, quantity surveying, procurement and project management.

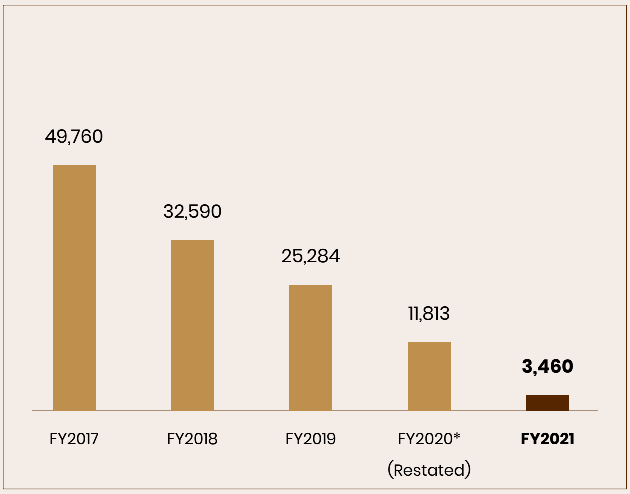
This has led us to undertake various notable projects nationwide, including helping to complement and support the national agenda by providing affordable housing for the 'rakyat'.

Financial Highlights

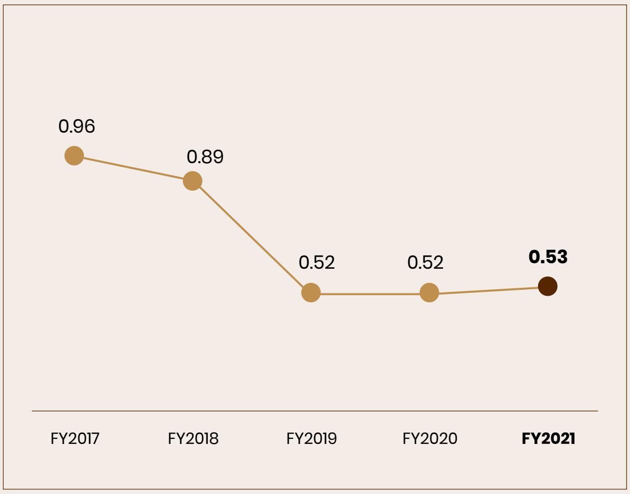
Revenue (RM'000)



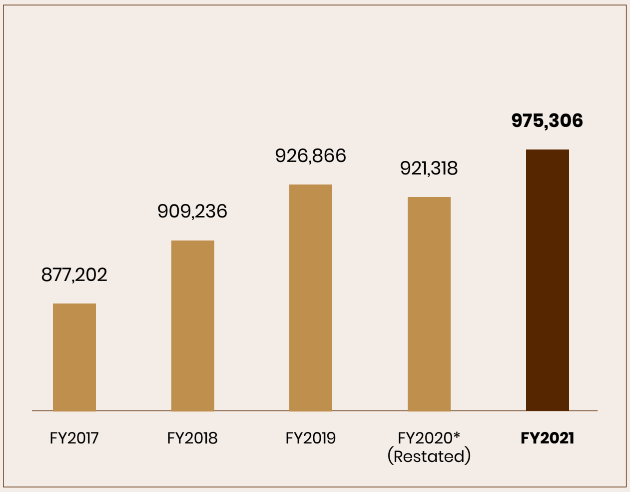
Net Profit (RM'000)



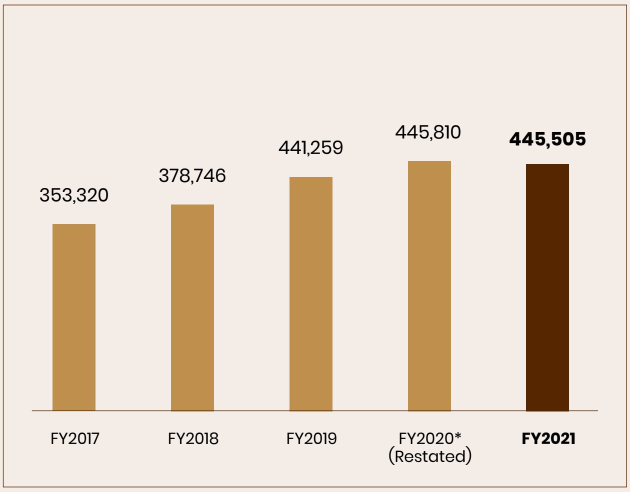
Net-Debt-to-Equity (x)



Total Assets (RM'000)



Shareholders' Equity (RM'000)



* Included effects from the adoption of the IFRS Interpretations Committee ("IFRIC") Agenda Decision on IAS 23 Borrowing Costs

Financial Highlights (Cont'd)

5-YEAR GROUP FINANCIAL HIGHLIGHTS

Financial Summary	2017	2018	2019	2020* (Restated)	2021
For the Financial Year Ended 31 December (RM'000)					
Revenue	212,511	300,092	289,631	206,902	**199,256**
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	84,457	64,844	52,714	31,833	**35,297**
Operating Profit	82,480	62,622	50,365	29,369	**32,968**
Profit before Tax ("PBT")	66,957	45,635	34,880	14,813	**17,855**
Net Profit Attributable to Shareholders	49,760	32,590	25,284	11,813	**3,460**
As At 31 December (RM'000)					
Shareholders' Funds	353,320	378,746	441,259	445,810	**445,505**
Share Capital	95,444	95,444	136,444	136,444	**136,444**
Reserves (Net of Treasury Shares at Cost)	257,876	283,302	304,815	309,366	**309,061**
Total Assets	877,202	909,236	926,866	921,318	**975,306**
Total Current Assets	164,363	213,110	267,678	303,087	**359,041**
Total Borrowings	386,853	363,216	322,051	298,580	**315,216**
Cash and Bank Balances and Fixed Deposits with Licensed Banks	74,066	73,706	123,573	109,470	**104,733**
Per Share**					
Basic Earnings per Share (sen)	6.6	4.3	3.4	1.57	**0.46**
Net Tangible Assets per Share (sen)	46.9	50.3	58.6	59.2	**59.2**
Returns (%)					
Return on Average Shareholders' Equity (%)	15.1	8.9	6.2	2.7	**0.8**
Return on Average Total Assets (%)	6.0	3.6	2.8	1.3	**0.4**
Financial Analysis					
Operating Margin (%)	38.8%	20.9%	17.4%	14.2%	**16.5%**
PBT Margin (%)	31.5%	15.2%	12.0%	7.2%	**9.0%**
Net Margin (%)	23.4%	10.9%	8.7%	5.7%	**1.7%**
Net Debt to equity (Times)	0.96	0.89	0.52	0.52	**0.53**

* Included effects from the adoption of the IFRS Interpretations Committee ("IFRIC") Agenda Decision on IAS 23 Borrowing Costs

** Based on share base of 753 million shares

Corporate Structure

GAGASAN NADI CERGAS
BERHAD 201701024800(1238966-U)

- **Provision of Management and Corporate Services**
  - 100% Nadi Cergas Management Services Sdn Bhd
- **Utilities Services**
  - 60% Naditech Utilities Sdn Bhd
    - 95% Naditech Power Sdn Bhd
      - 100% Naditech Icon Sdn Bhd
    - 95% Naditech Energy Sdn Bhd
- **Provision of Construction Services and Concessions**
  - 100% Nadi Cergas Sdn Bhd
    - 100% Sasaran Etika Sdn Bhd
    - 100% Naluri Etika Sdn Bhd
- **Provision of Facility Management Services**
  - 100% Nadi Cergas Urus Harta Sdn Bhd
- **Property Investment**
  - 100% Nadi Cergas Hartanah Sdn Bhd
- **Property Development**
  - 70% Nadi Cergas Development Sdn Bhd
    - 95% Ringgit Muhibbah Sdn Bhd
    - 75% Nadi Emery Sdn Bhd
      - 100% Nadi Emery (KDD) Sdn Bhd (formerly known as Nadi Emery (Kwasaland) Sdn Bhd)
    - 70% Nadi Embun Sdn Bhd
- **Dormant**
  - 100% Nadi Cergas Medik Sdn Bhd

Chairman's Statement

Dear esteemed shareholders,

2021 persisted as a year of hardship for the construction sector, hindered by lockdown restrictions, rising cost of materials, and shortage of manpower due to the COVID-19 pandemic.

Nevertheless, Gagasan Nadi Cergas persevered amidst the tough operating environment, and remained profitable in the year under review.

On behalf of the Board of Directors of Gagasan Nadi Cergas ("Board"), I am pleased to present to you the Annual Report and Audited Financial Statements for FY2021.

Ir. Dr. Muhamad Fuad Bin Abdullah
Independent Non-Executive Chairman of Gagasan Nadi Cergas

ECONOMIC REVIEW

2021 saw a continuation of the unprecedented COVID-19 pandemic, which prompted restrictions on travel, trade, and congregation to reduce the spread of the virus. Nevertheless, the accelerated rollout of vaccines spurred the gradual reopening of economies worldwide, and laid the foundation of an overall global recovery. Evidently, global Gross Domestic Product ("GDP") rose by 5.9% in 2021, a rebound compared with the 3.1% contraction in 2020.

Similarly in Malaysia, the Government implemented various iterations of lockdowns in 2021, especially between June to August 2021, which placed strict restrictions on business and leisure activities to curb the rapid spread of the COVID-19 Delta variant. This directive encompassed contact-intensive sectors albeit non-essential, including construction.

The restrictions severely impacted the construction sector, which saw close to 5% fall in sector-specific GDP in 2021 as compared to the year before, even as Malaysia transitioned into the National Recovery Plan in the last quarter of 2021. Besides being affected by the halt in operations, the construction sector's poor performance was also aggravated by shortage in foreign labour amidst the closure of international borders, as well as rising cost of raw materials due to supply chain disruptions.

Chairman's Statement (Cont'd)

Being a player in the construction sector, Gagasan Nadi Cergas too was not spared from facing major disruptions. Nevertheless, the Group remained resilient in wading through the adversities, and strived to make up for lost time in on-going projects as soon as construction activities were allowed to resume.

We reprised our role in supporting the Government's affordable home agenda, by securing several affordable home projects for the year from notable property developers such as Paramount Group Berhad and Kwasa Land Sdn Bhd.

On the back of low interest rate environment and Government initiatives such as the Home Ownership Campaign, our property developments of Antara Residence in Putrajaya and Selindung affordable township in Ulu Yam continued to register healthy demand, with close to 67% and 90% of units sold respectively.

The resilient performance from our construction and property development segments, coupled with the stable recurring cashflow from our Concession & Facility Management and Utilities segments, helped Gagasan Nadi Cergas end the year on a positive note.

2022 ECONOMIC OUTLOOK

While the world was initially on guard against the highly-infectious COVID-19 Omicron variant, its reduced severity particularly amongst massively-inoculated populations granted governments some leeway to safely resume economic activities and reopen borders towards normalcy.

However, all eyes are now fixed on the potential aftermath of the Russia-Ukraine conflict which may exacerbate global challenges, including prolonged disruption in supply chains and rising energy prices. The escalated tensions may temper the outcome of global GDP growth for 2022, which the International Monetary Fund ("IMF") estimated at 4.6% in January 2022.

Back home, the successful vaccine rollout and the nation's transition to endemicity as well as the implementation of economic stimulus packages have contributed to buoyant optimism for the country's recovery in 2022, with the IMF forecasting a 5.75% GDP growth.

The construction sector in Malaysia is also expected to fare better in 2022, with the revival of critical construction projects and the resumption of foreign labour intake to alleviate the prevailing acute shortage.

Riding on the positive sentiment, we believe our proven expertise in delivering design-and-build contracts for essential projects over the years will position us favourably as we seek to support both the public and private sectors in constructing purpose-built building infrastructure.

Furthermore, we will focus on delivering by 2026 more than 10,000 units of affordable housing entrusted to us, and thus play our part in providing cost-efficient, quality homes for fellow Malaysians. We are also seeking to leverage on our competencies in this area to tender for more affordable housing projects within the Klang Valley.

Overall, we opine that the Group has passed its trough, and is ready to resume its growth trajectory in 2022.

APPRECIATION

I wish to extend my appreciation to the Board of Directors, senior management team, and all employees of Gagasan Nadi Cergas for their unwavering support as we navigated the tough year of 2021.

I also like to express my gratitude towards all of our business partners, associates, suppliers, customers and also our valued Shareholders for their trust and confidence in our growth direction.

As COVID-19 headwinds start to dissipate with the mass rollout of vaccines and economic stimulus packages, the Group is now ready to tap on its decades-long construction expertise to complete on-hand projects, win more jobs, and build a better tomorrow for all our stakeholders and ordinary Malaysians at large.

Sincerely,

Ir. Dr. Muhamad Fuad Bin Abdullah
Independent Non-Executive Chairman

Management Discussion and Analysis

GROUP MANAGING DIRECTOR'S MESSAGE

Dear valued shareholders,

The construction industry in Malaysia was hampered by various challenges as the country entered the second year of COVID-19 pandemic.

Despite the challenging environment, Gagasan Nadi Cergas leveraged on its diversified business model, and remained resiliently in the black with strong contributions from its property development and recurring income segments.

I hereby present to you our financial and operational performance for FY2021, and our potential risks and growth strategies in the financial year ending 31 December 2022 ("FY2022").

Haji Wan Azman bin Wan Kamal
Group Managing Director of Gagasan Nadi Cergas

BUSINESS OVERVIEW

Gagasan Nadi Cergas is primarily involved in four business segments, namely Construction, Concession and Facilities Management, Utility Services and Property Development.

- **Construction**

  Gagasan Nadi Cergas, through Nadi Cergas is registered with PKK and the CIDB as a Grade G7 contractor, which allows the Group to tender for projects with unlimited value as well as Bumiputera-allocated projects. Moreover, The Group has the Code B29 certification under CIDB, permitting it to undertake construction of public hospitals and healthcare facilities.

  The Group has also been awarded the 5-Star SCORE Award from CIDB for exemplary performance in the construction industry.

  Gagasan Nadi Cergas' unique proposition in the industry lies on its experienced management team to take on a nimble approach in adopting modern technology, as well as best practices in value engineering, cost optimisation and construction efficiency. These technologies and practices include:

- **Design-and-build**, an end-to-end project delivery system, with the purpose of reducing project duration and risks by contracting a single entity to perform both design and construction aspects.

- **Industrialised Building System**, a building methodology that helps shorten project completion periods via utilization of prefabricated components and on-site installments.

- **Building Information Modelling**, an intelligent 3D model-based process which provides a "virtual reality" view throughout the entire lifecycle of a particular construction project. The model is useful in detecting potential architectural and structural discrepancies during design phases, and can also improve efficiency and reduce wastage of building materials and construction time.

Management Discussion and Analysis (Cont'd)

BUSINESS OVERVIEW (CONT'D)

- **Construction (Cont'd)**

  By leveraging on these competencies, Gagasan Nadi Cergas was able to take on numerous construction projects nationwide over the past 20 years, which include a wide range of residential buildings, public institutional buildings of tertiary campuses, hospitals, and others.

  In particular, Gagasan Nadi Cergas has extensive experience in constructing public institutional buildings, such as the German-Malaysian Institute ("GMI"), the Malaysia Institute of Aviation Technology, and 4th Military Camp for the General Operations Force. The Group has also completed seven student hostels in polytechnic campuses across six peninsular states of Selangor, Johor, Penang, Negeri Sembilan, Perak and Kelantan.

  Gagasan Nadi Cergas has also undertaken multiple high-rise and landed residential projects under various affordable housing initiatives. These include the Federal Land Development Authority ("FELDA") housing, Rumah Selangorku affordable homes, 1Malaysia People's Housing ("PR1MA") and Housing for Civil Servants ("PPAM").

- **Concession and Facility Management**

  Gagasan Nadi Cergas currently holds two 20-year facility management concessions, namely for student hostels at International Islamic University Malaysia ("IIUM") in Kuantan, Pahang and Universiti Teknikal Malaysia Melaka ("UTeM") in Durian Tunggal, Melaka. Both concessions involve the Group's 'build, finance, maintain and transfer' concession model.

  Under the concession agreement, the Group will provide facility maintenance and management services to both IIUM and UTeM student hostels up until 2034 and 2037 respectively.

- **Utility Services**

  In January 2021, The Group has secured a 30-year concession contract for the distribution of electricity via its EDS to the shopping mall of Datum Jelatek Development in Taman Keramat.

  Additionally, the Group has also commenced operation of its DCS, including a TES tank, to supply chilled water to the shopping mall in January 2022, up until 2051.

- **Property Development**

  Gagasan Nadi Cergas first started out in the property development sector in 2017, relying on its strength in design-and-build expertise to move up the value chain and develop quality developments.

  Through Nadi Cergas Development Sdn Bhd, the Group's maiden property development project was a joint venture with ASEAN Football Federation ("AFF") to build the AFF mixed development in Putrajaya. The project includes the AFF headquarters, as well as the Antara Residence serviced apartments, totaling up to an estimated RM193 million Gross Development Value ("GDV").

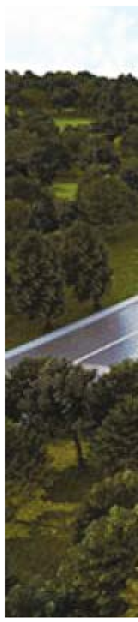
  The Group also launched the first phase of its 116-acre Selindung Ulu Yam township in 2019, comprising 447 units of affordable landed homes with an estimated GDV of RM135 million. The Group subsequently launched the 70-unit second phase in March 2020, bringing the total development GDV launched in Selindung Ulu Yam to RM143.6 million.

FINANCIAL OVERVIEW

- **Consolidated Income Statement**

  Gagasan Nadi Cergas recorded RM199.3 million in revenue for FY2021, marginally lower than RM206.9 million in the previous year ("FY2020"), as the lockdown measures in FY2021 impacted the Group's construction segment. However, this was mitigated by resilient contributions from the property segment, thanks to the positive progress recorded from the Group's Antara Residence and Selindung Ulu Yam township development.

  Despite the lower revenue in FY2021, the Group registered a higher PBT of RM17.9 million as compared to RM14.8 million previously, attributable to the strong performance in the property segment and one-off gain from the disposal of TES Plant located in GMI campus to GMI.



Management Discussion and Analysis (Cont'd)

FINANCIAL OVERVIEW (CONT'D)

- **Consolidated Income Statement (Cont'd)**

  Meanwhile, the Group reported RM3.5 million net profit attributable to shareholders for the year in review compared to RM11.8 million the year before, due to higher tax expenses as a result of certain expenditures and losses not being tax-deductable.

  This translates to a full year earnings per share of 0.46 sen in FY2021 from 1.57 sen in FY2020.

- **Segmental Financial Performance**

  - **Construction**

    The implementation of strict lockdown between June to August 2021 affected our site operations. As all construction activities were not allowed to operate during this period, construction segmental revenue fell to RM125.3 million in FY2021 from RM163.1 million in FY2020.

    The lower revenue contribution from the construction segment, alongside higher COVID-related costs, also led to a segmental loss before tax of RM8.2 million in FY2021.

  - **Facility Management and Utilities**

    The Group's recurring income streams come from both Concession and Facility Management segment and Utility Services segment. The former includes both the UTeM and IIUM student hostel concessions and facility management services, while the latter entails the operation of EDS for the distribution of electricity, and DCS for the supply of chilled water, both to the shopping mall of Datum Jelatek Development.

    We continued to register resilient performance in our recurring income segments, which helped bolster the less ideal construction segment in FY2021. The segments contributed RM17.9 million revenue in FY2021, albeit marginally lower than RM19.8 million recorded the year before.

    After adding other income of RM26.9 million from the concession's net accretion of fair value, segmental PBT arrived at RM26.4 million in FY2021, higher compared to RM20.4 million seen in FY2020.

  - **Property Development**

    In FY2021, the Group's property development segment registered RM56.1 million revenue compared to RM24.0 million revenue in the previous year. The higher revenue was a result of strong progress billings from the Group's ongoing Antara Residence development and Selindung Ulu Yam township.

    Similarly, the segment's PBT increased to RM6.5 million in FY2021 versus RM952,000 in FY2020.

- **Statement of Financial Position**

  - **Group Assets**

    Gagasan Nadi Cergas' total assets stood higher at RM975.3 million as at 31 December 2021 from RM921.3 million recorded a year ago. This was due to elevated contract assets, inventories and trade receivables resulting from positive progress of our projects, offsetting the lower non-current trade receivables from the Group's concession business.

  - **Liquidity and Capital Resources**

    As at 31 December 2021, the Group's cash and bank balances plus fixed deposits fell marginally to RM104.7 million from RM109.5 million previously, as the Group recorded lower operating profit amidst the tough operating environment, as well as due to land purchase exercises for development.

Management Discussion and Analysis (Cont'd)

FINANCIAL OVERVIEW (CONT'D)

- **Statement of Financial Position (Cont'd)**

  - **Liquidity and Capital Resources (Cont'd)**

    Gagasan Nadi Cergas' total borrowings rose slightly to RM315.2 million as at 31 December 2021 from RM298.6 million previously, as the higher working capital requirements to fund ongoing property projects resulted in property development borrowings increasing to RM87.8 million compared to RM40.6 million a year ago. Still, the majority RM222.8 million of debt is for the stable-returns concession and facility management segment, with the remaining RM4.4 million for corporate and construction segments.

    With the Group's total equity attributable to shareholders maintained at RM445.5 million from RM445.8 million, the Group's net gearing level increased to 0.53x as at 31 December 2021 from 0.52x a year ago.

  - **Capital Expenditure**

    In FY2021, the Group incurred capital expenditure ("CAPEX") of RM4.2 million for the purchase of property, plant, and equipment, higher compared to RM271,000 spent in FY2020.

    The CAPEX was mainly used for the setting up of DCS and EDS in Datum Jelatek's shopping mall, as well as other miscellaneous construction/office equipment.

DIVIDEND

Our Board has taken a prudent stance due to the unprecedented COVID-19 pandemic situation in Malaysia and decided not to declare any dividend for FY2021, despite having an established dividend policy.

SEGMENTAL REVIEW

- **Construction Segment**

  In 2021, the construction industry faced a continuation of hurdles from the unprecedented COVID-19 pandemic.

  Gagasan Nadi Cergas too was affected, as all of our construction sites were inoperational during the lockdown periods between June to August 2021. This has led to lower revenue billings by the segment in FY2021.

  Even after the transition into National Recovery Plan in the fourth quarter of 2021, the Group continued to be impacted by other external factors such as the shortage of foreign workers and the rise in material costs, severely impacting construction progress.

  This has caused delays in projects that were slated to be completed end-2021, such as the design-and-build MRSM campus project in Bagan Datuk, Perak, and the Rumah Selangorku affordable housing projects in Putra Heights, Selangor.

  Despite operational disruptions, the Group remained resilient and continued to actively tender for new jobs in the industry. As a result, the Group successfully won a contract worth RM33.9 million from PNB Merdeka Ventures Sdn Bhd to build a mosque at Merdeka 118, soon-to-be one of the tallest building in the world upon completion.

  Leveraging on the Group's expertise in designing and developing affordable housing, Gagasan Nadi Cergas has also in May 2021 bagged two projects from Paramount Corporation Berhad worth RM385 million, involving the design-and-build of 2,005 units of high rise residential units in Greenwood Salak Perdana, and Kemuning Utama.

- **Property Development Segment**

  In 2021, the Group advanced in its building progress on its Antara Residence in Putrajaya, which remains on track to be completed in 2022. The development enjoyed more than 65% take-up rate, with over 300 of its 458 units taken up as at 31 December 2021.

  On our affordable housing front, the Group has seen strong uptake for the first and second phase of its affordably priced township development in Selindung Ulu Yam. Both phases have received over 90% bookings and take ups as at 31 December 2021.

Management Discussion and Analysis (Cont'd)

SEGMENTAL REVIEW (CONT'D)

- **Property Development Segment (Cont'd)**

  Meanwhile, the Group has also partnered up with Kwasa Land Sdn Bhd to build high-rise affordable Rumah Idaman in Kwasa Damansara. The project entails the design and development of approximately 4,000 units of affordable housing over two parcels of land in Kwasa Damansara, which will take approximately 48 months to complete.

- **Recurring Income Segment**

  Gagasan Nadi Cergas continued to provide facility management services to both IIUM and UTeM student hostels via its subsidiary Urus Harta Sdn Bhd, which were uninterrupted throughout 2021 due to its essential nature.

  Following the commencement of the EDS concession for Datum Jelatek development's shopping mall in January 2021, the Group has also commenced operations of DCS to supply chill water to the mall in January 2022.

  Meanwhile, GMI exercised its option to purchase its TES plant at GMI from Gagasan Nadi Cergas in July 2021. Hence this portion would no longer contribute to the Group from FY2022 onwards.

RISKS FACED BY THE GROUP

Gagasan Nadi Cergas may face multiple risks that could potentially impact its business operations, financials, and liquidity as the Group carries out its growth strategies. This includes:

- **Economic Risks from COVID-19**

  The emergence of new COVID-19 variants cases with higher risk of spread or causes greater severity to the infected may force the return of restrictive measures in Malaysia. This may lead to halt of non-essential operations such as construction, which will affect the Group's construction progress.

  Nevertheless, as the Government continues to reassure that nationwide lockdowns will no longer be implemented on account of high vaccination rates and transition into the endemic phase, we believe the risk of facing major operational halts will be minimal. We also continue to operate with strict adherence to COVID-19 SOP within our premises and construction sites to mitigate the spread of COVID-19 among our workers.

- **Competition and Business Risks**

  As the construction sector remains lackluster amidst the current COVID-19 climate, the lack of jobs within the construction market could trigger downward pressures on our margins as construction players engage in price wars to win projects.

  Nevertheless, we believe our track record and expertise in delivering quality and sizable projects for the past two decades, including affordable housing, will work to our advantage when bidding for contracts.

  Adding on to our advantage, we are also known for adopting design-and-build methodology and leading industry technologies such as BIM and IBS, which will provide significant value propositions in terms of cost-optimisation as well as quality improvement.

Management Discussion and Analysis (Cont'd)

RISKS FACED BY THE GROUP (CONT'D)

- **Rising Building Material & Labour Costs**

  With operations in both construction and property development segments, the Group is exposed to cost fluctuations of building materials such asmetal rods, cement, steel, timber, brick and etc.

  To mitigate the risk exposure, the Group has established proven mechanisms to reduce the impact of cost increases. Relying on the Group's wide network of trusted suppliers and subcontractors, we are also constantly in touch with the latest price trends of raw materials to ensure we that we engage in competitive rates.

  Over the years, the Group has also continued to put in place stringent project and resource management processes to improve efficiency and reduce materials of raw materials.

  The shortage of foreign workers due to border closures may also lead to higher labour costs to the Group. Nevertheless, the Group expects this trend to recede as Malaysia borders reopen from 1 April 2022 onwards.

- **Political, Economic and Regulatory Risks**

  Gagasan Nadi Cergas could be affected by the lack of clarity of public sector related jobs, in light of the volatile political scene in Malaysia.

  In response, the Group continues to engage with relevant agencies and parties to support their national agenda, and on the technical requirements needed to increase our tendering competitiveness.

  Furthermore, we strive to tender for more high-priority, essential projects such as affordable housing and public hospitals, as we play our part in enabling the country's transition into COVID-endemicity.

GROWTH STRATEGIES

IMF predicted that the Malaysia GDP will grow by 5.75% in 2022, on the back of the implementation of economic stimulus packages, as well as the nation's transition into endemicity.

As the country heads on its recovery trajectory, we opine that the Government and private sector alike will place its focus on essential buildings and projects that will benefit the rakyat, such as affordable housing. We believe our decades of experience in design-and-build, as well as track record in affordable housing, will position us favorably as we tender for more affordable housing projects.

We also remain committed in seeking for more opportunities to bolster our recurring income segments to ensure revenue and profit sustainability for the Group moving forward.

With an eye on capitalizing on these opportunities, the Group plans to implement the following strategies:

- **Targeting Opportunities in the Construction Segment**

  Gagasan Nadi Cergas will leverage on its extensive experience in the construction of essential buildings to pursue more opportunities in this arena, such as public hospitals, tertiary campuses, and government buildings.

  Meanwhile, the Group will continue to focus on delivering the existing jobs in hand. As at 31 December 2021, Gagasan Nadi Cergas' construction order book stood at a healthy level of RM1.65 billion, which will last us until 2026. The orderbook includes the Merdeka 118 mosque contract in Kuala Lumpur, the MRSM college contract in Dungun, Terengganu; various affordable housing projects in Klang Valley; the Cardiology Center for Serdang Hospital Project; and the Putrajaya Homes public residential development in Putrajaya.

- **Securing New Contracts in the Affordable Housing Segment**

  With the Government's current stance of prioritising essential projects such as affordable housing over mega projects, we view that the Group is favorably positioned to secure more jobs within this segment on the back of Gagasan Nadi Cergas' extensive experience in building large-scale affordable housing projects.

Management Discussion and Analysis (Cont'd)

GROWTH STRATEGIES (CONT'D)

- **Securing New Contracts in the Affordable Housing Segment (Cont'd)**

  Despite the weaker environment, we still successfully secured projects to build approximately 6,000 units of affordable homes in 2021 alone, a testament of our brand name, track record, and value competitiveness in the industry.

  In total, we are entrusted to build more than 10,000 units of affordable housing within Klang Valley by 2026.

  Moving forward, we will continue to leverage on our core competencies to tender for more contracts in the affordable housing arena, as we support the Government in their efforts to close the housing ownership gap in Malaysia.

- **Growing Recurring Income Through Provisions of Facility Management And Utility Services**

  The Group continues to actively seek for potential opportunities to add on to the current portfolio of concessions, including facility management and/or utility concessions for IIUM, UTeM, and Datum Jelatek shopping mall.

  We believe our past experience in facility management and provision of utility services will position us favourably in obtaining more concessions within Malaysia.

- **Enhancing Our Footprint in Property Development**

  Gagasan Nadi Cergas has over the years entered into various Development Rights Agreements on strategic land across Klang Valley from notable developers, as the Group aims to develop affordable housing projects on the plots of land. The Group will continue to look for similar opportunites moving forward.

  The Group is also actively evaluating the viability of launching new developments on its existing 255.9-acre landbank.

  With Phase 1 and 2 of Selindung Ulu Yam development nearing completion, we will look to unveil subsequent phases of the development in due course.

APPRECIATION

I would like to take the opportunity to express my gratitude towards the board of directors, management team and staff of Gagasan Nadi Cergas for their collective efforts in supporting the Group through another tough year amidst the COVID-19 pandemic.

I am also thankful to all our business partners, associates, suppliers, customers, and valued shareholders for their continued faith in us.

With the support from all parties, I believe Gagasan Nadi Cergas is ready to embrace a better tomorrow as we head into the recovery path in FY2022.

Sincerely,

Haji Wan Azman bin Wan Kamal
Group Managing Director

Profile of Directors

Ir. Dr. Muhamad Fuad Bin Abdullah

Independent Non-Executive Chairman

Aged	**68**
Gender	**Male**
Nationality	**Malaysian**
Date of Appointment	**15 September 2017**

Ir. Dr. Muhamad Fuad bin Abdullah was appointed to the Board on 15 September 2017. He also serves as Chairman of the Group's Nomination Committee and a member of the Audit & Risk Management, and Remuneration Committees.

He graduated in 1977 from the University of Southampton, United Kingdom with a Bachelor of Science Honours Degree in Electrical Engineering and in 1982, obtained his Master of Philosophy in Electrical Engineering from the same university. In 1994, he obtained his Bachelor of Arts in Shariah from the University of Jordan in Amman, Jordan and his PhD in Muslim Civilisation from the University of Aberdeen in United Kingdom in 1996.

He also holds several professional qualifications being a registered Professional Engineer with the Board of Engineers Malaysia since 1984, an APEC Engineer and an International Professional Engineer with the International Engineering Alliance in 2004, an ASEAN Engineer with ASEAN Federation of Engineering Organisations in 2000 and an ASEAN Chartered Professional Engineer in 2009.

He is a Fellow of the Institution of Engineers, Malaysia since 2004. He has been a member of the Institute of Corporate Directors Malaysia since September 2018 and a registered Shariah Adviser with the Securities Commission Malaysia since 2010.

His career started in 1977 as an Electrical Engineer with the Public Works Department at its headquarters in Kuala Lumpur. He left in 1983 to join Uniphone Sdn Bhd, a telecommunications company as an Engineering Logistics Manager up to 1991. From 1991 to 1996, he was a Tutor in Muslim Civilisation at Universiti Kebangsaan Malaysia. He was a Director of Five-H Associates Sdn Bhd, an engineering consultancy company, from 1996 to 2006, and during his tenure held the position of Managing Director from 2003 to 2006. He served as the Chief Executive Officer of Kausar Corporation Sdn Bhd, a construction company from 2002 to 2003.

He does not hold any directorship in any public company and other listed corporation.

Profile of Directors (Cont'd)

Haji Wan Azman Bin Wan Kamal

Group Managing Director

Aged	**61**
Gender	**Male**
Nationality	**Malaysian**
Date of Appointment	**15 September 2017**

Hj Wan Azman bin Wan Kamal was appointed to the Board on 15 September 2017. He graduated from Universiti Teknologi Malaysia in 1982 with a Diploma in Quantity Surveying. He also holds an Advanced Diploma in Quantity Surveying from MARA Institute of Technology, Shah Alam, obtained in 1986. He has been a Registered Quantity Surveyor of the Board of Quantity Surveyors Malaysia since 1990 and a Member of the Institute of Surveyors Malaysia since 1995.

He has extensive experience in the property development and construction industry with a career that spans approximately 36 years. His career started in 1982 as a Technical Assistant at Jabatan Kerja Raya Pahang. He left in 1984 to pursue his Advanced Diploma in Quantity Surveying from 1984 to 1986. Subsequently from 1986 to 1989, he joined QS Associates, a quantity surveying firm, as a Quantity Surveyor. In 1990, he joined Sime UEP Development Sdn Bhd, a property development company, as a Quantity Surveyor and was promoted to the position of Cost Controller in 1992, before he left in 1998. In 1998, he took up the position of Director of Business Development at Juwana Construction Sdn Bhd, a construction company, before leaving in 1999 to become the major shareholder and Managing Director of Nadi Cergas Sdn Bhd.

As Group Managing Director, he has been instrumental in the growth and development of the Group. He is responsible for the strategic direction of our Group including the implementation of future plans and strategies, including the property development segment of our business. He is also involved in managing the day-to-day operations of our Group.

He does not hold any directorship in any other public company and other listed corporation.

Profile of Directors (Cont'd)

Dato' Sri Subahan bin Kamal

Executive Director

Aged	**56**
Gender	**Male**
Nationality	**Malaysian**
Date of Appointment	**15 September 2017**

Dato' Sri Subahan bin Kamal was appointed to the Board on 15 September 2017. He graduated in 1989 from the Southern Illinois University at Carbondale, USA with a Bachelor of Science Honors Degree in Finance. He also holds a Certificate of Marine Cargo Technical Claims and a Certificate of Liability Insurance from the Malaysian Insurance Institute, both of which were obtained in 1989.

He started his career in 1989 as a Claims Executive at Malaysia Nippon Insurance Berhad. Subsequently in 1990, he joined Bank Rakyat Kerjasama Malaysia Berhad ("Bank Rakyat") as a Corporate Planning Executive before he was appointed as Personal Assistant to the Chairman at Bank Rakyat in 1991. In 1992, he was seconded to the Ministry of Finance Malaysia as the Private Secretary to the Parliament Secretary of the Ministry of Finance. Subsequently, in 1995 he was promoted to Senior Private Secretary to the Deputy Minister of Finance and he was under the Ministry of Finance until 1998. In the same year, he was appointed as Senior Private Secretary to the Deputy Minister of Human Resources. In 2000, his secondment as Senior Private Secretary to the Deputy Minister of Human Resources ended when he left Bank Rakyat to join Nadi Cergas Sdn. Bhd. as an Executive Director.

Dato' Sri Subahan served as an assemblyman in Taman Templer, Selangor from 2008 to 2013. He was also appointed as Selangor Tourism Action Council Chairman from 2009 to 2011. He presently does not hold any political appointments.

He also actively contributes to society in various capacities in the sports and education fields. He was elected as the Deputy President of the Football Association of Malaysia from 2017 to 2021 and the President of the Malaysia Hockey Confederation in 2015, positions which he continues to hold till today. He has also been appointed as a member of the Advisory Board of Quest International University since 2014, and a member of the Curriculum Advisory Board of University Institute Technology, MARA since 2013.

Dato' Sri Subahan sits on the board of Can-One Berhad and has been appointed since May 2014. He was also appointed to the board of Aluminium Company of Malaysia Berhad and sat on the board from January to August 2018, before subsequently being appointed to the board of Aluminium Group Berhad from August 2018 till to date, pursuant to an internal reorganisation exercise carried out by Aluminium Company of Malaysia Berhad.

Profile of Directors (Cont'd)

Professor Emerita Siti Naaishah Hambali

Independent Non-Executive Director

Aged	**67**
Gender	**Female**
Nationality	**Malaysian**
Date of Appointment	**15 September 2017**

Professor Emerita Siti Naaishah Hambali was appointed to the Board on 15 September 2017. She also serves as the Chairman of the Group's Remuneration Committee and a member of the Group's Audit and Risk Management, and Nomination Committees.

She obtained a Master of Comparative Laws Degree from the International Islamic University, Malaysia in 1997 and a Bachelor of Law Degree from the University of Malaya in 1979.

She began her career in 1979 as a Magistrate at the Magistrate Court Judicial Department, Malaysia until 1982. Subsequently in 1982, she was appointed as Federal Counsel and Legal Advisor at the Ministry of Defence, Malaysia before she was appointed as Senior Assistant Registrar of High Court of Malaya in the Judicial Department of Malaysia in 1984 and was promoted to Deputy Registrar of High Court of Malaya in 1987, a position she held until 1988.

In 1988, she took up the position of Deputy Treasury Solicitor at the Ministry of Finance before she was appointed as Senior Sessions Court Judge of the Judicial Department of Malaysia in 1992, and later in 1993 she was appointed as Head of Prosecution for the Federal Territory at the Attorney General's Chambers of Malaysia. In 1994, she was appointed as Senior Sessions Court Judge at the Judicial Department of Malaysia and held the position until 1997. In 1997, she took up the position as Associate Professor, Faculty of Law, Universiti Kebangsaan Malaysia, and was also appointed as Legal Advisor of Universiti Kebangsaan Malaysia till 2007.

From 2005 till 2016, she also held the position as Distinguished Fellow at the Faculty of Law, Universiti Kebangsaan Malaysia. She was the Founding Director of UKM-UNIKEB Legal Aid and Mediation Centre in 2010 up till 2016. In 2010, she was appointed as the President of Tribunal for Consumer Claims Malaysia, Ministry of Domestic Trade, Co-operatives and Consumerism Malaysia which she holds till today. She is also the Founding Project Director of Putrajaya Community Mediation Centre at the Department of National Unity and Integration, a position she has held since 2014.

She was appointed as Chief Executive and Vice Chancellor of Islamic University Malaysia in March 2020. She was subsequently appointed as the member of the Steering Committee for the Governance of Private Higher Education under the Ministry of Higher Education Malaysia in October 2020.

She does not hold any directorship in any other public company and other listed corporation.

Profile of Directors (Cont'd)

Chng Boon Huat

Independent Non-Executive Director

Aged	**62**
Gender	**Male**
Nationality	**Malaysian**
Date of Appointment	**15 September 2017**

Chng Boon Huat was appointed to the Board on 15 September 2017. He also serves as Chairman of the Audit and Risk Management Committee, and a Member of the Remuneration and Nomination Committees.

He is a Fellow Member of The Association of Chartered Certified Accountants, United Kingdom and a Chartered Accountant of the Malaysian Institute of Accountants (MIA).

He started his auditing and accounting career in 1983 with Messrs Hew & Co (now known as Mazars PLT) before joining Perlis Plantation Berhad (now known as PPB Group Berhad) in 1987.

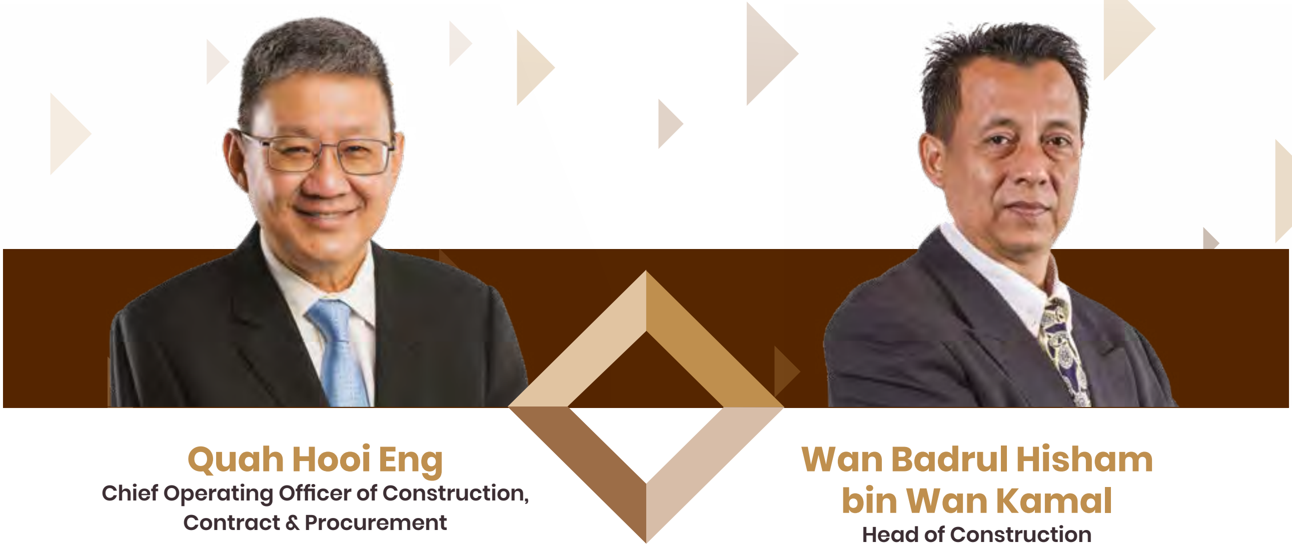
In 1988, he joined The Kuala Lumpur Stock Exchange (now known as Bursa Malaysia Berhad) ("Bursa") and had held several positions during his 25-year tenure at Bursa, culminating to become the Head of Corporate Surveillance in 2009. He has gained vast experience during his 25 years at Bursa including equity market supervision, research and development studies, compliance, investigation and enforcement of Listing Requirements, as well as advocating good corporate governance practices such as risks management and internal control system to companies listed on Bursa. While in Bursa, he represented Bursa to serve as member of various working groups of Malaysia Accounting Standards Board, MIA and Companies Commission of Malaysia. He left Bursa in 2013 to join Tricor Corporate Services Sdn Bhd as Director of Corporate Advisory, a position he holds to date.

He also served as a member of the Adjudication Committee of the National Annual Corporate Report Awards (NACRA) from 2006 to 2013, and is currently the adviser to the Adjudication Committee of NACRA, a position he held since 2014.

Currently, he is also an Independent Non-Executive Director of Atrium REIT Managers Sdn Bhd (the manager of Atrium REIT) and Mattan Berhad.

Notes:
None of the Directors has any family relationship with other Directors and/or major shareholders of Gagasan Nadi Cergas Berhad, and has no conflict of interest. None of the Directors have public sanction or penalty imposed by any relevant regulatory bodies during the financial period for the past five (5) years.

Key Senior Management Profiles



Quah Hooi Eng

Chief Operating Officer of Construction, Contract & Procurement

Male, Malaysian, Aged 63

Quah Hooi Eng obtained a Diploma in Technology (Building) from Tunku Abdul Rahman University College in 1980.

He has over 40 years of extensive experience in the construction industry. His career started in 1981 as a Project Quantity Surveyor and subsequently as a Project Manager in Jallcon (M) Sdn Bhd, a company principally involved in building construction, up until 1998. From 1999 to 2013, he joined Gallant Route Sdn Bhd, a building construction company, as a Project Manager. Subsequently in 2013, he joined Nadi Cergas Management Services Sdn Bhd as a Senior General Manager of Construction, followed by a promotion to Head of Construction, Operation in 2019. In 2022, he was appointed to his current position.

He currently oversees and manages all construction, contract and procurement activities for the Group.

He has no family relationship with any directors and/or major shareholder of the Company.

Wan Badrul Hisham bin Wan Kamal

Head of Construction

Male, Malaysian, Aged 57

Wan Badrul Hisham bin Wan Kamal obtained a Certificate in Engineering from Politeknik Kota Bahru, Kelantan in 1987, a Diploma in Civil Engineering in 1990 and a Bachelor's Degree in Civil Engineering in 1994, both of which were obtained from Universiti Teknologi Malaysia.

His career started in 1994 as a Design Engineer at Engineering & Environmental Sdn Bhd, an engineering consulting company, and he became the Resident Engineer of the company in 2002. In 2003, he left and joined BW Perunding Sdn Bhd, an engineering consulting company as Assistant Resident Engineer and left in 2004. He was Resident Engineer in Perunding Reka Cekap Sdn Bhd, an engineering consulting company, from 2005 to 2008. Subsequently in 2008, he was appointed to his current position as Head of Construction at Nadi Cergas.

He has more than 28 years of experience in various aspects within the building and construction industry and he is currently responsible for monitoring and managing the construction activities of the Group. He is the brother of Haji Wan Azman, the Group Managing Director.

Key Senior Management Profiles (Cont'd)

Aminudin bin Taib
Head of Contract, Procurement and Concession

Male, Malaysian, Aged 61

Aminudin bin Taib obtained a Diploma in Quantity Surveying from Institute Teknologi MARA in 1983. Subsequently in 1986, he obtained an Advanced Diploma in Quantity Surveying from the same institute. He is also a member of The Royal Institution with Surveyors Malaysia, a Consultant Quantity Surveyor of the Board of Quantity Surveyors Malaysia.

His career started in 1983 as an Assistant Quantity Surveyor at Nik Farid and Loh Sdn Bhd, a quantity surveying company and left in 1986. He took up the position of Quantity Surveyor when he joined Jabatan Bekalan Air Terengganu in 1986. Subsequently, he left Jabatan Bekalan Air Terengganu in 1988 and joined Jurutera Konsultant (Sea) Sdn Bhd, a quantity surveying company, as Quantity Surveyor. Later in 1990, he left Jurutera Konsultant (Sea) Sdn Bhd to join PLUS Malaysia Berhad, a toll operator, until 1991.

Subsequently, he left PLUS Malaysia Berhad and joined Percon Corporation Sdn Bhd, an engineering company, as Quantity Surveyor in 1991. He became Contract Manager in 2005. During the same year, he left Percon Corporation Sdn Bhd to join Nadi Cergas. After his departure from Nadi Cergas in 2008, he joined Zambina Wawasan Sdn Bhd, a construction company, as Contract Manager. In the same year, he left Zambina Wawasan Sdn Bhd and re-joined Nadi Cergas.

As the Head of Contract, Procurement and Concession, he is mainly responsible for overseeing matters in relation to contract management from initial preparation to final implementation; procurement process including vendor negotiation, selection and on-boarding; concession administration and facilities management.

He has no family relationship with any directors and/or major shareholder of the Company.

Oh Ewe Peng
Chief Financial Officer

Male, Malaysian, Aged 50

Oh Ewe Peng graduated in 1994 with a Bachelor of Commerce Degree from the University of Melbourne, Australia. He is a Chartered Accountant of the Malaysian Institute of Accountants and was admitted as a Certified Practicing Accountant of CPA Australia in 1998.

His career started in 1995 as Staff Assistant at Arthur Andersen & Co in Kuala Lumpur, an audit firm, before he was promoted to the position of Semi Senior in the firm. In 1996, he left Arthur Andersen & Co to join Hai-O Enterprise Berhad as Business and Corporate Development Services Executive. In 1997, he joined Corporateview Sdn Bhd, an investment holding and financial services company, as a Senior Executive.

After his departure from Corporateview Sdn Bhd in 1999, he joined Dialog Services Sdn Bhd as Corporate Finance Executive. He was promoted to Assistant Manager, Corporate Services in 2000. Subsequently, he was transferred to Dialog Corporate Sdn Bhd as Corporate Finance Manager in 2001 until 2003. In 2003, he left Dialog Corporate Sdn Bhd and joined Emas Kiara Sdn Bhd, a company involved in manufacturing of geosynthetic and geotechnical engineering, as Finance Manager. He was promoted to General Manager, Finance in 2006. During the same year, he was transferred to Southcorp Holdings Sdn Bhd, a wholly-owned subsidiary of Emas Kiara Industries Berhad (also known as MB World Group Berhad) where he held the same position until 2010. Upon his return to Emas Kiara Sdn Bhd in 2010, he assumed the role of Senior General Manger, Finance until 2013. In 2013, he left Emas Kiara Sdn Bhd to join Nadi Cergas Management Services Sdn Bhd as Chief Financial Officer.

He has no family relationship with any directors and/or major shareholder of the Company.

Notes:
None of the Key Senior Management holds any directorships in any other public company and other listed corporation, and has no conflict of interest with Gagasan Nadi Cergas Berhad. None of the Key Senior Management have public sanction or penalty imposed by any relevant regulatory bodies during the financial period for the past five (5) years.

Sustainability Statement

This Sustainability Statement 2021 marks our fourth statement dedicated to our commitment to sustainability since 2018 to communicate to all stakeholders the efforts and progress made in our journey towards integrating sustainability into our business.

We are committed to ensuring sustainability matters under the identified economic, environmental, and social ("EES") aspects addressed in this statement, either from a baseline perspective or following measurable terms. In the future, we aim to gather more data to formulate this publication on a more quantitative basis.

REPORTING STANDARDS

[GRI 102-1, 102-3, 102-4, 102-6, 102-16, 102-46, 102-50, 102-52, 102-53, 102-56]

We began with Corporate Social Responsibilities ("CSR") as our first initiative towards sustainable practices in the Group. To guide us in our journey, we have adopted Bursa Malaysia Sustainability Reporting Guide (2nd Edition) as our previous sustainability statement framework. This year, we endeavor to integrate our sustainability statement framework with the Global Reporting Initiative ("GRI") Standards: Core option.

Bursa Malaysia Sustainability Reporting Guide (2nd Edition)

GRI Standards

This sustainability statement meets the Reporting Principles to enable stakeholders to make sound and reasonable assessments of the Group and take appropriate actions.

- **Stakeholder Inclusiveness**
  We identified our stakeholders and explained how they have responded to their expectations and interests.
- **Sustainability Context**
  The report presented our performance in the broader context of sustainability.
- **Materiality**
  This sustainability statement reflects our significant economic, environmental, and social impacts.
- **Completeness**
  This sustainability statement covers our material topics and boundaries, sufficient to reflect our significant EES impacts.

We have also aligned our business practice with the Sustainable Development Goals ("SDGs"). The SDGs are used as a roadmap to assess and manage our EES risks while enhancing our reputation, image, and strategic position in the market.

Sustainability Statement (Cont'd)

REPORTING STANDARDS (CONT'D)

Commitment to SDGs

We have identified seven SDGs that are relevant to our business. We maintain a strong focus on integrating sustainability-related practices into our daily operations.

Reporting Scope and Boundaries

This sustainability statement covers the sustainability performance for the Group's operations from 1 January 2021 to 31 December 2021.

Assurance

To ensure the credibility in the disclosure of information in this statement, this report was reviewed and approved by the Board. We aim to obtain external assurance on our sustainability statement in the coming years.

Feedback

Feedback from our stakeholders is vital for continually improving our reporting and sustainability practices. We welcome your comments or feedback, which may be directed to:

Siti Hajar Aisyah Mustafameliki
Quality Assurance/ Quality Control and Compliance ("QAC") Department

F-1 @ 8 Suria, 33, Jalan PJU 1/42,
Dataran Prima, 47301 Petaling Jaya,
Selangor Darul Ehsan.

Tel : 03-7787 3388
Fax : 03-7887 3355
Email : hajar.mustafa@nadicergas.com

SUSTAINABILITY PRINCIPLES

Our sustainability core values are derived from a "4D" acronym; Durable, Do It Right, Diligence, and Dynamic. These values guide us in integrating sustainable practices in our business operation upon which we have established the Group's Sustainability Strategy.

SUSTAINABILITY 4D CORE VALUES

DURABLE
Durable commitment to promoting quality excellence in EES matters.

DO IT RIGHT
Do it right the first time and every time.

DILIGENCE
Diligence by complying with the needs and expectations of interested parties.

DYNAMIC
Dynamic business interactions in managing and uphold enterprise risk through professionalism, harmonization, ethics, and integrity.

Sustainability Statement (Cont'd)

SUSTAINABILITY PRINCIPLES (CONT'D)

Our sustainability strategy has been instrumental in providing direction for the planning and implementing sustainability initiatives within the Group.

Sustainability Strategy

Shareholders	Creating strong returns for our shareholders via sustainable growth in sales & profitability
Customers	To consistently provide goods & services of the highest quality at affordable price
Environment	We value the importance of pollution prevention, environmental protection & resource conservation, which are essential to sustainable development
Workplace	We protect the safety and health of all individuals affected by our activities, including our employees, contractors & the public
Ethics & Transparency	We commit to maintain the highest standards of integrity & governance practies to ensure compliance
Local Community	We are working towards integrating community investment considerations & values into decision-making & business practices

Sustainability Statement (Cont'd)

STAKEHOLDER ENGAGEMENT

[GRI 102-40, 102-43, 102-44]

We value stakeholders' input and commit to proactive and constructive engagement with a wide range of stakeholders at the local and national levels. Engaging our stakeholders enables us to transform the industry value chain beyond our immediate business activities. These meaningful engagements have also helped us improve our sustainability strategies to meet the needs and expectations of our stakeholders.

Our stakeholders include groups on whom our business operations have significant impacts, those with a vested interest in our sustainability and EES performance, and those in public positions which influence our business activities. The table below details our identified stakeholders groups' areas of interest, engagement methods and engagement frequency.

Stakeholder Groups	Area of Interests	Engagement Methods	Engagement Frequency
Shareholders & Investors	• Accurate and timely updates on the business and financial performance • Business outlook	• One-on-one meetings • Investor meetings • Website	Ongoing/as and when required
		• Update on financial results	Quarterly
		• Annual General Meeting • Annual reports • Sustainability statement	Annually
Government & Regulators	• Compliance with national and local laws and regulations • Conservation and preservation of the natural environment • Compliance with safety and health	• One-on-one meetings • Training • Site visits • Events	Ongoing/as and when required
Certification Bodies and External Auditors	Compliance with certification standards	• Board meeting • Internal controls audit	Quarterly
		• Recertification and surveillance audit	Annually
Customers	• Traceability • Transparency • Grievance procedure • Product quality • Customer service and experience • Timely product delivery	• Learning and development programs • Health and wellness activities	Ongoing/as and when required
		• Annual reports • Sustainability statement	Annually
Employees	• Career development program • Employee rights and wellbeing • Fair remuneration • Workplace safety and health	• Learning and development programs • Health and wellness activities • Employee engagement activities	Ongoing/as and when required
		• Appraisals	Annually
External Providers	• Transparency in contract and procurement practice • Exercise fair judgment and approval of quotation • Fair tendering process and selection	• One-on-one meeting • Training and workshops	Ongoing/as and when required
		• External provider performance review	Annually
Communities	• The livelihood of local communities • Respect of customary lands and restitution • Community growth investments • Continuous engagement concerning project development • Safety and health compliance	• Corporate social responsibilities programs and events • Website • Local community engagements	Ongoing/as and when required

Sustainability Statement (Cont'd)

SUSTAINABILITY GOVERNANCE

[GRI 102-20, 102-22, 102-26, 102-32]

Successful integration and effective sustainability management in an organization require having committed leadership, clear direction, and strategic influence – and none of this will happen without a robust governance structure. The prominent roles of our sustainability governance are to implement sustainability strategy across the Group, manage target-setting and reporting process, strengthen relations with stakeholders, and ensure overall accountability.

Governance Structure

Our governance structure, established in 2017, consists of a three-tier system – the Board of Directors (first tier), the Group Managing Director ("GMD") (second tier), and the Sustainability Management Committee (third tier).

This year, we have made changes to the second tier and the third tier. The Sustainability Management Committee ("SMC") has moved to the second tier to include senior management representatives on a central platform that focuses on developing the sustainability program. The third tier is the Sustainability Steering Committee ("SSC") which comprises representatives from the critical business units to assist the SMC in implementing the sustainability program and provide data related to this reporting.

The Board is responsible for reviewing and approving the sustainability program and monitoring its implementation.

Board of Directors

Sustainability Management Committee ("SMC")

Represented by GMD, CFO, HODs

Sustainability Steering Committee ("SSC")

Represented by Key Business Segments and Departments

Contract & Procurement

QAC

Construction

Finance & Account

Human Resource

Property Development

Concession & Facility Management

Utility Service

Environment, Safety & Health

Admin

Sustainability Statement (Cont'd)

OUR APPROACH TO MATERIALITY

[GRI 102-47]

We conduct a formal materiality assessment every three years to prioritize the issues that significantly impact the economy, society, and the environment and what matters the most to our stakeholders.

Our comprehensive materiality assessment assists us in identifying the economic, social, and environmental issues that are most important to our business and stakeholders. Conducting a thorough evaluation helps identify topics covered in our sustainability statement and supports decisions on where to focus our internal resources.

Materiality Assessment 2021

In 2021, we conducted an annual pulse check on our material matters to meet evolving stakeholder expectations. The following activities support our materiality assessment:

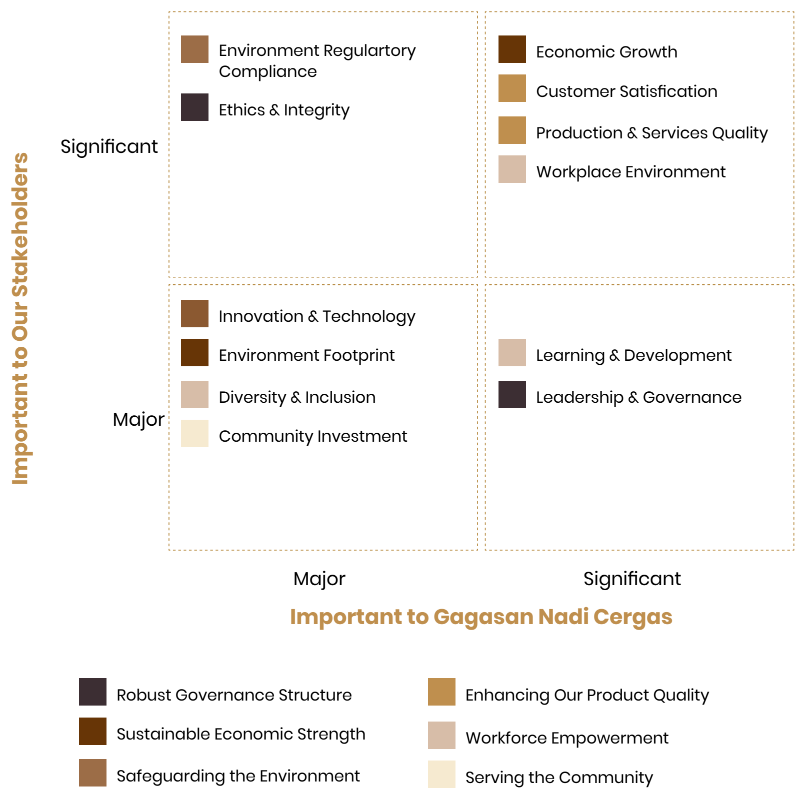
- An internal review of the current 15 identified material matters in our 2020 materiality assessment;
- Identification of a list of potential sustainability issues, risks, and opportunities following the revised Malaysian Code on Corporate Governance 2021;
- A management discussion on the prioritization of material matters.

Twelve material matters were identified and subsequently deliberated and approved by the Sustainability Management Committee and the Board..

Our sustainability program for 2021 was tailored based on the assessment results. The changes made to our existing material matters are summarized as follows:

- Indirect Economic Impact was combined under **Economic Performance** as they are mainly interdependent topics.
- Procurement Practice was combined under **Ethics and Integrity** as they are also interdependent topics.
- Governance was renamed **Leadership and Governance** to better reflect the roles of our Corporate Governance structure.
- Innovation was renamed **Innovation and Technology** to reflect that innovation comes with technology.
- Product Quality was renamed **Products and Services Quality** as our company also provides services (i.e., facilities management, utilities, concession) other than construction and property development.
- Environmental Compliance was renamed **Environmental Regulatory Compliance** as we are committed to compliance with all relevant environmental laws and regulations in Malaysia.
- Environmental Stewardship was renamed **Environmental Footprint** to communicate our commitment to reducing environmental impacts resulting from our business operations.
- Occupational Safety and Health and Employees and Workers' Wellbeing were combined and renamed **Workplace Environment**, which covers vital aspects to create and maintain a safe, positive, and healthy working space for our employees.
- Human Capital Quality was renamed **Learning and Development** to emphasize our focus on employee career development and encouragement in continuous learning among our employees.
- Employment was renamed **Diversity and Inclusion** to respect our employees' unique needs, perspectives, and potential.
- Stakeholder and Community Relations were renamed **Community Investment** to emphasize the growing importance of strategic corporate social responsibility in creating positive value to the broader society.

Materiality Matrix



OUR APPROACH TO MATERIALITY (CONT'D)

Description of Our Material Matters

Robust Governance Structure	
Leadership and Governance	This material matter relates to our priority to have effective leadership and governance. It relates to the ability of the Group to set the tone from the top by clearly communicating the company strategy, culture, values, and behavior and by demonstrating how these are embedded throughout the company.
Ethics and Integrity	This material matter relates to our efforts to inculcate proper ethics and behavior culture in the company. Employees who are ethically positive, honest, and driven by principles of fairness and decency in the workplace will increase overall morale and enhance company performance.
Sustainable Economic Strength	
Economic Growth	This material matter relates to our impacts on the economic conditions of our stakeholders and the broader economy. It includes the economic value generated and distributed by Gagasan Nadi Cergas.
Innovation and Technology	This material matter relates to our efforts to stand out in a crowded market, requiring us to embrace innovation and change to keep up with evolving demand and stay relevant.
Safeguarding the Environment	
Environmental Footprint	This material matter relates to our efforts to reduce and improve our business operations' impact on the environment.
Environmental Regulatory Compliance	This material matter relates to our efforts to comply with relevant environmental laws and regulations in Malaysia.
Enhancing Our Product Quality	
Products and Services Quality	This material matter relates to our efforts to create high-quality products and excellent services that continue to meet customer demands. It can lead to fewer production costs, higher investment returns, and revenue increases.
Customer Satisfaction	This material matter relates to our efforts to collect customer satisfaction data to determine what is working well with our products, services, and internal processes and what we need to improve or change completely.
Workforce Empowerment	
Diversity and Inclusion	This material matter relates to our efforts to create a diverse and inclusive workplace environment via our recruitment searches.
Workplace Environment	This material matter relates to our efforts to ensure a safe and healthy workplace and enhance employee engagement.
Learning and Development	This material matter relates to our efforts to develop learning strategies and programs that meet our business and employee development needs.
Serving the Community	
Community Investment	This material matter relates to our community programs, mainly focusing on the thematic areas of aid delivery, volunteering, and environmental protection.

Sustainability Statement (Cont'd)

ROBUST GOVERNANCE STRUCTURE

[GRI 103-1, 103-2, 103-3, 205-2, 205-3]

Robust governance has consistently been recognized as a critical tool and is incorporated in our sustainability strategies. It allows efficient management of human, natural, economic, and financial resources for sustainability strategies, and guaranteeing participation in decision-making. It also promotes accountability, transparency, efficiency, and the rule of law at all levels.

Materiality Matter	Our Commitment	Our Approach	SDG
Leadership and Governance	To continuously have a modern governance outlook to adapt quickly to changing times.	Ensure strategic policy frameworks exist and are combined with effective communication, oversight, and accountability.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Ethics and Integrity	To build a culture where our employees are grounded in respect for others and doing what is right.	Ensure all actions are guided by a clear understanding of legal and regulatory requirements, policies and procedures, and our Code of Ethics and Conduct.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Leadership and Governance

Like any sustainable business, good corporate governance and strong leadership are the cornerstones in building trust and integrity in the market. Strict adherence to corporate governance reflects our commitment to ensure strategic policy frameworks, procedures, and practices are developed. The leadership role of our BOD and Senior Management team ensures the implementation of our policies, procedures, and practices.

Our policies, procedures, and practices are based on regulatory requirements, standards, and risk management that guide us in decision and policy-making exercises related to our business operations.

At Gagasan Nadi Cergas, our Board and Senior Management team play a pivotal role in developing and endorsing our corporate governance policies, procedures, and practices. Our governing mechanism allows for sound strategic planning of the Group's long-term business operations and are vital in ensuring the company's subsequent success in the future.

An essential aspect of good governance is communicating the Group's commitment to its policies to enhance accountability and transparency. We display our policies on our corporate website and employee portal.

ROBUST GOVERNANCE STRUCTURE (CONT'D)

Leadership and Governance

Malaysian Code on Corporate Governance ("MCCG")

Our corporate governance framework is guided by the MCCG to facilitate practical and prudent management that can deliver the long-term success of the Group. Further details of our corporate governance framework can be found in the next part of this Annual Report – Corporate Governance Overview Statement.

There were no reported incidents of non-compliance to relevant Malaysian laws and regulations throughout the reporting year (no significant fines or non-monetary sanctions imposed on the Group).

Board Charter	The Board Charter sets out the roles and responsibilities of the Board, Board Committees, and individual directors, including board composition, meeting procedures, corporate disclosure policy, and shareholders' communication policy.	Accessibility: • Company corporate website
Code of Conduct and Ethics	The policy sets out the Group's expectations concerning business and professional behavior and topics such as conflict of interest, related party dealings, commitment against corrupt practices, and anti-money laundering.	Accessibility: • Company corporate website • Employee SharePoint
Whistleblowing Policy	The policy acts as a preventive tool to reduce the risks of malpractice and irregularities. It upholds the protection and privacy of any whistleblower under the Whistleblower Protection Act 2010 and assures a fair and transparent investigation of any report made.	Accessibility: • Company corporate website • Employee SharePoint
Anti-Bribery and Corruption Policy	Bribery and corruption are not only against our company values; they are illegal and can expose both the employee and the Group to fines and penalties, including imprisonment and reputational damage. The Anti-Bribery and Corruption policy applies to all employees, including third parties that have business dealings with us.	Accessibility: • Company corporate website • Employee SharePoint
Internal Control and Enterprise Risk Management Handbook	The handbook sets out the Board's responsibility for the Group's internal control and risk management to safeguard shareholders' investments and assets. The audit and Risk Management Committee is responsible for ensuring the effectiveness of implemented internal and risk control measures.	Accessibility: • Employee SharePoint
Insider Trading Policy	The policy is intended to prevent insider trading, maintain the confidentiality of price-sensitive information, and adhere to the Capital Markets and Services Act 2007.	Accessibility: • Company corporate website • Employee SharePoint

Sustainability Statement (Cont'd)

ROBUST GOVERNANCE STRUCTURE (CONT'D)

Ethics and Integrity

We strive to uphold the highest standard of ethics and integrity in all areas we carry out our business operations. Integrity builds trust and strengthens relationships, thereby fostering innovation and increasing economic performance.

Poor ethics and integrity management can be detrimental to economic and socio-environmental sustainability, while good ethics management in business and relationships adds and generates value. The private sector plays a significant role in upholding the integrity and enabling a culture of integrity through robust corporate governance. We are constantly reviewing and evolving our corporate governance processes and maintain board-level oversight in addition to our internal controls management.

In this context, establishing a robust system that constantly improves policies, training, and awareness is essential to mitigate related risks and maintain sustainable growth. Therefore, we continuously improve our compliance management system, consisting of specific policies and guidelines, risk assessment and action plan, a reporting system, continuous training of employees in general, and training focused on strategic areas.

Ethics and Integrity Performance

Corporate Policies and Guidelines

We established specific policies aimed at certain topics involving ethical issues. These policies establish guidelines for each topic to illustrate what we expect and the positioning for each issue, namely:

Code of Ethics Conduct	**Whistleblowing Policy**
Sustainability Policy	**Internal Control & Enterprise Risk Management Handbook**
Anti-Bribery & Corruption Handbook	

Anti-Bribery & Corruption Program

Our stance is that bribery and corruption are unethical and inconsistent with our values and Code of Ethics and Conduct.

In support of this position, we have an extensive anti-bribery and corruption program. It includes detailed policies and existing good practices applicable to all employees, as well as training, compliance procedures, and whistleblowing channels.

The Program is represented in our Anti-Bribery and Corruption Handbook, accessible to all employees. It aims to reinforce our commitment to prevent and fight bribery and corruption. The handbook provides information about and guidelines to the (this list is non-exhaustive):

- Anti-Bribery and Corruption Policy;
- Code of Ethics and Conduct;
- Compliance with related Malaysian laws and regulations;
- Requirements and procedure to report and consult concerning suspected wrongdoing by employees, clients, or third parties;
- Facilitation payments;
- Gifts, entertainment, and hospitality;
- Political donations
- Charitable donations and sponsorships;
- Dealing with external providers and other third parties;
- Bribery and corruption risk assessment;
- Employees and external providers must sign the Group's Anti-Bribery and Corruption Pledge form.

Risk Management

Within our Enterprise Risk Management System, there is a bribery and corruption risk assessment to identify risks related to ethics and integrity. The risk assessment framework is based on the Corruption Risk Management ("CRM") by INTEGRITI Malaysia.

Our bribery and corruption risk assessment framework identifies structural improvements in the organization that mitigates bribery and corruption. It also provides a risk-based framework for all employees to identify risk factors and treatments and embeds bribery and corruption prevention within our robust governance structure. It is a practical preventive solution for the Board and the management team, enabling them to develop bribery and corruption risk profiles and action plans that effectively minimize exposure to bribery and corruption.

Sustainability Statement (Cont'd)

ROBUST GOVERNANCE STRUCTURE (CONT'D)

Risk Management (Cont'd)

All risks are evaluated for their likelihood of occurrence and the potential resulting impact in inherent and residual risk analysis. The table below summarizes our bribery and corruption risk assessment results for 2021:

No of Risks Identified	14
Effectiveness of Existing Control(s)	Satisfactory – 9 Some weaknesses – 2 Weak – 3
No of Residual Risk Rating (Low)	1
No of Residual Risk Rating (Moderate)	9
No of Residual Risk Rating (Significant)	4
No of Residual Risk Rating (High)	0

It is the responsibility of the management team to identify, assess, and manage those risks. However, responsibility for implementing action plans lies at all levels of our organizational structure.

Training and Awareness Sessions

We provide regular anti-bribery and corruption training for all employees to raise awareness of integrity and good conduct. In 2021, there were five training sessions conducted by our accredited in-house Compliance Executive in charge of implementing and monitoring our anti-bribery and corruption program. The training sessions cover more than 80% of our employees against 100% of our target for the reporting year.

The training outlines anti-bribery and corruption regulation, Section 17A of the MACC Act 2009, the Group's current internal controls and good practices, as well as discussion on case studies, quizzes, and Q&A sessions.

Whistleblowing Policy and Channel

Employees' and stakeholders' feedback on integrity breaches are taken seriously. A part of our zero-tolerance to bribery and corruption culture is to empower our employees and stakeholders to make disclosures and report wrongdoings.

The purpose is to nurture a culture of accountability, integrity, and openness among our employees. The whistleblowing policy and channel enable anyone to raise an issue or concern anonymously and safely. Whistleblowers are encouraged to send reports of any misconduct in writing to the Chairman of Audit Risk and Management Committee or via email at armc@nadicergas.com. In 2021, no report was received through the whistleblowing channel.

No Gift Policy

Anti-bribery and corruption-related policies ensure our external providers and third parties can work and interact with us in an ethical, transparent, and fair environment.

Further to the Whistleblowing Policy, our No Gift Policy was revised in 2021 to emphasize the general rule not to accept any gift from third parties and the guideline to receiving gifts. The new policy is regularly communicated to our stakeholders in the contract agreement and awareness sessions. Every Head of Department ("HOD") is responsible for keeping a record of the Gift Activity Reporting forms and submitting them to the Group QAC Department.

Sustainability Statement (Cont'd)

SUSTAINABLE ECONOMIC STRENGTH

[GRI 103-1, 103-2, 103-3, 201-1, 202-2]

The severity of the COVID-19 pandemic on the economy is unprecedented. Our business and general livelihood were challenged by the Movement Control Order following the major outbreak of COVID-19 in 2021. Various measures and management approaches were adopted to build long-term business resilience and effective crisis response plans. Without compromising our product quality, we showcased our strength through minimal project delays and focused on protecting the safety and health of our stakeholders. On the necessity to restore and sustain our business, the Group is committed to exploring intervention areas, including financial relief, technology solutions, business transformation and certainty in the new normal.

Materiality Matter	Our Commitment	Our Approach	SDG
Economic Growth	To achieve long-term business growth that benefits current and future stakeholders.	Developments and investments that ensure sustainable returns for stakeholders and enhance the Group's business portfolio value.	8 DECENT WORK AND ECONOMIC GROWTH
Innovation and Technology	To improve efficiency and connectivity, followed by financial support in transitioning to technology-enabled processes and systems.	Adoption of construction industrialization and mechanization in our implemented construction systems.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Economic Growth

Supported by our stakeholders' confidence and a passionate team of leaders to deliver excellent products and services beyond customers' expectations, we consistently demonstrated resiliency, adaptability, and quality in our products and services while upholding our responsibilities towards the environment and society.

For the financial year-end, the Group generated operating revenue of RM199.3 million and RM48.3 million from other income. Despite the challenging market for the industry, we showcase our resilience by consistently delivering results that continue to instill confidence in our stakeholders, as illustrated in the next section.

Economic Growth Performance

Financial Performance

Economic Value Generated

Operating Revenue ('000)
RM199,256

Other Income ('000)
RM48,256

Economic Value Distributed

Employees ('000)
RM22,469

Other Operating Expenses ('000)
RM204,793

Taxes ('000)
RM10,514

Dividend ('000)
RM3,765

Reinvestment & Growth ('000)
RM5,830

Community Investment ('000)
RM141

Sustainability Statement (Cont'd)

SUSTAINABLE ECONOMIC STRENGTH (CONT'D)

Economic Growth (Cont'd)

Economic Growth Performance (Cont'd)

Value Creation from Projects

The provision of adequate and affordable housing is critical for the growth and wellbeing of the nation. We are currently participating in various affordable housing programs that bode well to our commitment to provide affordable housing to the people and at the same time support the Government in reducing the overall housing shortage gap nationwide.

In 2021, the Group's wholly owned subsidiary, Nadi Cergas Sdn Bhd, has received a Letter of Award from Paramount Property (Sepang) Sdn Bhd to design and build a high-rise affordable housing project worth RM195.21 million. The proposed development will consist of 1,076 affordable residential housing units in Greenwood Salak Perdana, Sepang.

Also, the Group has secured a contract from the Employees Provident Fund's wholly owned subsidiary of Kwasa Land Sdn Bhd to develop approximately 3,990 units of affordable residential housing with an estimated construction value of RM750 million. Barring any unforeseen circumstances, we believe that the proposed developments will contribute positively to the Group's future earnings and net assets.

Among our ongoing projects are the construction of a mosque at Merdeka 118, Rumah SelangorKu Putra Heights, SelangorKu Perumahan Penjawat Awam Malaysia, Selindung Daun Ulu Yam, MRSM Dungun full-facility campus, a cardiology center at Serdang Hospital, as well as Putrajaya Homes public residential development.

Rumah SelangorKu, Putra Heights

We will continue to tender for similar projects from both the public and private sectors, focusing on delivering more than 10,000 units of affordable houses in the next six years.

Cardiology Centre, Hospital Serdang

It shows the progress we have made and our intention to keep growing from strength to strength and continue to help more families to have a roof over their heads at a price point within their reach.

Innovation and Technology

We live in a world vastly enabled by new technologies, increasingly becoming more sophisticated. Innovation and diffusion of new technologies are indispensable for economic growth. Innovation and technology lead to increased productivity and creating wealth and financial wellbeing.

We aim to deliver high-quality products and services while fulfilling the timeframe provided by our customers with the adoption of the best systems, on par with the national standards. Furthermore, we are committed to digitizing business operations by formulating strategies and frameworks that pave the way to develop digital solutions for our business operations.

Innovation and Technology Performance

Adoption of Industrialized Building System ("IBS")

IBS is a key example of our move towards the circular economy as it is modular, reduces the use of raw materials, and minimizes wastage. IBS transforms our delivery model and construction practices by utilizing a system that facilitates better efficiency, less material wastage, and shorter delivery times. As outlined by the national initiative known as the Construction Industry Transformation Program, IBS contributes towards increased productivity and high-quality project delivery.

We have recently adopted IBS in one of our projects, SelangorKu Perumahan Penjawat Awam Malaysia (PPAM) Selindung Daun Ulu Yam project, in response to the material matter. Our investment in adopting IBS disrupts the traditional method of construction where components are prefabricated in a controlled environment and moved to the project site for installation.

Sustainability Statement (Cont'd)

SUSTAINABLE ECONOMIC STRENGTH (CONT'D)

Innovation and Technology (Cont'd)

Innovation and Technology Performance (Cont'd)

Adoption of Industrialized Building System ("IBS") (Cont'd)

IBS has also improved our worksite safety, reduced construction timelines, and lessened the use of foreign labour – raising our quality, environment, safety, and health standards and minimizing risks.

PPAM Selindung Daun

Adoption of HR2000 e-Office

As the way we do work evolves, so must the way the Group manages its workforces. To meet the needs of a modern workplace and attract the highest caliber talent, we are investing in new technology to improve the employee experience and increase the bottom line.

In 2021, we adopted the HR2000 e-Office to enhance our Human Resources Management System further. HR2000 e-Office is a web-based employee self-service centralized system to handle all types of leaves, distribution of electronic payslip and EA form to employees.

As it was previously done manually, the software saves valuable time and reduces cumbersome paperwork by automating tasks and managing data. Our HR team has all the information they need at a click of a button, errors are reduced, compliance risks go down, and policies are more consistently enforced.

We carried out four awareness sessions to communicate how to use the software and announced that the manual leave application form is obsolete.

Adoption of Whizzl – Smart Attendance Management System

Without a doubt, the age of digital transformation was further accelerated due to the pandemic, and advancement in technology will only continue to transform the way businesses and organizations operate in the future.

Our daily operations involve managing a large workforce at project sites, including employees' attendance and general workers' paper timecard. Prior to using Whizzl, our employees' attendance relied on a fingerprint attendance system, and the general workers' paper timecard was managed manually. Based on feedback, the fingerprint machines are having difficulties scanning employees' fingerprints, and they fear that the COVID-19 infection will spread via touching the device. Also, the general workers' paper timecard causes a higher risk of data entry errors, time theft, and loss of productivity.

Whizzl simplifies the management of our site employees' and general workers' attendance and overtime via a mobile app powered with AI facial recognition and geofencing technology. It is then approved by their supervisor authenticating the attendance and overtime.

Whizzl Awareness Session at Antara Residence

We carried out four awareness sessions with our project site employees to communicate how to use the app in collaboration with the Whizzl person in charge. The system is currently implemented at two of our active project sites, and we will continue to expand the implementation to other sites and future projects.

Sustainability Statement (Cont'd)

SAFEGUARDING THE ENVIRONMENT

[GRI 103-1, 103-2, 103-3, 302-1, 302-3, 303-1, 306-2, 306-4, 307-1]

We remain abreast of the growing call for environmental stewardship. Transforming land areas into a built environment is an inevitable part of our business operations. Thus, we seek to exercise our duty as a responsible organization to minimize our impact on Mother Nature through robust environmental management systems and compliance to regulatory requirements, both on a local and national scale.

Our development methods are designed to inculcate conscientious environmental parameters and optimize the use of natural resources. Careful considerations are given to our business operations to reduce environmental footprint and through efficient use of natural resources. Those are crucial to ensure continual protection of the environment by enhancing ecosystem resilience for the present and future generations.

Materiality Matter	Our Commitment	Our Approach	SDG
Environmental Footprint	To minimize our environmental footprint via a robust environmental management system and continuous environmental protection initiatives.	Reinforce and adhere to ISO14001 Environmental Management System, keep track of our environmental footprint parameters, and implement strategies to reduce our environmental footprint.	13 CLIMATE ACTION
Environmental Regulatory Compliance	To minimize our environmental impact via compliance with all relevant Malaysian laws and regulations.	Raise awareness to all employees and supply chain in regard to our commitment to adhere to all relevant laws and regulations.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Environmental Footprint

As construction and property development are our core business operations, we depend on the environment, whether as a primary source of raw materials or in the usage of natural resources. Our growing business inevitably contributed to the increase in resource consumption. Yet, we remain conscientious of our operations and diligently identify effective resource management measures to ensure long-term environmental sustainability for generations to come.

Environmental footprint refers to the impact of human activities measured quantitatively in land and water required to produce the goods and assimilate the wastes generated. Thus, we have been focusing on monitoring our environmental footprint caused by our business operations since 2020. We strategized our environmental footprint management from the data collected and analysis done. For starters, we began to monitor our energy and water consumption at our Head Office and waste management at our project sites. We aim to expand our environmental footprint parameters and business operations area in the near future.

We believe that every affirmative action, even the smallest one, is the first step towards adopting more environmentally sound business practices, reducing environmental impacts, and increasing operating efficiency.

Environmental Footprint Performance

Energy Consumption

A fundamental energy management practice we inculcated over the years is monitoring our electricity bills at our corporate head office. It allows us to identify energy consumption trends monthly and implement control measures to minimize energy wastage.

The energy consumption at our corporate head office in 2020 (the baseline year) and 2021 were 180,382 kWh and 187,185 kWh, respectively. The reduction in energy consumption in 2020 was due to reduced operations during the MCO.

SAFEGUARDING THE ENVIRONMENT (CONT'D)

Environmental Footprint (Cont'd)

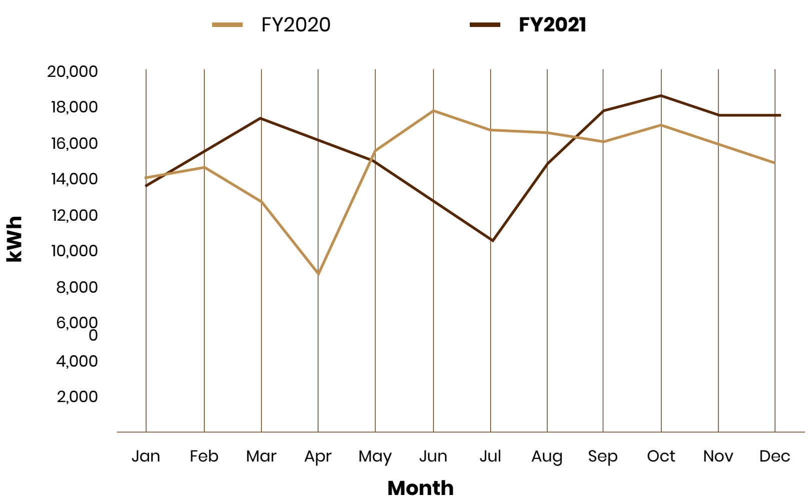
Environmental Footprint Performance (Cont'd)

Energy Consumption (Cont'd)

Our focus on energy efficiency is towards managing electricity consumption. We have taken the following measures:

- Employees to turn off lights, air-conditioning, computers, monitors, and copy machines when not needed, especially during lunch hour;
- Established a preventative maintenance schedule for air conditioning equipment and systems;
- Prioritize high Energy Star when purchasing new office equipment;
- Educate and encourage employees to be energy-conscious by putting energy-saving labels at every main switch.

Electricity Consumption at GNBC Office



Water Consumption

Although the water supply in Malaysia is relatively adequate, climate change has inadvertently led to increasing water crises over the years. We are more mindful of our water usage as we operate in industries that use a significant amount of water.

We began tracking our water consumption in 2020, and it is only limited to our head office in Petaling Jaya with an aim to start monitoring across all our project sites in 2022. The water consumption at our corporate head office in 2020 (the baseline year) and 2021 were 828 m3 and 829 m3, respectively. There was not much difference in the water consumption for both years. Thus, we shall increase our efforts in reducing our consumption in the coming years.

Waste Management

Proper waste disposal management is essential to regulate the environmental impacts of our operations. We categorize waste into scheduled waste and non-scheduled waste. The non-scheduled waste is further broken down into construction and domestic waste. The dominant waste production in the company comes from our construction activities.

We manage our scheduled waste generated from our business activities and comply with the Environmental Quality (Scheduled Wastes) Regulations 2005. As defined by the Department of Environment Malaysia, scheduled waste is any waste that possesses hazardous characteristics and can adversely affect public health and the environment. We ensure that the scheduled wastes generated are managed according to the stated regulation, which includes selecting a suitable storage area, design of storage area, and selecting appropriate storage containers until the appointment of licensed scheduled waste collectors and disposal facilities. Our in-house environmental officers are all trained to manage the waste.

The non-scheduled wastes generated are segregated into construction and domestic waste. These wastes are also collected and disposed of by licensed external service providers.

The adoption of IBS into our construction method has reduced our construction waste generation. There was a reduction of site labor, less wastage, less volume of building material, and construction site cleanliness. We aim to expand the adoption of IBS into our future projects.

SAFEGUARDING THE ENVIRONMENT (CONT'D)

Environmental Regulatory Compliance

We are committed to strictly complying with the laws and regulations enforced by the Malaysian Government and other requirements set by the local authorities in the area we undergo our business operations.

Environmental Regulatory Compliance Performance

Certified ISO14001 - Environmental Management System

We have implemented the Environmental Management Systems (EMS) since 2019 and obtained the ISO 14001:2015 certification for our business operations. The environmental management systems support us in:

- Reviewing our environmental goals;
- Analyzing our environmental impacts and compliance obligations;
- Setting environmental objectives and targets to reduce the environmental effects and conform with compliance obligations;
- Establishing programs to meet these objectives and targets;
- Monitoring and measuring progress in achieving the objectives;
- Ensuring employees' environmental awareness and competence;
- Reviewing the progress of the EMS and achieving improvements.

Our adherence to the management systems certification enhances our credibility as an organization continuously improving its processes and practices.

Environmental Compliance Obligations

Our strong stance on maintaining regulatory compliance has allowed us to maintain our yearly record of zero significant fines and non-monetary sanctions related to the environmental laws and regulations in 2021. As we grow, we strive to meet the expectations of our stakeholders while upholding the integrity of the law through responsible development practices.

National and Local Regulations
• Environmental Quality Act 1974
• Environmental Quality (Clean Air) Regulations 2014
• Environmental Quality (Control of Emission from Diesel Engines) Regulations 1996
• Environmental Quality (Control of Emission from Petrol Engines) Regulations 1996
• Environmental Quality (Declared Activities) (Open Burning) Order 2003
• Local Govt Act 1976
• Environmental Quality (Sewage) Regulations 2009
• Pesticides (Highly Toxic Pesticides) Regulations 1996
• Environmental Quality (Perbadanan Putrajaya) (Water Pollution Control) Regulations 1998
• Pesticide (Pest Control Operator) Rules 2004
• Earthwork By-law 1996
• Street, Drainage & Building Act, 1974
• Solid Waste & Public Cleansing Management Act 2007
• Environmental Quality (Scheduled Wastes) Regulations 2005
• Act 172 Town & Country Planning 1976

Sustainability Statement (Cont'd)

ENHANCING OUR PRODUCT QUALITY

[GRI 103-1, 103-2, 103-3, 416-1]

Our adherence to quality standards and pursuit of continuous improvement has helped build our reputation. In this regard, quality excellence has always remained the core focus of our business operations and the tool to achieve customer satisfaction. It is a crucial component in achieving customer satisfaction to remain competitive in today's marketplace.

Quality is a continuous process of building and sustaining relationships by assessing, anticipating, and fulfilling stated and implied requirements. It forms a platform for efficient management and operation across different departments and business segments. Adhering to quality standards also ensures continuous improvements are conducted, needed in parallel to advancements made in technology and processes.

Materiality Matter	Our Commitment	Our Approach	SDG
Products and Services Quality & Customer Satisfaction	To continuously improve the quality of our products and services that meet customers' expectations through the product life cycle, from conception to delivery, and aftersales activities.	To adhere to our quality management systems, listen to customers' voices, fulfill their needs and expectations, and build a strong partnership with them.	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 8 DECENT WORK AND ECONOMIC GROWTH

Products and Services Quality

We acknowledge the need for consistent and exemplary quality control of our products to meet the expectation of our customers. We strive to enhance our reputation year on year by delivering quality products and services.

Products and Services Quality Performance

Certified ISO9001 – Quality Management Systems

We uphold our resolution to deliver top-quality products and services via a sound management approach to achieve quality excellence. The ISO 9001:2015 certification awarded to the Group underlines the effectiveness of our Quality Management System ("QMS") practiced throughout the supply chain.

Our quality management system framework is based on four fundamental principles:

- Effectiveness of the QMS to meet customers' expectations;
- Ensure the QMS complies with statutory, regulatory, and ISO 9001:2015 requirements;
- Enhance the skill and knowledge of our employees via practical training and coaching;
- Ensure a safe, healthy, and conducive working environment at all times.

We have a dedicated in-house QAC team that ensures our projects are developed in accordance with regulatory compliance, contract specifications, and internal guidelines. Our construction team is also given the opportunity to refine their quality assurance skills by attending a series of training programs led by our internal QAC team and external training providers.

SME Competitiveness Rating for Enhancement ("SCORE") – 5-Star Achievement

We hold a Grade G7 license approved by the CIDB and PKK, which permits us to bid, secure, and undertake construction projects of an infinite value, including Bumiputera-allocated projects. Following the CIDB Act (Act 520), all G7 contractors must undergo an assessment, namely Program Penilaian Keupayaan dan Kemampuan Kontraktor.

Sustainability Statement (Cont'd)

ENHANCING OUR PRODUCT QUALITY (CONT'D)

Products and Services Quality (Cont'd)

Products and Services Quality Performance (Cont'd)

SME Competitiveness Rating for Enhancement (SCORE) – 5-Star Achievement (Cont'd)

SCORE is a diagnostic tool used to rate and enhance the competitiveness of small and medium enterprises (SME) based on their performance and capabilities. Our 5-star rating achievement is proof of our technical capabilities and compliance with best practices in every aspect of our operations.


SMECORP MALAYSIA
CIDB MALAYSIA
Certificate of Achievement
This is to Certify that
NADI CERGAS SDN. BHD.
0120010425-SL063351
Grade Registered : G7
has been evaluated according to the SCORE criterias set by the Board and has achieved the rating of
(5 Star)
for the year
2021
(Valid until 12/04/2023)
Exemplary leadership,established brand presence,excellent management And technical capabilities, compliance To best practices, excellent integrated system And project management.
Ketua Eksekutif
Lembaga Pembangunan Industri Pembinaan Malaysia
13/04/2021
SA053293

QLASSIC Achievement

To meet the expectation entrusted to us as a brand that delivers quality property development, we implement control systems that include thorough assessments to maintain compliance with the Quality Assessment System in Construction ("QLASSIC") as outlined by the CIDB.

In 2021, we were proud to disclose our success in achieving QLASSIC certification for two construction projects with scores of 77% and 78%. In this regard, we adopt a continuous improvement approach to enhance our product quality and services based on customer expectations, market trends, and industry regulations.

Quality criteria inspected to achieve a QLASSIC certification:

Scoring Component		
Archictural Works	External Works	Basic M&E

QLASSIC Achievement FY2021


CIDB MALAYSIA
Sijil QLASSIC
(Sistem Penilaian Kualiti Bagi Projek Pembinaan)
Tajuk Projek :
CADANGAN MEMBINA DAN MENYIAPKAN 2 BLOK 16 TINGKAT 570 UNIT PANGSAPURI 'RUMAH SELANGORKU' DAN 1 BLOK TEMPAT LETAK KERETA 5 TINGKAT (FASA 17B) YANG MENGANDUNGI BLOK A (16 TINGKAT - 285 UNIT), BLOK B (16 TINGKAT - 285 UNIT), 1 BLOK PODIUM 5 TINGKAT TEMPAT LETAK KERETA (851 RUANG LETAK KERETA), SEBUAH SURAU DAN SEBUAH DEWAN SERBAGUNA DI BANDAR BUKIT RAJA, OFF JALAN MERU, MUKIM KAPAR, DAERAH KLANG, KLANG BANDAR DIRAJA, SELANGOR DARUL EHSAN
No. Permohonan : SL 21 80008 C (P)
Tarikh Penilaian : 9 - 11 FEBRUARI 2021
Pemaju/Pemilik : SIME DARBY PROPERTY BERHAD
Kontraktor (Utama) : NADI CERGAS SDN BHD
No. Pendaftaran Syarikat : 15631-P
No. Pendaftaran CIDB : 0120010425-SL063351
Mata CCD : 20 MATA
Gred : G7
Skor QLASSIC :
77%
DATUK Ir. ELIAS ISMAIL
Timbalan Ketua Eksekutif I
CIDB Malaysia
b.p. Ketua Eksekutif CIDB Malaysia
S/No. : 2302
Lembaga Pembangunan Industri Pembinaan Malaysia

Rumah Selangorku Bandar Bukit Raja


CREAM CONSTRUCTION RESEARCH INSTITUTE OF MALAYSIA
CERTIFICATE
(QUALITY ASSESSMENT SYSTEM IN CONSTRUCTION)
CADANGAN MEMBINA DAN MENYIAPKAN MAKTAB RENDAH SAINS MARA (MRSM) BAGAN DATUK DI ATAS SEBAHAGIAN LOT PT 3698 (17005) H.S. (D) 686, MUKIM BAGAN DATUK, DAERAH BAGAN DATUK, PERAK DARUL RIDZUAN
HAS BEEN AWARDED
78%
DEVELOPER / OWNER
MAJLIS AMANAH RAKYAT (MARA)
MAIN CONTRACTOR
NADI CERGAS SDN BHD
DATO' Ir. ROHAIZI BIN MOHD JUSOH
Chief Executive Officer

Maktab Rendah Sains Mara, Bagan Datuk

Sustainability Statement (Cont'd)

ENHANCING OUR PRODUCT QUALITY (CONT'D)

Products and Services Quality (Cont'd)

Products and Services Quality Performance (Cont'd)

Quality-Related Topics Training

Our Construction Department hosted several training programs related to ISO 9001 and additional quality standards to communicate our commitment to quality excellence. The details of which are presented below:

Training Program	Training Provider	Program Objectives
ISO 9001:2015 Internal Quality Auditor	MF Advance Sdn Bhd	• Introduce auditing as a tool for an organization to monitor an established Quality Management System. • Promote objectivity and consistency in an organization's internal audit process. • Improve appointed QMS internal auditors' understanding and involvement in the audit process. • Improve audit effectiveness within an organization.
QLASSIC Awareness Course	CIDB Holdings	• Understand QLASSIC Assessment methods. • Acquire adequate knowledge and skills on assessment standards. • Learn to conduct internal assessments and improve assessment scores.

WORKFORCE EMPOWERMENT

[GRI 103-1, 103-2, 103-3, 401-1, 401-2, 401-3, 403-1, 403-6, 403-9, 404-1, 404-2, 405-1]

Creating a strong and empowered workforce is vital to us. Our employees represent our most valuable asset and make up the backbone of our organization. They consist of multi-talented and experienced individuals specializing in their fields. They play a vital role in contributing towards our business success, and the progress made throughout the financial year would not have been possible without the capabilities and dedication of our employees, despite the COVID-19 pandemic.

We focus our efforts on giving our employees a safe work environment, enhancing our employee diversity, and giving them opportunities to grow, both on professional and personal levels. We firmly believe in the importance of investing in our employees through progressive measures that can help integrate employees into our strategic vision and mission.

Materiality Matter	Our Commitment	Our Approach	SDG
Workplace Environment	To protect the wellbeing of our workforce and ensure the safety of all stakeholders is maintained.	Implement measures to create a healthy and safe workplace for our employees and support their physical, mental, and emotional wellness.	
Diversity and Inclusion	To provide an environment free of discrimination, respect human rights, and promote gender equity.	Ensure equal treatment for our employees at all levels, regardless of their gender, age, ethnicity, disability, religion, or another status.	
Learning and Development	To promote a continuous learn-ing environment that enhances the employability of our work-force and provides value-added service to our stakeholders.	Encourage the culture of contin-uous learning to develop a for-midable workforce that is highly knowledgeable of the industry.	

Sustainability Statement (Cont'd)

WORKFORCE EMPOWERMENT (CONT'D)

Workplace Environment

Employees spend a significant portion of their day at the workplace. Thus, the work environment can considerably influence employee performance and productivity levels. A positive and vibrant work environment can improve motivation, inspire creativity, and enhance employees' capabilities in performing their daily tasks, leading to higher job satisfaction levels.

At Gagasan Nadi Cergas, we aim to build a dynamic high-performance work environment that supports the resilience and wellbeing of our employees.

Workplace Environment Performance

Occupational Safety and Health

Safety and health will always remain at the forefront of our business operations. At Gagasan Nadi Cergas, we continuously build a strong culture and appreciation towards occupational safety and health ("OSH").

Along with leadership excellence, our safety personnel at project sites work diligently to meet the safety and health standards outlined by the regulations, client, and the Group's expectations. Every year, we strive to reduce the risks that may compromise our stakeholders' safety and health, applying practical and financially feasible measures to minimize the potential impacts of any incident that may occur throughout the financial year.

We aim for a safety culture that goes beyond compliance to one where people feel listened to, cared for, and are comfortable raising concerns regarding potential risks or malpractices occurring at the workplace. During the financial year, there were no incidents resulting in fatalities.

The following general measures are currently in place at all project sites, but not limited to:

- Regulatory Compliance
- Un-Safe Act System
- Safety Personnel at Project Sites
- Periodic Safety Insepections & Report
- Safety & Health Monthly Reports
- Safety & Health Committee Meetings
- Project Safety Plan Emergency Preparedness & Response Plan
- Safety & Health Related Standard Operating Procedure

COVID-19 Pandemic Response

Given the highly challenging circumstances caused by the COVID-19 pandemic, the focus of our OSH in 2021 has been on preventing the highly infectious disease outbreak at the workplace. Due to the dynamic nature of the pandemic, we ensure our OSH responses are continuously updated to reflect the latest available public health guidelines prescribed by the Government of Malaysia. In 2021, we implemented several measures to protect our employees and minimize exposure risks to COVID-19. These included but were not limited to:

Developed and activated the COVID-19 Emergency and Preparedness Plan that outlines the most appropriate safety measures to protect our employees and stakeholders, as well as to ensure business continuity.
Commence alternate working days for our employees and encourage virtual meetings to minimize physical contact and risk of cross infection. This arrangement was modified in line with the various phases of the Movement Control Order.
Installed transparent shields on each cubicle to act as a "sneeze" deterrent and where social distancing is not an option.
Provided RTK-Antigen test kits to employees fortnightly and claimable PCR test cost, when required, especially during a close contact situation.
Ensured our employees and visitors had access to facemask and alcohol-based sanitizers.
Developed Guidelines on Management of COVID-19 in the Workplace to provide employees with relevant information about the infectious disease and precautionary measures in the workplace, such as observing physical distancing, wearing face masks, and requiring declaration on potential exposure to COVID-19 patients.
Installed Air-e Ceiling Mounted NanoeTM X Generators and portable NanoeTM X Generators in the office to remove viruses, bacteria, odors, and allergens.
Conducted scheduled office sanitizing by the appointed COVID-19 task force.

Sustainability Statement (Cont'd)

WORKFORCE EMPOWERMENT (CONT'D)

Workplace Environment (Cont'd)

Workplace Environment Performance (Cont'd)

Occupational Safety and Health (Cont'd)

COVID-19 Pandemic Response (Cont'd)

COVID-19 PCR Test at Gagasan Nadi Cergas Head Office

COVID-19 PCR Test for Workers at One of Our Project Sites

Certified ISO45001:2018 – Occupational Health and Safety Management Systems

As guided by our commitments to safety and health, we developed and implemented a safety and health management system following the ISO 45001:2018 – to effectively minimize workplace safety and health risks linked with our business activities. The management system covers the entire Group's business operations and all employees.

The system allows us to implement strategies that ensure a common and consistent safety and health management approach. The standard covers process hazard analysis, high-risk work, contractor safety, management of change, and investigation of incidents. The process has been rolled out to all construction project sites and other subsidiaries.

Manhours Without Lost Time Injury

Our commitments to safety and health are well demonstrated in which we had successfully recorded two-million safe manhours without lost-time injury at Serdang Hospital Cardiology Centre project site since its commencement in 2018.

Achievement of 2-Million Safe Manhours Celebration at the Pusat Kardiologi Hospital Serdang

The Group has celebrated this achievement with a commemorative event in recognition of the project management team, client, subcontractors, and general workers for their efforts and teamwork.

Safety and Health Training and Communication

We constantly review our safety and health action plans, incident reporting procedures, as well as relevant training programs and materials to keep up with changes in equipment, materials, and safety standard related to our business operations. As such, we conduct workplace safety training regularly for employees, contractors, and general workers to ensure that they are well-equipped with the knowledge to identify hazards, report them, and deal with incidents.

WORKFORCE EMPOWERMENT (CONT'D)

Workplace Environment (Cont'd)

Workplace Environment Performance (Cont'd)

Occupational Safety and Health (Cont'd)

Safety and Health Training and Communication (Cont'd)

Basic First Aid & AED Training Conducted at Gagasan Nadi Cergas Head Office

Safety and Health-Related Training

- **Occupational First Aid, CPR & AED Training**
- **Firefighting and Evacuation**
- **Emergency Preparedness and Response**
- **Training and communication on safety and health policy as well as operating procedure**
- **ISO 450001:2018 Awareness and Internal Auditor Training**

Employee Engagement and Welfare

As an old proverb goes, change is the only constant in life. To keep pace in this ever-evolving world, companies must engage their employees in driving organizational-wide transformation across processes, technology, and product development. Further, the emergence of the COVID-19 pandemic has disrupted our livelihoods, creating unprecedented challenges for everyone across the globe. Given the scale of uncertainties and disruptions, we believe a robust employee engagement approach is crucial to sustain a vibrant and positive organizational culture as well as to help employees find a balance between work and life.

Employee engagement covers multiple facets of the employer-employee relationship. Our employee engagement approach is centered on two key objectives: promoting social connectedness and a sense of belonging and building a culture of recognition.

Moving forward, we will continue to engage our employees through employee-focused programs to create a healthy and positive organizational culture.

Long Service Awards

We value the commitment and loyalty of our employees. An award, namely Long Service Award, is dedicated to employees who have been working with us for more than fifteen years as a token of our appreciation for their dedication and outstanding contribution to the organization.

In 2021, two employees, Mr. Lechumanan Waradzaraju and Tn. Hj. Aminudin was awarded the Long Service Award and received a 50-gram gold bar to celebrate their contribution during their long tenure working with us.

Basic First Aid & AED Training Conducted at Gagasan Nadi Cergas Head Office

Sustainability Statement (Cont'd)

WORKFORCE EMPOWERMENT (CONT'D)

Workplace Environment (Cont'd)

Workplace Environment Performance (Cont'd)

Occupational Safety and Health (Cont'd)

Employees' Children Excellence Award

For the 5th year running, we rewarded our employees' children who have excelled in major public examinations such as UPSR, PT3, or SPM and who have successfully enrolled to university or institute of higher learning. In 2021, we awarded one of our employees' daughters for their excellent achievement in getting into a higher-educational institution.

Dried Dates Distribution Ceremony

As a symbol of abundance, dates are a prevalent fruit during Ramadhan or fasting month. Muslims are taking them to break their fast.

In the spirit of the holy month, we distributed a box of dates to every employee. Dates provide essential nutrients for those who are fasting, as carbohydrates in the fruit will provide enough energy to go through the day as they will be digested much slower.

Diversity and Inclusion

Our employees are our greatest asset. We believe in providing equal employment opportunities as we have built a culture of respect and tolerance in the organization. The success of our organization stems from the contribution of our employees, who come from different backgrounds and belief systems.

We embrace all forms of diversity with a particular focus on gender equity, as our main business operation, construction and property development, is known for the male-dominated industry. We have created an inclusive workforce based on the principles of diversity at the workplace, which has allowed us to harness different perspectives, skills, knowledge, and tap into their creativity. As a result, this nurtured a healthy working environment, improved performance, and strengthened growth prospects.

While we are proud of our progress, we acknowledge that these efforts must be made continuously. In order to attract and retain the most talented individuals within the Group, we have focused on raising the bar towards creating a level playing field for both men and women to succeed.

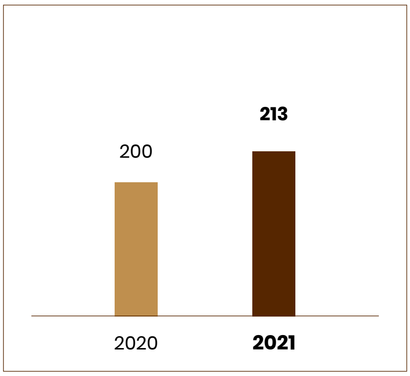
As of the end of 2021, we have 213 employees across our business operations. Women make up 28.2% compared to 24.5% in 2020 of our workforce. The overview of our workforce is illustrated in the next section:

WORKFORCE EMPOWERMENT (CONT'D)

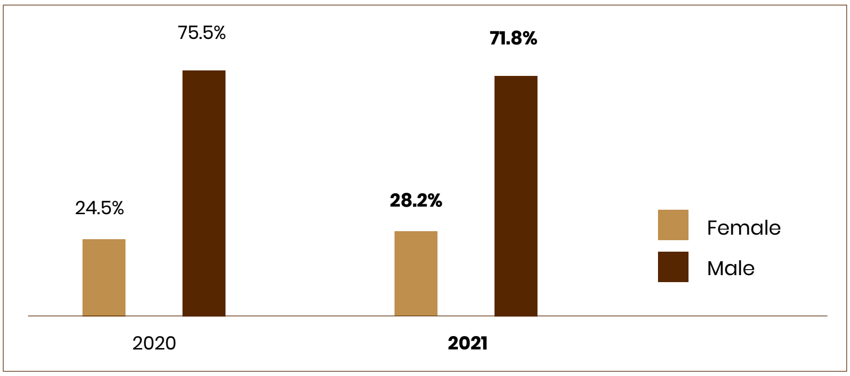
Diversity and Inclusion

Diversity and Inclusion Performance

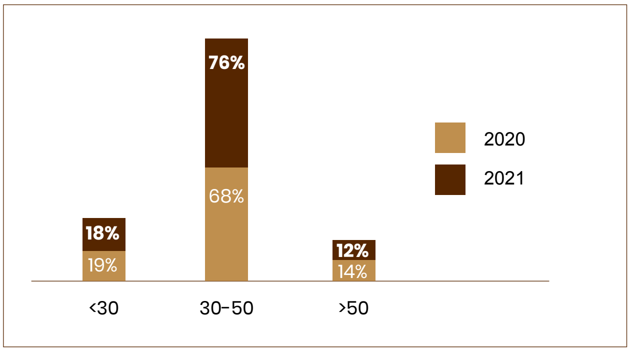
Total Workforce



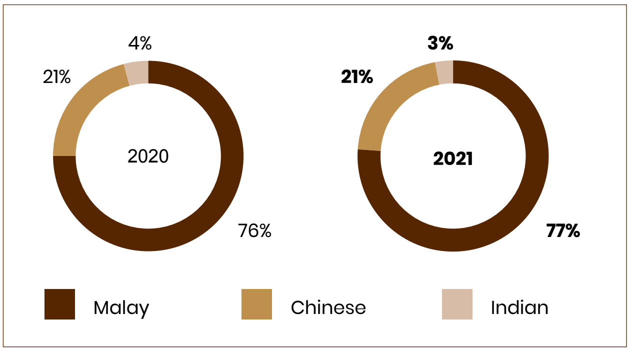
Employee Breakdown by Gender



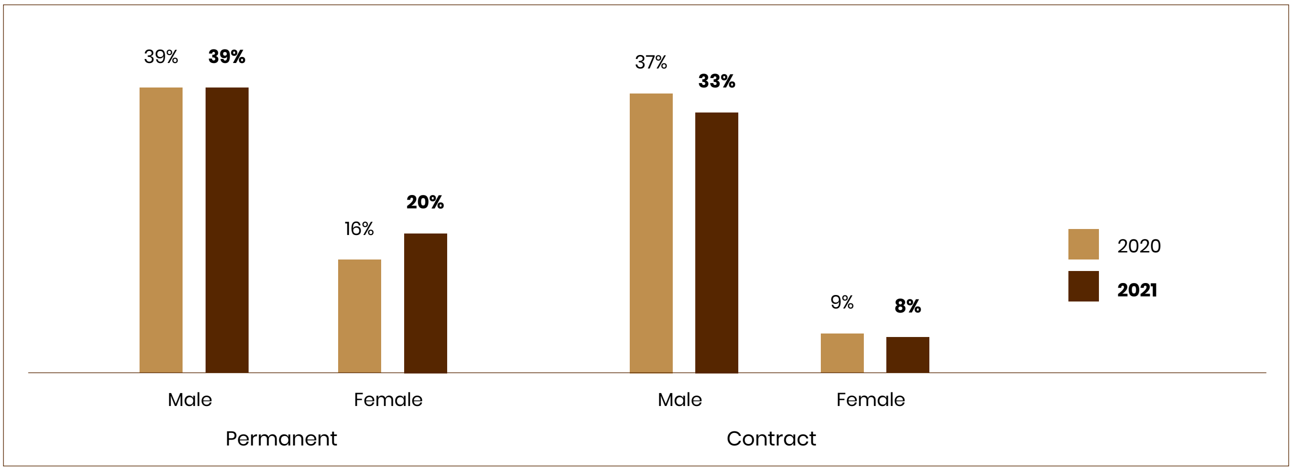
Employee Breakdown by Age Group



Employee Breakdown by Ethnicity



Employee Breakdown by Employment Term



Sustainability Statement (Cont'd)

WORKFORCE EMPOWERMENT (CONT'D)

Diversity and Inclusion(Cont'd)

Learning and Development

With an increasingly competitive and complex business landscape, it is important to create a culture of continuous learning in the workplace to keep up with new challenges. Reskilling and upskilling have essentially become the new normal, especially during this pandemic, as companies are forced to relook at work processes, streamline their operations and adapt to new situations.

We recognize human capital as a vital asset of our organization. Thus, investments to support the professional growth of our employees can help create a more competitive, agile, and employable workforce and enable us to retain and attract a strong talent pool.

Learning and Development Performance

During the unprecedented challenges we encountered due to the COVID-19 pandemic, we did not compromise our learning and development programs despite reducing physical training and reducing participants allowed to be in the training venue at a time. The Group shifted our focus on conducting training programs deemed essential to the business operation and moving our learning programs to online platforms.

Our training plan covered three main areas: addressing main competency gaps, expanding knowledge base, and creating awareness on critical topics vital to our business operation. This year, we clocked in a total of 3,205 training hours.

Training Statistics 2021

Training Type	Training Hours	
	FY2020	FY2021
External (Public)	1,678 hours	**904 hours**
External (In-House)	834 hours	**944 hours**
Internal	755 hours	**1,357 hours**

Moving forward, we will strive to ensure learning and development remains an integral part of our organization by providing upskilling and reskilling learning programs. We will also continue to offer greater opportunities for professional development to all of our employees.

SERVING THE COMMUNITY

[GRI 103-1, 103-2, 103-3, 413-1]

Investing in local communities' social and economic wellbeing of local communities has always been central to our commitment to serving as responsible corporate organization. Building a more equitable society required collective action from everyone. Thus, the importance of giving back to the local communities cannot be overstated.

We firmly believe that strong and resilient communities are essentially good for a nation's economic health and can create scalable impacts on our societal wellbeing. It can develop far-reaching benefits for all and make a significant difference for vulnerable and disadvantaged communities. It also enables organizations to align strategic objectives with the development priorities of communities to create shared values.

Materiality Matter	Our Commitment	Our Approach	SDG
Community Investment	To balance our business needs with support for community growth and wellbeing.	Plan and deliver community in-vestment programs closely linked to our business and areas of operation.	 

Sustainability Statement (Cont'd)

SERVING THE COMMUNITY(CONT'D)

Community Investment

To play our part as a responsible corporate organization, we amped our efforts to donate and support a multitude of charitable causes in an attempt to uplift the livelihood of communities for generations to come. This year, we are proud to declare more than RM 140,000 worth of donations channeled to various causes with a strong focus on food supplies and public health.

Community Investment Performance

Enhancing Healthcare Capacity

We extended our charitable funds to include initiatives to fight the COVID-19 pandemic and, at the same time, improve our healthcare facilities. While we are not directly involved in the medical field, we believe that our CSR is to provide support, where possible, to entities that worked hard to protect public health and combat the pandemic.

We have made contributions to the COVID unit at Serdang Hospital. Our contributions include three portable toilets rental and twenty industrial fans in the hope of alleviating some of the hardship faced by the frontliners to combat the COVID-19 pandemic.

Contribution to the COVID Unit at Serdang Hospital.

Providing Sustenance for B40 Communities

2021 has been challenging for many vulnerable families, single parents, OKU, marginalized and B40 communities whose livelihoods have been impacted by the COVID-19 pandemic and Movement Control Order ("MCO").

The Group has worked with NGOs and food banks, namely Yayasan Chow Kit, The Hope Branch, and Masjid Saidina Abu Bakar Assidiq, and donated approximately RM 60,000. The donation was mainly used to provide grocery hampers and basic home supplies.

Donation to The Hope Branch

Donation to Yayasan Chow Kit

Donation to Masjid Saidina Abu Bakar Asiddiq

Sustainability Statement (Cont'd)

SERVING THE COMMUNITY(CONT'D)

Community Investment (Cont'd)

Community Investment Performance (Cont'd)

Flood Relief Assistance

Natural disasters, including major floods that hit several states in Malaysia due to the northeast monsoon season were devastating. The floods affected many families, including thirteen of our employees.

In an effort to lessen the burden of our employees that were affected by the flood, the Group announced a fund allocation of RM 80,884. The fund was given to all affected employees as cash aid to clean and repair their houses and buy other necessities such as food, clothes, and home appliances. Also, we have organised a fundraising drive among our employees and raised approximately RM 18,400.

Donation to Employees Affected by the Flood

Corporate Governance Overview Statement

The Board recognises the importance of good corporate governance ("CG") and is committed to upholding high standards of corporate governance practices in managing the Group's business towards its mission of sustainable growth.

This statement summarises the Group's effort in refining our corporate governance practices to align with the updated MCCG issued by the Securities Commission Malaysia on 28 April 2021.

This Corporate Governance Overview Statement is prepared in compliance with ACE Market Listing Requirements of the Bursa Malaysia Securities Berhad ("ACE LR") and it is to be read together with the Company's Corporate Governance Report 2021, which is available on our corporate website at www.nadicergas.com.

As at 31 December 2021, the Company has complied in all material aspects with the principles as set out in the MCCG except the following seven (7) recommended CG practices:

i. Practice 1.4 : Chairman of the board should not be a member of Board Committees;
ii. Practice 4.1 : Setting the Group's sustainability targets;
iii. Practice 4.2 : Sustainability targets as well as performance against these targets are communicated to internal and external stakeholders;
iv. Practice 4.4 : Review of the performance of the Board and Senior Management in addressing the Group's material sustainability risks and opportunities;
v. Practice 5.9 : The board comprises at least 30% women directors; and
vi. Practice 5.10 : The board discloses in its annual report the company's policy on gender diversity for the board and senior management; and
vii. Practice 8.2 : The board discloses on a named basis the top five senior management's remuneration in bands of RM50,000.

The summary of CG practices applied by the Company and the Board's key focus areas and future priorities in particular for those CG practices not yet adopted are described below under each CG principle.

PRINCIPLE A: BOARD LEADERSHIP AND EFFECTIVENESS

a) Roles and responsibilities of the Board

The Board recognises its roles and responsibilities in steering the strategic direction, establishing short, medium and long-term goals and monitoring the achievement of these goals. The Board meets regularly to review the corporate strategies, operations and performance of the Group's business segments. All Board members bring their independent judgement to bear on issues of strategy, performance, resources and standards of conduct.

The responsibilities of the Board include setting and reviewing the Group's strategic plans for each business segment and ensuring that the necessary resources are in place for the Group to meet its objectives. To enable the Board to discharge its duties effectively, it has assumed the following roles and responsibilities: -

- promote good corporate governance culture within the Group;
- review strategic plans to support long-term value creation and its implementation;
- oversee and assess the conduct of the Group's business to ensure it is being properly managed;
- understand the principal risks of the Group's business and recognise the need to achieve an acceptable balance between expected risks and potential returns to shareholders;
- ensure that measures are in place for the orderly succession of Board and Senior Management;
- ensure that the Company's shareholder communications policy and procedures are in place;
- review the adequacy and the effectiveness of the Group's risk management framework and internal control system; and
- ensure the integrity of the Company's financial and non-financial reporting.

The Board delegates the day-to-day business management of the Group to the GMD so that the authority and accountability of management are considered to be the authority and accountability of the GMD so far as the Board is concerned, whilst significant matters remain vested under the purview of the Board.

Corporate Governance Overview Statement (Cont'd)

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

a) Roles and responsibilities of the Board (Cont'd)

Although the company has not applied Practice 1.4 of MCCG whereby the Chairman of the Board should not be a member of Board Committees, the Board took cognisance that our Chairman, Ir. Dr. Muhammad Fuad Bin Abdullah is not involved in the management and operational matters of the Company, and he always provides constructive ideas and opinions to the Board.

The roles, responsibilities and authorities of the Board, Board Committees, individual Directors and Company Secretaries are clearly outlined in the Board Charter, which serves as an authoritative governance document and induction literature. The Board Charter is made available on the Company's website: www.nadicergas.com.

The Board members have full access to the three (3) qualified and competent Company Secretaries who are members of the Institute of Chartered Secretaries and Administrators and are qualified to act as Company Secretaries under Section 235 (2) of the Companies Act 2016. The secretarial function of the Group is outsourced to Tricor Corporate Services Sdn Bhd.

In relation to Board meetings, the Board and its Committees have met with sufficient regularity to deliberate on matters under their purview. Meeting papers are furnished to the Board and Board Committee via email or hard copy at least 5 business days prior to the meetings to allow Directors to have sufficient time to prepare, attend and actively participate during the Board and Board Committee meetings. During the year, the Board has met on a frequency of six times to hold discussions on key matters pertaining to the Group.

The attendance of individual Directors for the meetings of the Board and Board Committees is illustrated below:

	No. Of Meetings Attended / Held			
	Board	Audit and Risk Management Committee	Nomination Committee	Remuneration Committee
Ir. Dr. Muhamad Fuad Bin Abdullah	6/6	5/5	1/1	1/1
Haji Wan Azman Bin Wan Kamal	6/6	-	-	-
Dato' Sri Subahan Bin Kamal	6/6	-	-	-
Professor Emerita Siti Naaishah Binti Hambali	5/6	4/5	0/1	1/1
Chng Boon Huat	6/6	5/5	1/1	1/1

The positions of the Chairman and the GMD are held by different individuals with clear and distinct roles which are formally documented in the Board Charter of the Company to ensure a balance of power and authority between the Chairman and the GMD.

The Chairman of the Board, Ir. Dr. Muhamad Fuad Bin Abdullah leads and manages the board by focusing on strategy, governance and compliance, whereas the GMD, Haji Wan Azman Bin Wan Kamal oversees the day-to-day operations of the Group and the implementation of the Board's decisions and policies.

Corporate Governance Overview Statement (Cont'd)

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

a) Roles and responsibilities of the Board (Cont'd)

The Board is also committed to a corporate culture that encompasses and embraces ethical conduct within the Group by adopting numerous policies which serve to achieve this commitment:

- Anti-Bribery and Corruption Policy
- Code of Ethics and Conduct Policy
- Insider Trading Policy
- No Gift Policy
- Whistleblowing Policy

These policies enable the exposure of any violations or any improper conduct within the Group, so that appropriate action can be taken promptly to resolve them effectively. These policies are periodically reviewed and are available on the Company's corporate website: www.nadicergas.com.

The Board and Management take responsibility for the governance of sustainability by ensuring that it is integrated into the Group's strategies, business plans, risk management and operations. However, the Group has not adopted Practices 4.1, 4.2 and 4.3 of MCCG as it has yet to develop the Group's sustainability targets and monitor the performance of the Board and Senior Management against these targets. Therefore, the Board's priority for 2022 is to set science base targets to support cleaner and sustainable growth, monitor the performance against these targets, and to share these information with our internal and external shareholders in the coming year.

b) Board Composition

The Board members are from different backgrounds with diverse perspectives. Such diversity is fundamental to the strategic success of the Group, as each Director has in-depth knowledge and experience in various areas to provide valuable direction to the Group. With more than half of the Board comprised of Independent Directors, the Board can facilitate greater check and balance during boardroom deliberations and the decision-making process. The Independent Directors also provide the Board with professional judgement, experience and objectivity without being subordinated to operational considerations.

A brief profile of each Director is presented from pages 16 to 20 in the Profile of Directors section of the Annual Report.

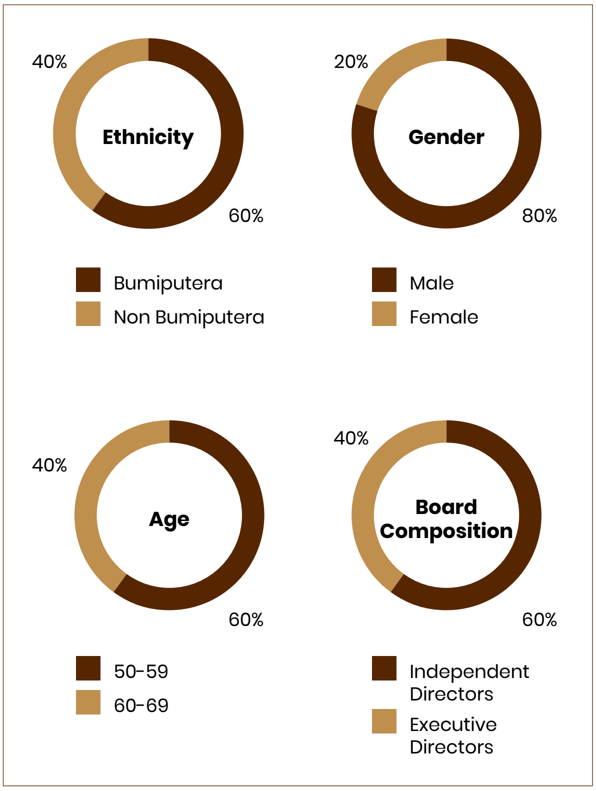
None of our Independent Non-Executive Directors had served the Company for a cumulative term of 9 years. The Company did not adopt a policy that limits the tenure of our Independent Non-Executive Directors to 9 years.

The Board is of the view that there is no necessity to fix a maximum tenure limit for directors as the amended ACE LR has limit the tenure of an Independent Director to not more than a cumulative period of 12 years. Furthermore, the ability of a director to serve effectively as an Independent Director is very much dependent on his integrity and objectivity.

The Board also recognises the importance of providing fair and equal opportunities and nurturing diversity within the Group and entrusted the NC to develop the policies and procedures in formalising the approach in the recruitment process and annual assessment of Directors, which serve as guides for the NC in discharging its duties in the aspects of nomination, evaluation, selection and appointment process of new Directors. The NC shall, prior to the appointment by the Board, evaluate the balance and composition including a mix of skills, independence, experience and diversity (including diversity in gender, ethnicity and age) of the Board.

The Terms of Reference of the NC are available on the Company's corporate website: www.nadicergas.com.

The board composition as of 21 April 2022 is as follows: -



Corporate Governance Overview Statement (Cont'd)

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

b) Board Composition (Cont'd)

Experience & Skills

Construction & Engineering | Public Service | Accounting & Finance | Legal & Regulatory | Corporate Governance

The NC also conducts an annual review of the Board composition, administration and process, accountability and responsibility, Board conduct, communication and relationship with Management, the performance of the Chairman and GMD, time commitment in discharging their roles and responsibilities through attendance at their respective meetings as well as application of good governance practices to create sustainable shareholders' value.

Based on the above Board's annual review of its size and composition, it was agreed that the Board's current size of 5 members was appropriate and adequate in view of the Group's business segments.

However, the Board has yet to comply with Practices 5.9 and 5.10 of MCCG and the Board's priority for the current financial year is to establish a gender diversity policy for the Board and Senior Management with appropriate numerical targets. Once the gender diversity policy has been established, the Board will endeavour to take appropriate actions to achieve the gender diversity numerical targets for both the Board and Senior Management.

The Board appointed Tricor Axcelasia Services Sdn Bhd, an independent leadership consulting firm to assist the NC in conducting the annual assessments of the Board, Board Committees and individual Directors' contributions. The assessments comprised peer and self-assessments questionnaires were issued to all members of the Board and Board Committees. The NC also conducted an annual assessment of Independent Directors to assess whether they continue to bring independent and objective judgement to Board deliberations. The results, in particular the key strengths and weaknesses identified from the assessments were shared with the Board to allow improvements to be undertaken, and were also used as the basis of the NC's recommendations to the Board for the re-election of Directors at the Annual General Meeting ("AGM").

In accordance with the Constitution of the Company, one-third of the Directors shall retire from office every year at the AGM and subsequently offer themselves for re-election by the shareholders. Directors who are appointed by the Board are subject to election by the shareholders at the AGM held following their appointments. The basis for recommending the re-election of Directors as assessed by the NC are provided in the notes accompanying the notice of general meeting.

c) Remuneration

A fair remuneration package is instrumental in attracting, retaining and motivating Directors and Senior Management personnel as well as ensuring goal alignment. Within this context, the Group has adopted a remuneration framework that takes into consideration the structure of the Group.

The RC assesses and determines the suitability of the remuneration packages for Directors and Senior Management to ensure the remuneration packages of the Directors and Senior Management are fair and appropriate as compared with market practices and industry benchmarks, to remain competitive for talent attraction and retention, prior to apprising the Board.

The Terms of Reference of the RC are available on the Company's corporate website: www.nadicergas.com.

The details of the Directors' remuneration of the Company and the Group on a named basis for FY2021 are tabulated as follows: -

The Company

Directors	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits in kind RM'000	Allowances RM'000	Other emoluments RM'000	Total RM'000
Executive Directors							
Hj Wan Azman Bin Wan Kamal	-	-	-	-	-	-	-
Dato' Sri Subahan Bin Kamal	-	-	-	-	-	-	-
Non-Executive Directors							
Ir. Dr. Muhamad Fuad Bin Abdullah	126.0	-	-	-	6.5	-	132.5
Siti Naaishah Binti Hambali	114.0	-	-	-	6.5	-	120.5
Chng Boon Huat	120.0	-	-	-	6.5	-	126.5
Total	360.0	-	-	-	19.5	-	379.5

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

c) Remuneration (Cont'd)

The Group

Directors	Fees RM'000	Salary RM'000	Bonus RM'000	Benefits in kind RM'000	Allowances RM'000	Other emoluments RM'000	Total RM'000
Executive Directors							
Hj Wan Azman Bin Wan Kamal	-	1,644.0	-	28.0	-	198.0	1,870.0
Dato' Sri Subahan Bin Kamal	-	840.0	-	-	-	101.7	941.7
Non-Executive Directors							
Ir. Dr. Muhamad Fuad Bin Abdullah	126.0	-	-	-	6.5	-	132.5
Siti Naaishah Binti Hambali	114.0	-	-	-	6.5	-	120.5
Chng Boon Huat	120.0	-	-	-	6.5	-	126.5
Total	360.0	2,484.0	-	28.0	19.5	299.7	3,191.2

The Board has also not complied with Practice 8.2 with regard to the disclosure on a named basis of the top 5 Senior Management's remuneration in bands of RM50,000, as it is of the view that it would not be in its best interest to make such disclosure on a named basis given the competitive nature of the human resource market in the industries the Group operates and the Company's intention to protect the confidentiality of personal information such as employees' remuneration packages.

The disclosure of the Group's Key Senior Management's remuneration on an aggregate basis is disclosed in the audited financial statements, included in this Annual Report.

PRINCIPLE B: EFFECTIVE AUDIT AND RISK MANAGEMENT

a) Audit and Risk Management Committee

The ARMC comprises 3 Independent Directors and is chaired by Independent Non-Executive Director, Chng Boon Huat who is not the Chairman of the Board. The ARMC provides a robust and comprehensive oversight on financial reporting, review of related party transactions and conflict of interest situations, external and internal audit processes as well as ownership of the risk management framework of Gagasan Nadi Cergas.

The Terms of Reference of the ARMC are available on the Company's corporate website: www.nadicergas.com.

During the financial year, the ARMC has assessed and reviewed the performance and independence of the Company's external auditors, Messrs Crowe Malaysia PLT and was satisfied that the external auditors have been independent throughout the conduct of the audit process and the audit services rendered have met the quality expected by the ARMC and the Management.

b) Risk Management and Internal Control Framework

The Board is cognisant that a robust risk management and internal control framework will assist the Group to achieve its strategic objectives, safeguard shareholders' investments and its assets. To address risks stemming from a competitive global environment characterised by the trickle-down economic ramifications flowing from the debilitating COVID-19 pandemic, the Board, through its ARMC has established adequate policies and procedures for the oversight of the Group's risk management framework and internal control system.

The risk management framework includes maintaining a Risk Register with a risk profile and action plans for mitigating the identified risks. The ARMC regularly reviews the risk management framework, key areas of identified risks and the mitigating measures taken by the Management to address the areas of key risks identified.

The internal audit function was carried out by Sterling Business Alignment Consulting Sdn Bhd, an outsourced independent professional firm. The independent professional firm works closely with the QAC department to carry out its internal audit activities and presents its internal audit reports to the ARMC for review on a quarterly basis.

During the financial year, the Board was updated on the Group's internal control system which encompasses risk management practices as well as financial, operational and compliance controls regularly. The Board has in place an ongoing process to identify, evaluate, monitor and manage significant risks affecting the Group's businesses, and the Management has given assurance to the Board that adequate and effective controls are in place to manage these significant risks.

Corporate Governance Overview Statement (Cont'd)

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

b) Risk Management and Internal Control Framework (Cont'd)

Further information on the Group's risk management and internal control framework is made available in the Statement on Risk Management and Internal Control of this Annual Report on pages 62 to 65.

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

a) Communication with Stakeholders

The Company is fully committed to maintain a high standard for the dissemination of relevant and material information to its shareholders to keep them informed of the Group's latest financial performance, its businesses and corporate developments. The Company also places a strong emphasis on the importance of timely and equitable dissemination of information to its shareholders and stakeholders.

Presently, the Board and Management of the Company communicate regularly with its shareholders and other stakeholders through the following channels of communication:

(i) Bursa Malaysia Securities Berhad

The Company releases all material announcements via Bursa LINK, and the shareholders and the public in general may obtain such announcements and financial information from the website of Bursa Malaysia Securities Berhad.

(ii) Corporate Website

The Company's corporate website, www.nadicergas.com incorporates an "Investors" section which provides information such as the Group's businesses, corporate information, corporate governance and Board Charter, terms of references, governance policies as well as other corporate information under the 'CORPORATE INFO' section for easy reference, and it is accessible by shareholders and other stakeholders.

b) Conduct of AGM

The Board recognises that general meetings serve as a platform for shareholders to engage with both the Board and Management in a productive dialogue, as well as a mode of communication to provide constructive feedback on the overall performance of the Group.

To this end, the Company utilises the AGM to engage with shareholders and present its annual financial results, operational performance and overall business outlook. Shareholders are encouraged to field questions, seek points of clarification and provide critical feedback to the Board and Management of Gagasan Nadi Cergas.

During the financial year 31 December 2021, Gagasan Nadi Cergas held its 4th AGM on 13 September 2021 through live streaming and online remote voting using Remote Participation and Voting facilities. The Chairman and Group Managing Director, Directors, Senior Management, external auditor and company secretaries attended the 4th AGM via video conferencing.

The notice of the 4th AGM was issued on 31 July 2021, 44 days in advance to enable shareholders to make adequate preparation. The notice of the 4th AGM was also accompanied with an administrative guide that seeks to provide information and facilitate the induction of shareholders or their proxies in relation to the virtual AGM. Shareholders or their proxies were advised/informed to attend, pose questions to the Board via real-time submission of typed texts and vote remotely by the Share Registrar of the Company, Tricor Investor & Issuing House Services Sdn. Bhd. via its TIIH Online website at https://tiih.online. Questions raised were displayed "live" on screen. The remote poll voting results were validated by an independent scrutineer namely, Asia Securities Sdn Bhd.

STATEMENT ON COMPLIANCE WITH BEST PRACTICES OF THE CODE

This statement was prepared in compliance with Paragraph 15.25 of the ACE LR and it is to be read together with the Corporate Governance Report 2021 of the Company, which is available on the Company's corporate website: www.nadicergas.com.

The Board is of the view that this Corporate Governance Overview Statement has provided the information necessary to enable shareholders of the Company to evaluate how the principles and best practices as set out in the MCCG have been complied with. The Board is committed to uphold the highest standards in Corporate Governance practices, professionalism and integrity in delivering its strategic objectives and sustainable performance of the Group over the long term.

This statement was presented and approved at the Board of Directors' Meeting held on 21 April 2022.

Audit and Risk Management Committee Report

The Board of Gagasan Nadi Cergas is pleased to present the Audit and Risk Management Committee ("ARMC") Report providing insights on the discharge of the ARMC's functions during FY2021.

1. COMPOSITION AND ATTENDANCE

The ARMC comprises three (3) Independent Non-Executive Directors and satisfies the test of independence as prescribed under the ACE LR. The ARMC also meets the requirements of Rule 15.09 of the ACE LR and Practice 9.4 of the MCCG as all the ARMC members are Independent Non-Executive Directors.

The Chairman, Mr. Chng Boon Huat, is a Chartered Accountant of the Malaysian Institute of Accountants and a Fellow Member of The Chartered Association of Certified Accountants, United Kingdom. In this respect, the ARMC complies with Rule 15.09(1)(c)(i) of the ACE LR.

The composition of the ARMC is as follows:

Name	Designation	Directorship
Chng Boon Huat	Chairman	Independent and Non-Executive Director
Ir. Dr. Muhamad Fuad Bin Abdullah	Member	Independent and Non-Executive Director
Professor Emerita Siti Naaishah Binti Hambali	Member	Independent and Non-Executive Director

The detailed Terms of Reference of the ARMC outlining the authorities, duties, and responsibilities of the ARMC are published and are available online on the Group's corporate website at www.nadicergas.com.

2. MEETINGS

The ARMC convened five (5) meetings during the FY2021. The GMD was invited to provide clarification on the Group's operations during the ARMC meetings. The CFO attended all the ARMC meetings to present the quarterly financial reports/annual financial statements, and to provide clarification on the Group's financial information as well as any auditing and accounting issues. The Head of QAC attended all the quarterly meetings to table the Group's Enterprise Risk Management ("ERM") reports and the internal audit follow-up reports.

The internal audit reports were prepared and presented by Sterling Business Alignment Consulting Sdn Bhd ("SBAC"), an outsourced independent professional firm to support the Group's internal audit function. When necessary, other relevant members of the Senior Management team were also invited to brief the ARMC on any specific issues arising from the internal audit reports.

Details of attendance of the ARMC meetings were as follows:

Members	Attendance
Chng Boon Huat	5/5
Ir. Dr. Muhamad Fuad Bin Abdullah	5/5
Professor Emerita Siti Naaishah Bt Hambali	4/5

Subsequent to every ARMC meeting, the ARMC Chairman briefed the Board on all matters discussed and deliberated, and would also convey to the Board any matters of significant concern raised by the external or internal auditors during the meeting. The ARMC Chairman also presented the ARMC's recommendations for the Board's approval of the Group's annual financial statements, quarterly financial reports and any proposals that required the approval of the Board.

The Group's company secretaries duly minuted all deliberations during the ARMC meeting. Minutes of the ARMC meetings were tabled for confirmation at every succeeding ARMC meeting.

Audit and Risk Management Committee Report (Cont'd)

3. SUMMARY OF ACTIVITIES

During the financial year, the ARMC carried out the following activities:

3.1 Financial Reporting

The ARMC reviewed all the quarterly financial reports and annual financial statements for the financial year ended 31 December 2021 before recommending the same to the Board for approval.

At all ARMC meetings, the CFO presented and explained the financial performance of the Group to the members of ARMC. The quarterly financial reports and the annual financial statements which were prepared in compliance with the applicable Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the disclosure requirements of the ACE LR, were reviewed by the ARMC.

To ensure the integrity of information, the CFO had given assurance to the ARMC that:

i. Appropriate accounting policies are adopted and applied consistently;
ii. The going concern basis applied in the annual audited financial statements were appropriate;
iii. Prudent judgements and reasonable estimates had been made following requirements set out in the MFRSs;
iv. Adequate processes and controls were in place for effective and efficient financial reporting and disclosures under the MFRSs, and
v. The financial statements did not contain any material misstatements and gave a true and fair view of the financial position of the Group and the respective companies within the Group for the financial year ended 31 December 2021.

3.2 External Audit

The ARMC had on 25 May 2021 recommended to the Board for the re-appointment of Crowe Malaysia PLT as the Company's External Auditors after the ARMC reviewed the independence, performance and suitability of the external auditors in accordance with the annual assessment focusing on the following areas:

- The quality of audit including audit performance, communications with ARMC, objectivity and professionalism;
- The non-audit services provided;
- The information as presented in their Annual Transparency Report; and
- The assurance given by the External Auditors confirming their independence throughout the financial year under review.

Based on Crowe Malaysia PLT's performance in auditing the Company's financial statements for FY2020 the ARMC was satisfied with the Auditors' suitability, objectivity, independence as well as the quality of audit services provided, sufficiency of audit resources and interactions with the Management.

On 23 November 2021, the ARMC reviewed, deliberated and approved the Audit Planning Memorandum for FY2021, which outlined its engagement team, audit approach, audit timeline and the areas of audit emphasis.

3.3 Internal Audit

The QAC Department was established to oversee the Group's ERM, internal audit, and compliance function. The department independently assesses and recommends improvements to the ARMC on the Group's internal control system, governance process, and risk management framework.

Based on the annual internal audit plan approved by the ARMC during the financial year, the following key audit areas were conducted:

Period	Audit Areas
Q1, 2021	• Pre–Contract Management • Post–Contract Management • Project Management
Q2, 2021	• Property Development – Sales & Marketing • Property Development – Sales Administration
Q3, 2021	• Concession • Facilities Management
Q4, 2021	• Anti–Bribery and Corruption Management System

Audit and Risk Management Committee Report (Cont'd)

3. SUMMARY OF ACTIVITIES (CONT'D)

3.3 Internal Audit (Cont'd)

Below is the list of activities carried out by ARMC based on the meeting agenda during the financial year:

(a) Reviewed quarterly internal audit reports prepared by SBAC that includes internal audit findings, recommendations for improvement, and the Management commitment to implement the action plans and corrective actions;
(b) Reviewed and approved the 2021 internal audit plan proposed by SBAC to ensure the adequacy of the scope of work based on the key risk areas and operational issues; and
(c) Monitored the follow-up of audit results conducted by the QAC Department and ensured that the Management had resolved all audit findings within the stipulated timeline.

3.4 Enterprise Risk Management

In pursuing the Group's objectives for sustainability and continuity of its business, a Risk Management Sub-Committee was established on 19 October 2017. The Sub-Committee is responsible for reviewing the ERM framework, monitoring potential risk areas, managing the effectiveness of mitigation plans at the corporate and operational level, and promoting proactive risk management culture across all departments. The Sub-Committee members comprising the HODs and key representatives of every department and business segment, will ensure that the action plans and corrective actions are implemented effectively.

During the FY2021, the ARMC deliberated on the identified risks and mitigation plans presented by the Head of QAC. The matters reviewed and discussed include the initiatives undertaken by the Management to mitigate the identified risks. The significant risk areas identified are as follows:

(a) Managing compliance of COVID-19 and MCO;
(b) Corporate liability provision under Section 17A of the Malaysian Anti-Corruption Commission Act ("MACC") 2009;
(c) Compliance of Foreign Worker with Construction Permit; and
(d) Review of variation order management.

3.5 Internal Control Assurance

The Head of the QAC Department who is responsible for the internal control assurance ensures that the risk management and internal controls are implemented effectively. The internal control assurance activities during the FY2021 were as follows:

a) Review with the Internal Auditors to ensure that the approved audit plan and scope of work were adequately conducted;
b) Coordinate and discuss with HODs or relevant personnel on the observations, recommendations, and corrective actions as reported in the internal audit reports;
c) Ensure Management and Internal Auditors have a common understanding of the issues raised and the Management is committed to address all the issues raised;
d) Ensure compliance and continuous improvement on the Quality, Environment, Safety and Health Management System; and
e) Follow-up on the internal audit findings to ensure that the agreed recommendations and corrective actions were implemented within the stipulated timeline.

3.6 Anti-Bribery and Corruption

The Group is committed to conducting business dealings and providing services to its clients and customers with integrity and honesty in its daily operations. The Group takes a zero-tolerance approach to any form of corruption or bribery in line with Section 17A of the MACC Act 2009 and other related legislation in Malaysia.

The Group strives to ensure all employees act professionally, fairly, and with integrity in all business dealings. It also aspires external providers to uphold their highest standard of integrity in performing their works and services for or on behalf of the Group.

The Group's Anti-Bribery and Corruption ("ABC") initiatives during the FY2021 were as follows:

a) Established internal controls and procedures based on the "Guidelines on Adequate Procedures" issued by the Prime Minister's Department and the Corporate Integrity System Malaysia ("CISM") Framework for our operational manuals, policies, and processes;
b) Conducted ABC awareness sessions for all employees and external providers' representatives;

Audit and Risk Management Committee Report (Cont'd)

3. SUMMARY OF ACTIVITIES (CONT'D)

3.6 Anti-Bribery and Corruption (Cont'd)

The Group's ABC initiatives during the FY2021 were as follows: (Cont'd)

c) Compulsory for all employees and external providers to sign the ABC pledge form;
d) Conducted gap analysis to ensure compliance and continuous improvement for ABC implementation; and
e) Audited by SBAC in accordance with the CISM Framework in Quarter 4 of 2021.

The Internal Auditors had concluded that:

- The Management is aware of its responsibility for maintaining a sound internal control system to safeguard shareholders' investment and the Group's assets; and

- The Group provides an adequate and effective internal control system for all relevant processes to safeguard shareholders' interests. There were no major weaknesses on the existing level of operations but nevertheless, on-going initiatives to improve the level of operations and internal control systems were continuously undertaken by the Management.

3.7 Related Party Transaction

In accordance with the ACE LR, the ARMC reviewed all related party transactions and recurrent related party transactions as disclosed in the financial statements in accordance with the Company's policies and procedures to monitor, track and identify all related party transactions.

The Management reports to the ARMC on a quarterly basis on all the recurrent related party transactions, and the ARMC reviews the transactions to ensure that they entered into were at arm's length basis, on normal commercial terms, on terms not more favourable to the related party than those generally available to the public and are not detrimental to the minority shareholders.

The ARMC also reviewed the recurrent related party transactions that were mandated at last year's general meeting to ensure they were duly tracked against their mandated amount.

INTERNAL AUDIT AND COMPLIANCE FUNCTION

The Group's Internal Audit and Compliance function is to support the ARMC in discharging its primary responsibilities by carrying out regular reviews on the effectiveness of the internal control system, risk management framework, and compliance. This function which is handled by the QAC Department, is to provide reasonable assurance to the ARMC that the internal control system is adequate and effective.

The Group has appointed SBAC to assist the QAC Department in establishing a more systematic and disciplined approach to improve the effectiveness of the internal control system. SBAC adopts a risk-based auditing approach, guided by the Committee of Sponsoring Organisations of the Treadway Commission – Internal Control model as a basis for evaluating the effectiveness of the Group's internal control system. They assessed the adequacy and effectiveness of the key controls in responding to all identified risks within the Group's governance and internal control system based on the internal audit plan as approved on 25 March 2021.

The audit findings and recommendations proposed by SBAC were discussed with the Senior Management team and subsequently presented together with their response and proposed action plans to the ARMC for its review and approval.

QAC Department conducted follow-ups of audit findings and recommendations to ensure that the agreed corrective actions were implemented by the Management appropriately and timely.

With the assistance given by SBAC, the QAC Department will be able to focus on improving the Group's internal controls, risk management, and the compliance requirements set by the industry and the various certification boards.

The ARMC has reviewed the performance, competency, and resources of the Internal Audit and Compliance function, collectively, SBAC and QAC Department, and is of the view that they have the required expertise and experience to discharge their duties effectively.

Additional Compliance Information

OTHER INFORMATION REQUIRED BY BURSA MALAYSIA SECURITIES BERHAD - ACE MARKET LISTING REQUIREMENTS

UTILISATION OF PROCEEDS FROM CORPORATE EXERCISE

As at 31 December 2021, the Company's gross proceeds of RM42.00 million raised from the Initial Public Offering exercise in 2018 had been fully utilised.

Apart from the above, there were no corporate exercises or proposals to raise funds during FY2021.

AUDIT AND NON-AUDIT FEES

During FY2021, the amount of audit and non-audit fees paid and payable by the Company and the Group to its External Auditors are as follows: -

	Company (RM'000)	Group (RM'000)
Audit Fees	48	160
Non-Audit Fees	16	16

MATERIAL CONTRACTS

There was no material contract entered into by the Group involving the interest of Directors and major shareholders, either still subsisting at the end of the financial year under review or entered into since the end of the previous financial year.

Statement on Risk Management and Internal Control

INTRODUCTION

The Board is pleased to present the Statement on Risk Management and Internal Control ("Statement") which outlines the nature and scope of risk management and internal control within the Group for FY2021.

This Statement is made following Rule 15.26(b) of the ACE LR of Bursa Malaysia Securities Berhad, Principle B of the Malaysian Code on Corporate Governance, and is guided by the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers.

BOARD RESPONSIBILITY

The Board affirms its overall responsibility for establishing and overseeing the risk management framework and internal control system within the Group. The risk management and internal control system are designed to maintain a sound system of risk management and internal control to safeguard shareholders' investment and the Group's assets.

ARMC at the Board level and a Risk Management Sub-Committee ("RMSC") at the Management level were established to facilitate the adoption of the group-wide risk management framework. The ARMC comprises three independent non-executive directors of the Board, whereas the RMSC comprises the CFO and HOD of every business function. The main responsibilities of the committees are outlined in the following:

Audit & Risk Management Committee	Risk Management Sub-Committee
• Ensure robust and effective implementation of the ERM framework. • Review the adequacy of the Group's internal control systems, such as compliance with applicable laws, rules, directives, and guidelines.	• Implement the processes to identify, evaluate, monitor, and report on risk and the effectiveness of the internal control system and take appropriate and timely corrective actions as required. • Identify changes to risks and emerging risks and promptly bring them forward to the attention of the Board and ARMC.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

The ARMC is responsible for monitoring the Group's risk exposures, operating effectiveness of risk management, and internal control system. QAC Department handles the internal audit activities, compliance and risk management.

A framework by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") is referred to develop comprehensive risk management and internal control. A risk framework has been established based on the following principles:

- Aligning risk appetite and strategy;
- Enhancing risk response decisions;
- Reducing operational surprise and losses;
- Seizing opportunities; and
- Improving deployment of capital.

QAC DEPARTMENT FUNCTION

QAC Department consistently evaluates the adequacy and effectiveness of the Group's internal controls based on the risk management framework. Any internal control deficiencies identified will be reported to the respective department immediately.

The QAC team conducts awareness briefings on compliance matters to raise awareness among the employees.

STRENGTHENING OUR RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM

1. **PLANNING**

   To achieve a high standard of quality excellence, ARMC provides oversight on risk management matters to ensure the Group practises prudent risk management over its business operations. The risk management and internal control system are designed to manage rather than eliminate the risk of failure to achieve the Group's business objectives and can only provide reasonable assurance against material misstatement or loss.

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

STRENGTHENING OUR RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

1. PLANNING (CONT'D)

The ARMC focused on the following three (3) areas:

- **Operational**
  Report to the Board on the adequacy and effectiveness of the Group's risk management and internal control system, including operational and financial performances and safeguarding the Group's assets against loss.

- **Reporting**
  Ensure that the financial and non-financial reporting structure is reliable & transparent as required by regulators and standard setters.

- **Compliance**
  Monitor compliance with laws and regulations of the Group's operations.

THREE (3) LINES OF DEFENCE

ARMC has a clear direction and robust controls in managing the Group's risk at corporate and management levels. The Group's relies on three (3) lines of defense in managing its risks and internal control across all business functions.

The Board / ARMC

Risk Management Sub-Committee & Top Management

1st Line of Defence	**2nd Line of Defence**	**3rd Line of Defence**
• Management Control • Internal Control Measures	• Financial Control • System of Internal Control & Risk Management • HR capability • Communication Matrix • Compliance • Information Security	• Internal Audits by outsourced independent auditors
Risk Owners/ Manager	**Risk Control and Compliance**	**Risk Assurance**
All business functions	Control Functions	QAC

2. MONITORING

GROUP POLICIES AND PROCEDURES

The top management is committed to complying with the Group's policies and procedures. This commitment has been communicated to every employee. This "tone from the top" approach has effectively achieved the desired compliance with the Group's policies and procedures.

a. The policies and procedures are regularly reviewed for improvement to ensure compliance with internal controls and relevant legal requirements. These policies and procedures are available on the Group's SharePoint to guide the management and staff in their day-to-day operations.

b. Established procedures and guidelines on recruitment, promotion, termination, human capital development, and performance appraisal system to enhance staff competency levels and evaluation of employee performance have been disseminated to all employees.

c. Clearly defined limit of authority that has been assigned and delegated to each approving authority within the Group covering procurements, payments, tenders, investments, and other operational matters. The limit of authority is reviewed regularly and updated when necessary.

INTERNAL AUDIT BY OUTSOURCED INDEPENDENT AUDIT FIRM

The internal independent audit firm, SBAC assists the Board and ARMC by providing reviews and assessments on the adequacy and effectiveness of the Group's internal control system. All assessment findings and recommendations of each review were presented to the ARMC on a quarterly basis.

The scope of works of the Internal Auditors includes but is not limited to the following:

i. Review and assess the adequacy and effectiveness of the Group's internal control system;
ii. Review the level of compliance of Group's policies, standard operating procedures, and related laws and regulations, which are significant to the Group's business;
iii. Report significant issues arising from the internal audit and propose recommendations for improvements;
iv. Conduct follow-up reviews to ensure that all corrective actions are implemented by the respective personnel or departments within the stipulated timeline; and
v. Report on any significant non-compliances.

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

STRENGTHENING OUR RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM (CONT'D)

3. REPORTING

RISK MANAGEMENT FRAMEWORK

The ERM process is adopted to implement a strategy to identify, evaluate, manage, and monitor significant risks. At the Group level, risk management is monitored by compiling all the risks identified by each department in the Group. The owners of these risk factors will drive the implementation of risk mitigation measures towards achieving a residual risk within an acceptable tolerance. The risk and mitigation measures will be incorporated into the departmental risk register and managed by the department.

The proposed mitigation measures will be assessed and evaluated to ensure the proposed action plans are adequate in addressing the identified risks. At the corporate level, any departmental risk with a significant and severe risk score will be escalated to the ARMC for deliberation. This approach creates a robust risk management system that is self-sustaining and will continue to evolve along with the constant change of the business environment.

The identified significant risk areas and mitigating actions were undertaken within stipulated time frames. The Group's significant risks identified for the FY2021 are outlined below:

i. Managing Compliance of COVID-19 and MCO.

In facing the COVID-19 Pandemic, the Group continuously takes extra precautionary measures by encouraging all employees, both foreign and local workers, (including workers from consultants, suppliers, and subcontractors) to take the COVID-19 vaccines as proactive preventive measures in controlling the spread of COVID-19 and enhance their protection. The Group also explores the opportunities with various government and authority channels to purchase vaccines for its employees. Furthermore, employees are required to do a COVID-19 self-test fortnightly before they are allowed to start work, in complying with the government's guidelines and Standard Operating Procedures ("SOP").

To safeguard the health and safety of the employees during the outbreak of COVID-19, the Group ensures that all workers comply with all established SOPs such as social distancing, temperature screenings, monitoring of close contact, and regular sanitization at the workplace. Besides that, the COVID-19 emergency response team has been in routine actions in providing a safe working environment to support the Human Resources Department and the Environment, Safety & Health Department in managing the compliance of COVID-19.

ii. Corporate Liability Provision under Section 17A Malaysian Anti-Corruption Commission Amendment Act 2018 ("Section 17A").

Section 17A imposes strict corporate liability on companies for corrupt practices of their employees and associated personnel where these acts are carried out for the company's benefit or advantage. The Group has established an ABC framework based on the "Guideline on Adequate Procedures" by the Prime Minister's Department and the CISM – "From Pledge to Practice" Framework.

To ensure compliance and continuous improvement to the guidelines, the QAC Department conducted a gap analysis to implement appropriate best practices to comply with the Act. SBAC also audited the implementation of the CISM Framework.

To ensure compliance to the highest level of integrity and ethics in the business operation, continuous reinforcement of communications has been conducted to all employees and external providers through sharing awareness sessions and email blasts regarding ABC matters.

iii. Compliance of Foreign Worker with Construction Permit.

The Group faces common challenges in compliance with foreign workers with construction permits and CIDB green cards. This risk is managed through several initiatives such as the enforcement of sub-contractors to comply with contractual agreements, stringent screening of foreign workers and notification of foreign worker replacements. The Group also assists and closely monitors the sub-contractors in renewing and applying the construction permits of their foreign workers.

iv. Review of Variation Order Management

Variation order refers to any changes from the scope, plan, specification, or contract document in the construction project. This change of work is common in the construction industry. An increase in variation order in a project and delay in processing orders may result in additional time and cost, subsequently impair work progress.

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

REVIEW OF THE STATEMENT

In accordance with paragraph 15.23 of the ACE LR, the External Auditors have reviewed this Statement. Their review was performed in accordance with Audit and Assurance Practice Guide 3: Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report, issued by the Malaysian Institute of Accountants.

Based on their review, nothing has come to their attention that causes them to believe this Statement is not prepared, in all material aspects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Public Listed Companies to be set out, nor is factually incorrect.

The independent internal audit firm, SBAC has also confirmed that the Group's risk management and internal control system in place during the year under review was adequate and effective.

CONCLUSION

The Board is of the view that the risk management and internal control system in place for for the financial year under review, is sound and effective to safeguard the Group's assets and shareholders' investments.

For FY2021, there had been no material losses as a result of deficiencies in the Group's risk management and internal control system. Nevertheless, the Board will continue to monitor and take pertinent measures on all significant risks identified, and recognises that the system must continuously evolve to support the business of the Group.

The Board had also received assurance from the Group Managing Director and Chief Financial Officer that the Group's risk management and internal control system is operating adequately and effectively, in all material aspects, based on the risk management and internal control system of the Group.

This Statement was approved by the Board on 21 April 2022.

Directors' Responsibility Statement

STATEMENT OF DIRECTORS' RESPONSIBILITY IN RELATION TO THE FINANCIAL STATEMENTS

The Directors are required under Rule 15.26(a) of the ACE Market Listing Requirements of Bursa Securities to issue a statement on its responsibility in the preparation of the annual audited financial statements.

The Directors are responsible for ensuring that the financial statements are properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the financial performance and cash flows for the financial period ended on that date.

During the preparation of the financial statements for the financial year ended 31 December 2021, the Directors have:

(i) applied the appropriate and relevant accounting policies consistently and in accordance with applicable approved accounting standards;
(ii) made judgements and estimates that are reasonable and prudent; and
(iii) applied the going concern basis for the preparation of the financial statements.

The Directors also have a general responsibility to keep accounting records which disclose the financial position of the Group and of the Company with reasonable accuracy to ensure compliance with the Companies Act 2016 as well as to take reasonable steps to safeguard the assets of the Group and of the Company to prevent and to detect fraud and other irregularities.

The Statement is made in accordance with a resolution of the Board of Directors dated 21 April 2022.

Financial Report

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 2021.

PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

RESULTS

	The Group RM'000	The Company RM'000
Profit after taxation for the financial year	7,341	7,423
Attributable to: -		
Owners of the Company	3,460	7,423
Non-controlling interests	3,881	-
	7,341	7,423

DIVIDENDS

The Company paid a first interim dividend of 0.5 sen per ordinary share amounting to RM3,765,000 for the financial year ended 31 December 2020 on 30 April 2021.

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

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 adequate allowance had been made for impairment losses on receivables.

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

CURRENT ASSETS

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

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

VALUATION METHODS

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

CONTINGENT AND OTHER LIABILITIES

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

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

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

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

CHANGE OF CIRCUMSTANCES

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

ITEMS OF AN UNUSUAL NATURE

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

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

Directors' 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:-

Haji Wan Azman Bin Wan Kamal
Dato' Sri Subahan Bin Kamal
Chng Boon Huat
Ir Dr Muhamad Fuad Bin Abdullah
Professor Emerita Siti Naaishah Binti Hambali

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

Abdul Halim Bin Yusof
Aminudin Bin Taib
Datuk Wan Kassim Bin Ahmed
Endie Jude Tofil Bin Md Tuffile
Haji Wan Badrul Hisham Bin Wan Kamal
Lee Heng Kheong
Loh Soon Wah
Tan Keng Seng
Wan Mohammad Faris Bin Wan Omar
Lim Eng Chong (Appointed on 21.9.2021)

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 1.1.2021	**Bought**	**Sold**	**At 31.12.2021**
The Company				
Direct Interests				
Haji Wan Azman Bin Wan Kamal	501,916,663	-	-	501,916,663
Dato' Sri Subahan Bin Kamal	51,083,337	-	-	51,083,337
Chng Boon Huat	500,000	-	-	500,000
Ir Dr Muhamad Fuad Bin Abdullah	400,000	-	-	400,000
Professor Emerita Siti Naaishah Binti Hambali	500,000	-	-	500,000

By virtue of their shareholdings in the Company, Haji Wan Azman Bin Wan Kamal, Dato' Sri Subahan Bin Kamal, Chng Boon Huat, Ir Dr Muhamad Fuad Bin Abdullah and Professor Emerita Siti Naaishah Binti Hambali are deemed to have interests 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.

Directors' Report (Cont'd)

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 Note 27(a) to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest 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 28 to the financial statements.

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

DIRECTORS' REMUNERATION

The details of the directors' remuneration paid or payable to the directors of the Group and of the Company during the financial year are disclosed in Note 27 to the financial statements.

INDEMNITY AND INSURANCE COST

During the financial year, the amount of indemnity coverage and insurance premium paid for the directors of the Company were RM10,000,000 and RM16,000 respectively.

SUBSIDIARIES

The details of the Company's subsidiaries are disclosed in Note 7 to the financial statements.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The significant events during the financial year are disclosed in Note 32 to the financial statements.

SIGNIFICANT EVENT OCURRING AFTER THE REPORTING PERIOD

The significant event occurring after the reporting period is disclosed in Note 33 to the financial statements.

AUDITORS

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

The details of the auditors' remuneration are disclosed in Note 22 to the financial statements.

Signed in accordance with a resolution of the directors dated 21 April 2022.

Haji Wan Azman Bin Wan Kamal **Dato' Sri Subahan Bin Kamal**

Statement by Directors

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

We, Haji Wan Azman Bin Wan Kamal and Dato' Sri Subahan Bin Kamal, being two of the directors of Gagasan Nadi Cergas Berhad, state that, in the opinion of the directors, the financial statements set out on pages 77 to 153 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 2021 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 21 April 2022

Haji Wan Azman Bin Wan Kamal **Dato' Sri Subahan Bin Kamal**

Statutory Declaration

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

I, Haji Wan Azman Bin Wan Kamal, being the director primarily responsible for the financial management of Gagasan Nadi Cergas Berhad, do solemnly and sincerely declare that the financial statements set out on pages 77 to 153 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
Haji Wan Azman Bin Wan Kamal, NRIC Number: 610428-03-5465
at Kuala Lumpur
in the Federal Territory
on this 21 April 2022

Haji Wan Azman Bin Wan Kamal

Before me

Datin Hjh Raihela Wanchik (No-275)
Commissioner for Oaths

Independent Auditors' Report

to the members of Gagasan Nadi Cergas Berhad

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Gagasan Nadi Cergas Berhad, which comprise the statements of financial position as at 31 December 2021 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 77 to 153.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and 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.

Independent Auditors' Report

to the members of Gagasan Nadi Cergas Berhad (Cont'd)

Key Audit Matters (Cont'd)

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

Revenue Recognition and Contract Accounting

Refer to Note 19 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
Revenue is one of the largest accounts in the financial statements and an important driver of the Group's operating results. We focus on this area as under ISA 240 there is presumption that there are risks of fraud in revenue recognition. There is a risk that Management could adopt accounting policies which could result in material misstatement in the reported revenue position and resulting profit. Given the significant risks involved when auditing revenue, revenue recognition and contract accounting is an area of audit emphasis as it requires significant management judgement and estimate including amongst others:- i. Assessment of the stage of completion and timing of revenue recognition. ii. Estimating cost budgets. iii. Determining project costs to complete. iv. Recognition of variation orders. v. Provision for foreseeable losses and liquidated ascertained damages.	Our audit procedures included, among others: • Assessing internal control procedures by flowchart and walkthrough test; • Performing test of control; • Assessing basis used in estimating the budgeted costs; • Verifying transaction prices, project billings and contract costs incurred; • Testing the percentage of completion to ensure contract costs incurred to-date reflects the actual work performed; • Assessing calculation of recognition of revenue, cost and profit to be consistent with the percentage of completion and satisfaction of performance obligations; and • Assessing reasonableness and adequacy of provision for foreseeable loss and liquidated ascertained damages. No significant issues noted from our work.

Recoverability of Trade Receivables

Refer to Note 9 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
The trade receivables of the Group amounted to approximately RM581.45 million and it constituted 60% of the total assets of the Group. As at 31 December 2021, trade receivables that were past due amounted to RM7.4 million. The details of trade receivables and its credit risk have been disclosed in Note 31 to the financial statements. Management recognised impairment losses on trade receivables based on specific known facts or circumstances or the abilities of customers to pay. The determination of whether trade receivables are recoverable involves significant management judgement.	Our audit procedures included, among others: • Reviewing recoverability of major receivables including but not limited to the review of subsequent collections; • Enquiring management on project/receivables status for major customers; • Reviewing collections and sales trends during the financial year of major receivables; and • Reviewing management's basis of estimation on the adequacy of the Group's allowance for impairment loss on trade receivables. No significant issues noted from our work.

Independent Auditors' Report
to the members of Gagasan Nadi Cergas Berhad (Cont'd)

Information Other than the Financial Statements and Auditors' Report Thereon

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

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of 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.

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.

Independent Auditors' Report
to the members of Gagasan Nadi Cergas Berhad (Cont'd)

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:- (Cont'd)

- 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

Ung Voon Huay
03233/09/2022 J
Chartered Accountant

Kuala Lumpur

21 April 2022

Statements of Financial Position

as at 31 December 2021

		The Group			The Company	
	Note	31.12.2021 RM'000	31.12.2020 RM'000 (Restated)	1.1.2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
ASSETS						
NON-CURRENT ASSETS						
Property, plant and equipment	5	**27,950**	27,953	29,098	**-**	-
Inventories	6	**86,588**	56,022	64,428	**-**	-
Investments in subsidiaries	7	**-**	-	-	**96,926**	96,926
Right-of-use assets	8	**2,598**	3,112	3,553	**-**	-
Trade receivables	9	**499,129**	531,144	561,944	**-**	-
		616,265	618,231	659,023	**96,926**	96,926
CURRENT ASSETS						
Inventories	6	**49,348**	58,999	23,500	**-**	-
Trade receivables	9	**82,322**	62,767	64,940	**-**	-
Contract assets	10	**98,782**	47,163	55,273	**-**	-
Other receivables, deposits and prepayments	11	**18,709**	21,543	21,678	**201**	6,040
Amount owing by subsidiaries	12	**-**	-	-	**46,942**	26,964
Current tax assets		**5,147**	3,145	2,875	**-**	3
Fixed deposits with licensed banks	13	**38,151**	45,705	30,653	**-**	-
Cash and bank balances		**66,582**	63,765	92,920	**9,449**	19,882
		359,041	303,087	291,839	**56,592**	52,889
TOTAL ASSETS		**975,306**	921,318	950,862	**153,518**	149,815

Statements of Financial Position

as at 31 December 2021 (Cont'd)

		The Group			The Company	
	Note	31.12.2021 RM'000	31.12.2020 RM'000 (Restated)	1.1.2020 RM'000 (Restated)	2021 RM'000	2020 RM'000
EQUITY AND LIABILITIES						
EQUITY						
Share capital	14	**136,444**	136,444	136,444	**136,444**	136,444
Retained profits		**309,061**	309,366	301,318	**16,734**	13,076
Equity attributable to owners of the Company		**445,505**	445,810	437,762	**153,178**	149,520
Non-controlling interests	7	**5,494**	1,551	3,269	**-**	-
TOTAL EQUITY		**450,999**	447,361	441,031	**153,178**	149,520
NON-CURRENT LIABILITIES						
Borrowings	15	**269,504**	262,401	284,695	**-**	-
Deferred tax liabilities	16	**77,668**	77,482	79,597	**-**	-
		347,172	339,883	364,292	**-**	-
CURRENT LIABILITIES						
Trade payables	17	**84,106**	68,213	70,465	**-**	-
Contract liabilities	10	**37,216**	21,415	29,140	**-**	-
Other payables and accruals	18	**8,032**	5,971	7,016	**304**	295
Borrowings	15	**45,712**	36,179	37,356	**-**	-
Current tax liabilities		**2,069**	2,296	1,562	**36**	-
		177,135	134,074	145,539	**340**	295
TOTAL LIABILITIES		**524,307**	473,957	509,831	**340**	295
TOTAL EQUITY AND LIABILITIES		**975,306**	921,318	950,862	**153,518**	149,815

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 2021

	Note	The Group 2021 RM'000	The Group 2020 RM'000 (Restated)	The Company 2021 RM'000	The Company 2020 RM'000
REVENUE	19	**199,256**	206,902	**8,000**	10,000
COST OF SALES		**(182,307)**	(178,040)	**-**	-
GROSS PROFIT		**16,949**	28,862	**8,000**	10,000
OTHER INCOME		**47,481**	34,051	**713**	324
		64,430	62,913	**8,713**	10,324
SELLING AND DISTRIBUTION EXPENSES		**(141)**	**(148)**	**(11)**	**(5)**
ADMINISTRATIVE EXPENSES		**(28,178)**	(27,482)	**(1,089)**	(1,314)
OTHER EXPENSES		**(2,963)**	(3,150)	**(30)**	-
FINANCE COSTS	20	**(16,068)**	(16,484)	**-**	-
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	21	**775**	(836)	**-**	-
PROFIT BEFORE TAXATION	22	**17,855**	14,813	**7,583**	9,005
INCOME TAX EXPENSE	23	**(10,514)**	(5,018)	**(160)**	(84)
PROFIT AFTER TAXATION		**7,341**	9,795	**7,423**	8,921
OTHER COMPREHENSIVE INCOME		**-**	-	**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		**7,341**	9,795	**7,423**	8,921
PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:-					
Owners of the Company		**3,460**	11,813	**7,423**	8,921
Non-controlling interests		**3,881**	(2,018)	**-**	-
		7,341	9,795	**7,423**	8,921
EARNINGS PER SHARE (SEN)	24				
- Basic		**0.46**	1.57	**-**	-
- Diluted		**0.46**	1.57	**-**	-

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

Statements of Changes in Equity
for the financial year ended 31 December 2021

			Distributable			
The Group	**Note**	**Share Capital RM'000**	**Retained Profits RM'000**	**Attributable to Owners of the Company RM'000**	**Non-controlling Interests RM'000**	**Total Equity RM'000**
Balance at 1.1.2020						
- As previously reported		136,444	304,815	441,259	4,916	446,175
- Effect of adoption of IFRIC Agenda Decision	34	-	(3,880)	(3,880)	(1,647)	(5,527)
- Effect of prior year adjustment	34	-	383	383	-	383
- As restated		136,444	301,318	437,762	3,269	441,031
Profit after taxation/Total comprehensive income for the financial year		-	11,813	11,813	(2,018)	9,795
Contributions by and distribution to owners of the Company:						
- Issuance of shares to non-controlling interest in a subsidiary		-	-	-	300	300
- Dividends paid	25	-	(3,765)	(3,765)	-	(3,765)
Total transaction with owners		-	(3,765)	(3,765)	300	(3,465)
Balance at 31.12.2020 (restated)		136,444	309,366	445,810	1,551	447,361
Balance at 31.12.2020/1.1.2021						
- As previously reported		**136,444**	**313,557**	**450,001**	**3,894**	**453,895**
- Effect of adoption of IFRIC Agenda Decision	34	**-**	**(4,574)**	**(4,574)**	**(2,343)**	**(6,917)**
- Effect of prior year adjustment	34	**-**	**383**	**383**	**-**	**383**
- As restated		**136,444**	**309,366**	**445,810**	**1,551**	**447,361**
Profit after taxation/Total comprehensive income for the financial year		**-**	**3,460**	**3,460**	**3,881**	**7,341**
Contributions by and distribution to owners of the Company:						
- Issuance of shares to non-controlling interest in a subsidiary		**-**	**-**	**-**	**62**	**62**
- Dividends paid	25	**-**	**(3,765)**	**(3,765)**	**-**	**(3,765)**
Total transaction with owners		**-**	**(3,765)**	**(3,765)**	**62**	**(3,703)**
Balance at 31.12.2021		**136,444**	**309,061**	**445,505**	**5,494**	**450,999**

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

Statements of Changes in Equity
for the financial year ended 31 December 2021 (Cont'd)

The Company	Note	Share Capital RM'000	Retained Profits RM'000	Total Equity RM'000
Balance at 1.1.2020		136,444	7,920	144,364
Profit after taxation/Total comprehensive income for the financial year		-	8,921	8,921
Contributions by and distribution to owners of the Company:				
- Dividends paid	25	-	(3,765)	(3,765)
Balance at 31.12.2020/1.1.2021		**136,444**	**13,076**	**149,520**
Profit after taxation/Total comprehensive income for the financial year		**-**	**7,423**	**7,423**
Contributions by and distribution to owners of the Company:				
- Dividends paid	25	**-**	**(3,765)**	**(3,765)**
Balance at 31.12.2021		**136,444**	**16,734**	**153,178**

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

Statements of Cash Flows

for the financial year ended 31 December 2021

	The Group		The Company	
	2021 RM'000	**2020 RM'000 (Restated)**	**2021 RM'000**	**2020 RM'000**
CASH FLOWS (FOR)/FROM OPERATING ACTIVITIES				
Profit before taxation	**17,855**	14,813	**7,583**	9,005
Adjustments for:-				
Depreciation:				
- property, plant and equipment	**1,332**	1,495	**-**	-
- right-of-use assets	**997**	969	**-**	-
Impairment losses:				
- trade receivables	**219**	933	**-**	-
- other receivables	**313**	-	**-**	-
Finance costs	**16,068**	16,484	**-**	-
Loss on disposal of right-of-use assets	**-**	43	**-**	-
Accretion of fair value on non-current trade receivables	**(26,907)**	(28,358)	**-**	-
Early termination of lease contracts	**-**	(100)	**-**	-
Dividend income	**-**	-	**(8,000)**	(10,000)
Gain on disposal:				
- property, plant and equipment	**(8,138)**	(35)	**-**	-
Finance income	**(955)**	(1,928)	**(713)**	(324)
Reversal of impairment losses:				
- trade receivables	**(1,213)**	(13)	**-**	-
- other receivables	**(94)**	(84)	**-**	-
Operating (loss)/profit before working capital changes	**(523)**	4,219	**(1,130)**	(1,319)
Decrease/(Increase) in inventories	**13,806**	(17,601)	**-**	-
(Increase)/Decrease in contract assets	**(51,619)**	8,110	**-**	-
Decrease/(Increase) in trade and other receivables	**42,976**	60,630	**5,839**	(1)
Increase/(Decrease) in trade and other payables	**17,954**	(3,297)	**9**	21
Increase/(Decrease) in contract liabilities	**15,801**	(7,725)	**-**	-
CASH FROM/(FOR) OPERATIONS CARRIED FORWARD	**38,395**	44,336	**4,718**	(1,299)

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

Statements of Cash Flows

for the financial year ended 31 December 2021 (Cont'd)

	Note	The Group 2021 RM'000	The Group 2020 RM'000 (Restated)	The Company 2021 RM'000	The Company 2020 RM'000
CASH FROM/(FOR) OPERATIONS BROUGHT FORWARD		**38,395**	44,336	**4,718**	(1,299)
Income tax paid		**(12,557)**	(6,669)	**(121)**	(137)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		**25,838**	37,667	**4,597**	(1,436)
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries		**-**	-	**(19,978)**	(2,975)
Dividend received		**-**	-	**8,000**	10,000
Finance income received		**955**	1,928	**713**	324
Purchase of right-of-use assets	26(a)	**(28)**	(548)	**-**	-
Withdrawal/(Placement) of pledged fixed deposits and with tenure more than 3 months		**20,783**	(12,232)	**-**	-
Proceeds from disposal of property, plant and equipment		**10,976**	35	**-**	-
Additions to inventories - properties held for future development		**(34,721)**	(9,492)	**-**	-
Purchase of property, plant and equipment	26(a)	**(4,165)**	(271)	**-**	-
NET CASH (FOR)/FROM INVESTING ACTIVITIES		**(6,200)**	(20,580)	**(11,265)**	7,349
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividends paid	25	**(3,765)**	(3,765)	**(3,765)**	(3,765)
Drawdown of borrowings	26(b)	**50,550**	40,014	**-**	-
Finance costs paid		**(16,068)**	(16,484)	**-**	-
Proceeds from issuance of shares to non-controlling interest in a subsidiary		**62**	300	**-**	-
Repayment of borrowings	26(b)	**(36,312)**	(61,351)	**-**	-
NET CASH FOR FINANCING ACTIVITIES		**(5,533)**	(41,286)	**(3,765)**	(3,765)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**14,105**	(24,199)	**(10,433)**	2,148
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		**63,759**	87,958	**19,882**	17,734
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	26(c)	**77,864**	63,759	**9,449**	19,882

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

Notes to the Financial Statements

for the financial year ended 31 December 2021

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 as follows:-

Registered office	: Unit 30-01, Level 30, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur.
Principal place of business	: F-1 @ 8 Suria, 33, Jalan PJU 1/42, 47301 Petaling Jaya, Selangor Darul Ehsan.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors dated 21 April 2022.

2. PRINCIPAL ACTIVITIES

The Company is principally engaged in the business of investment holding. The principal activities of the subsidiaries are set out in Note 7 to the financial statements. There have been no significant changes in the nature of these activities during the financial year.

3. BASIS OF PREPARATION

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

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

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

Amendments to MFRS 9, MFRS139, MFRS 7, MFRS 4 and MFRS 16: Interest Rate Benchmark Reform - Phase 2

Amendment to MFRS 16: Covid 19-Related Rent Concessions

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.

(b) Change in accounting policy

IFRS Interpretations Committee ("IFRIC") Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed goods ("IFRIC Agenda Decision")

In March 2019, the IFRIC published an agenda decision on borrowing costs confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the Malaysia Accounting Standards Board announced that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual periods beginning on or after 1 July 2020.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

3. BASIS OF PREPARATION (CONT'D)

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):- (Cont'd)

(b) Change in accounting policy (Cont'd)

IFRS Interpretations Committee ("IFRIC") Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed goods ("IFRIC Agenda Decision") (Cont'd)

The Group has adopted the IFRIC Agenda Decision retrospectively in its financial position as at 1 January 2020 and throughout all comparative presented, as if these policies had always been in effect. Comparative information in these financial statements have been restated to give effect to the above changes as disclosed in Note 34 to the financial statements.

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021	1 April 2021
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
Annual Improvements to MFRS Standards 2018 - 2020	1 January 2022
MFRS 17 Insurance Contracts	1 January 2023
Amendments to MFRS 17 Insurance Contracts	1 January 2023
Amendment to MFRS 17: Initial Application of MFRS 17 and MFRS 9 - Comparative Information	1 January 2023
Amendment to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	1 January 2023
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 112: Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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
for the financial year ended 31 December 2021 (Cont'd)

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 Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment is 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 property, plant and 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 property, plant and equipment as at the reporting date is disclosed in Note 5 to the financial statements.

(b) Impairment of Property, Plant and Equipment and Right-of-use Assets

The Group determines whether an item of its property, plant and equipment and right-of-use assets 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 property, plant and equipment and right-of-use assets as at the reporting date are disclosed in Notes 5 and 8 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 9 and 10 to the financial statements respectively.

(d) 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 rates 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 at the end of each financial period. The carrying amounts of other receivables and amount owing by subsidiaries as at the reporting date are disclosed in Notes 11 and 12 to the financial statements respectively.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(e) Revenue Recognition for Construction Contracts

The Group recognises construction revenue by reference to the construction progress using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. The total estimated costs are based on approved budgets, which require assessment and judgement to be made on changes in, for example, work scope, changes in costs and costs to completion. In making the judgement, management relies on past experience and the work of specialists. The carrying amounts of contract assets and contract liabilities as at the reporting date are disclosed in Note 10 to the financial statements.

(f) Revenue and Cost Recognition of Property Development Activities

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

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.

(g) 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 amount of current tax liabilities as at the reporting date is RM2,069,000 (2020 - RM2,296,000).

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.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(b) Lease Terms

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

(c) Contingent Liabilities

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

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

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

Intragroup transactions, balances, income and expenses are eliminated on consolidation. Where necessary, adjustments are made to the financial statements of subsidiaries to ensure consistency of accounting policies with those of the Group.

(a) Business Combinations

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

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

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.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(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 the consideration paid or received is recognised directly in the 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 and has been rounded to the nearest thousand, unless otherwise stated.

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 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.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

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.

(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.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Equity Instruments

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

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

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

(b) Financial Liabilities

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

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

(c) Equity Instruments

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

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.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(d) Derecognition

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

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

(e) Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a 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 Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the amount of the credit loss determined in accordance with the expected credit loss model and the amount initially recognised less cumulative amortisation.

4.5 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 PROPERTY, PLANT AND EQUIPMENT

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

Subsequent to initial recognition, all property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any impairment losses.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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

Freehold land is not depreciated. Depreciation on other property, plant and equipment is charged to profit or loss (unless it is included in the carrying amount of another asset) on 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:-

Freehold buildings	2%
Chiller plant and machineries	5%
Cabins, furniture and office equipment	6% - 10%
Plant and machinery	10%
Computers and software	20%
Motor vehicles	20%
Renovation	20%

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

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 property, plant and equipment. Any changes are accounted for as a change in estimate.

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising from derecognition of the asset, being the difference between the net disposal proceeds and the carrying amount, is recognised in profit or loss.

4.7 LEASES

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

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use assets and the associated lease liabilities are presented as a separate line item in the statements of financial position.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 LEASES (CONT'D)

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

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

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

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

4.8 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost and net realisable value are determined as below:-

Property Development

(i) Properties Held for Future Development

The cost comprises specifically identified cost, including cost associated to the purchase of land and an appropriate proportion of common infrastructure costs and borrowing costs capitalised.

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 properties held for future development will be the best available measure of the net realisable value.

Properties held for future development for which no significant development work has been undertaken or where development activities are not expected to be completed within the normal operation cycle is classified as non-current asset.

Properties held for future development is transferred to properties under development for sale' category when development activities have commenced and are expected to be completed within the Group's normal operating cycle.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.8 INVENTORIES (CONT'D)

Inventories are stated at the lower of cost and net realisable value. Cost and net realisable value are determined as below:-(Cont'd)

Property Development (Cont'd)

(ii) Properties Under Development for Sale

The cost comprises specifically identified cost, including cost associated to the purchase of land, conversion fees, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of common infrastructure costs and borrowing costs capitalised.

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

(iii) Completed Properties Held for Sale

The cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. The cost of completed properties held for sale comprises cost associated with the acquisition of land, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

4.9 CONTRACT COSTS

(a) Incremental Costs of Obtaining Contracts

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

(b) Costs to Fulfil A Contract

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

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

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

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.10 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.

4.11 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 statement of cash flows, cash and cash equivalents are presented net of bank overdrafts.

4.12 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.

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 concession services receivables and 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.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 IMPAIRMENT (CONT'D)

(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 there is an indication that the assets might be impaired. Impairment is measured by comparing the carrying values of the assets with their recoverable amounts. When the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount and an impairment loss shall be recognised. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and its value in use, which is measured by reference to discounted future cash flows using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss is recognised in profit or loss.

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.

4.13 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 unwinding of the discount is recognised as interest expense in profit or loss.

4.14 EMPLOYEE BENEFITS

(a) Short-term Benefits

Wages, salaries, paid annual leave and bonuses are measured on an undiscounted basis and are recognised in profit or loss 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.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

4.16 CONTINGENT LIABILITIES

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements, unless the probability of outflow of economic benefits is remote. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.17 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.

4.18 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, which comprise share options granted to employees.

4.19 BORROWING COSTS

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of those assets, until such time as the assets are ready for their intended use or sale. The capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is the weighted average of the borrowing costs applicable to borrowings that are outstanding during the financial year, other than borrowings made specifically for the purpose of financing a specific project-in-progress, in which case the actual borrowing costs incurred on that borrowings less any investment income on temporary investment of that borrowings will be capitalised.

All other borrowing costs are recognised in profit or loss as expenses in the period in which they are incurred.

4.20 FAIR VALUE MEASUREMENTS

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

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
for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 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 over time criteria is met:-

- The customer simultaneously receives and consumes the benefits provided as the Group performs.
- The Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced.
- The Group's performance does not create an asset with an alternative use and the Group has an enforceable right to payment for performance completed to date.

(a) Construction Services

Revenue from construction services is recognised over time in the period in which the services are rendered using the input method, determined based on the proportion of construction costs incurred for work performed to date over the estimated total construction costs. Transaction price is computed based on the price specified in the contract and adjusted for any variable consideration such as incentives and penalties. Past experience is used to estimate and provide for the variable consideration, using expected value method and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur.

A receivable is recognised when the construction services are rendered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. If the construction services rendered exceed the payment received, a contract asset is recognised. If the payments exceed the construction services rendered, a contract liability is recognised.

Long-term concession contracts with government or government agencies

The Group has concession arrangements with the Government of Malaysia ("the Government") or government agencies ("the Grantor") to design, develop, construct and complete the Facilities and Infrastructure ("concession asset") and to carry out the Asset Management Services for a concession period of 22.5 (Including construction period of 2.5 years) years and transfer the concession asset to the Grantor at the end of concession periods.

Payment terms for contracts with the Government and the Grantor are usually based on equal instalments over the duration of the contract after the asset management service commencement date. If the Group has recognised revenue, but not issued a bill, then the entitlement to consideration is recognised as a contract asset. The contract asset is transferred to receivables when the entitlement to payment become unconditional.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(b) Rendering of Facility Management Services

Revenue from providing facility management services is recognised over time in the period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. As a practical expedient, the Group recognises revenue on a straight-line method over the period of service.

(c) 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.

(d) Rendering of Utility Services

Revenue from providing utility services is recognised over time in the period in which the services are rendered. This is based on the actual customer usage relative to the agreed-upon charging rates.

4.22 REVENUE FROM OTHER SOURCES AND OTHER OPERATING INCOME

(a) Dividend Income

Dividend income from investment is recognised when the right to receive dividend payment is established.

(b) Interest Income

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

(c) Rental Income

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

(d) Government Grant

Government grants are recognised at their fair value when there is reasonable assurance that they will be received and all conditions attached will be met.

Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis over the period necessary to match them with the related expenses which they are intended to compensate for. These grants are presented as other income in profit or loss.

Grants that compensate the Group for the cost of an asset are recognised as deferred grant income in the statement of financial position and are amortised to profit or loss on a systematic basis over the expected useful life of the relevant asset.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT

The Group	At 31.12.2020 (Restated) RM'000	Additions RM'000	Disposal RM'000	Depreciation Charges RM'000	Reclassification RM'000	Transfer from Right-of-use Assets RM'000	At 31.12.2021 RM'000
2021							
Carrying Amount							
Freehold land and buildings	16,809	-	(383)	(297)	-	-	16,129
Chiller plant and machineries	835	-	(798)	(72)	8,417	-	8,382
Cabins, furniture and office equipment	942	323	(18)	(204)	(7)	-	1,036
Plant and machinery	1,805	1,030	(1,633)	(119)	-	-	1,083
Computers and software	773	69	(6)	(536)	274	-	574
Motor vehicles	47	-	-	(43)	-	2	6
Renovation	105	83	-	(61)	-	-	127
Capital work-in-progress	6,637	2,660	-	-	(8,684)	-	613
	27,953	4,165	(2,838)	(1,332)	-	2	27,950

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At 1.1.2020 RM'000	Prior year Adjustment (Note 34) RM'000	At 1.1.2020 (Restated) RM'000	Additions RM'000	Depreciation Charges RM'000	Transfer (to)/ from Right-of-use Assets RM'000	At 1.1.2021 (Restated) RM'000
2020							
Carrying Amount							
Freehold land and buildings	16,723	383	17,106	-	(297)	-	16,809
Chiller plant and machineries	946	-	946	-	(111)	-	835
Cabins, furniture and office equipment	1,071	-	1,071	60	(189)	-	942
Plant and machinery	2,063	-	2,063	-	(245)	(13)	1,805
Computers and software	1,238	-	1,238	25	(490)	-	773
Motor vehicles	68	-	68	-	(113)	92	47
Renovation	155	-	155	-	(50)	-	105
Capital work-in-progress	6,451	-	6,451	186	-	-	6,637
	28,715	383	29,098	271	(1,495)	79	27,953

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

5. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

The Group	At Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2021			
Freehold land and buildings	**18,849**	**(2,720)**	**16,129**
Chiller plant and machineries	**8,417**	**(35)**	**8,382**
Cabins, furniture and office equipment	**3,293**	**(2,257)**	**1,036**
Plant and machinery	**4,081**	**(2,998)**	**1,083**
Computers and software	**2,878**	**(2,304)**	**574**
Motor vehicles	**3,092**	**(3,086)**	**6**
Renovation	**1,226**	**(1,099)**	**127**
Capital work-in-progress	**613**	**-**	**613**
	42,449	**(14,499)**	**27,950**
2020 (Restated)			
Freehold land and buildings	19,232	(2,423)	16,809
Chiller plant and machineries	2,226	(1,391)	835
Cabins, furniture and office equipment	3,096	(2,154)	942
Plant and machinery	7,558	(5,753)	1,805
Computers and software	2,572	(1,799)	773
Motor vehicles	2,950	(2,903)	47
Renovation	1,143	(1,038)	105
Capital work-in-progress	6,637	-	6,637
	45,414	(17,461)	27,953

Included in the property, plant and equipment of the Group at the end of the reporting period were freehold land and buildings with a total carrying amount of RM12,129,000 (2020 - RM12,426,000) which have been charged to a licensed bank as security for banking facilities granted to the Group as disclosed in Notes 15(c) and 15(d) to the financial statements.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

6. INVENTORIES

	The Group	
	2021 RM'000	**2020 RM'000 (Restated)**
Property Development		
Properties held for future development	**86,588**	56,022
Properties under development for sale	**49,348**	58,999
	135,936	115,021
Represented by:		
Non-current assets	**86,588**	56,022
Current assets	**49,348**	58,999
	135,936	115,021
Recognised in profit or loss:		
Inventories of property development	**51,783**	19,458

(a) Included in the properties held for future development are freehold land and leasehold land that have been charged to licensed banks as security for banking facilities granted to the Group as disclosed in Note 15(d) to the financial statements.

(b) Included in the properties under development for sale is a piece of development land registered under a third party's name that has been charged to a licensed bank as security for banking facilities granted to the Group as disclosed in Note 15(d) to the financial statements.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

7. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2021 RM'000	2020 RM'000
Unquoted shares, at cost	96,926	96,926

The details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:-

Name of Subsidiaries	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2021 %	2020 %	
Direct Subsidiaries			
Nadi Cergas Sdn. Bhd. ("NCSB")	100	100	Property development, and construction of buildings, infrastructures and related facilities.
Nadi Cergas Hartanah Sdn. Bhd. ("NCH")	100	100	Property investment holding.
Naditech Utilities Sdn. Bhd. ("NTU")	60	60	Operation of a district cooling system including thermal energy storage tank and related facilities for the supply of chilled water.
Nadi Cergas Management Services Sdn. Bhd. ("NCMS")	100	100	Provision of management and corporate services.
Nadi Cergas Development Sdn. Bhd. ("NCD")	70	70	Property development.
Nadi Cergas Urus Harta Sdn. Bhd. ("NCUH")	100	100	Provision of facility management services.
Nadi Cergas Medik Sdn. Bhd. ("NCM")	100	100	Dormant.
Subsidiaries of NCSB			
Sasaran Etika Sdn. Bhd. ("SESB")	100	100	Concessionaire for building construction and provision of facility management services for student hostels.
Naluri Etika Sdn. Bhd. ("NESB")	100	100	Concessionaire for building construction and provision of facility management services for student hostels.
Subsidiaries of NCD			
Ringgit Muhibbah Sdn. Bhd. ("RMSB")	66.5	66.5	Property investment holding and property development.
Nadi Emery Sdn. Bhd. ("NERSB")	52.5	52.5	Property development.
Nadi Embun Sdn. Bhd. ("NEBSB")	49	49	Property development.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

The details of the subsidiaries, all of which are incorporated in Malaysia, are as follows:- (Cont'd)

Name of Subsidiaries	Percentage of Issued Share Capital Held by Parent		Principal Activities
	2021 %	2020 %	
Subsidiary of NERSB			
Nadi Emery (KKD) Sdn. Bhd. ("NEKKD")*	52.5	-	Dormant.
Subsidiaries of NTU			
Naditech Power Sdn. Bhd. ("NTP")	57	57	Dormant and yet to commence the business of electricity distribution.
Naditech Energy Sdn. Bhd. ("NTE")	57	57	Dormant and yet to commence business of district cooling system for the supply of chilled water.
Subsidiary of NTP			
Naditech Icon Sdn. Bhd. ("NTI")	57	57	Dormant.

* *The subsidiary was newly incorporated on 25 November 2021 and has been consolidated based on management accounts for the financial period from 25 November 2021 to 31 December 2021.*

(a) The non-controlling interests at the end of reporting period comprise the following:-

	Effective Equity Interest		The Group	
	2021 %	2020 %	2021 RM'000	2020 RM'000 (Restated)
Naditech Utilities Sdn. Bhd.	**40**	40	**8,118**	5,425
Ringgit Muhibbah Sdn. Bhd.	**33.5**	33.5	**(770)**	(3,233)
Other individually immaterial subsidiaries			**(1,854)**	(641)
			5,494	1,551

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(b) The summarised financial information (before intra-group elimination) for the subsidiary with non-controlling interest that are material to the Group is as follows:-

	Naditech Utilities Sdn. Bhd.	
	2021 RM'000	**2020 RM'000**
At 31 December		
Non-current assets	**475**	3,045
Current assets	**21,234**	14,451
Non-current liabilities	**-**	(247)
Current liabilities	**(369)**	(2,641)
Net assets	**21,340**	14,608
Financial Year Ended 31 December		
Revenue	**1,317**	3,993
Profit after taxation/Total comprehensive income for the financial year	**6,732**	1,459
Total comprehensive income attributable to non-controlling interests	**2,693**	584
Net cash from operating activities	**8,149**	329
Net cash from/(for) investing activities	**4,192**	(1,202)
Net cash for financing activities	**(11,118)**	(2,889)

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

7. INVESTMENTS IN SUBSIDIARIES (CONT'D)

(c) The summarised financial information (before intra-group elimination) for the subsidiary with non-controlling interest that are material to the Group is as follows:-

	Ringgit Muhibbah Sdn. Bhd.	
	2021 RM'000	**2020 RM'000 (Restated)**
At 31 December		
Non-current assets	**31,397**	31,023
Current assets	**78,538**	47,402
Non-current liabilities	**(52,610)**	(29,994)
Current liabilities	**(59,624)**	(58,083)
Net liabilities	**(2,299)**	(9,652)
Financial Year Ended 31 December		
Revenue	**48,574**	10,604
Profit/(Loss) after taxation/Total comprehensive income/(expense) for the financial year	**7,353**	(347)
Total comprehensive income/(expense) attributable to non-controlling interests	**2,463**	(116)
Net cash for operating activities	**(21,672)**	(9,172)
Net cash from investing activities	**12**	28
Net cash from financing activities	**19,735**	8,913

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

8. RIGHT-OF-USE ASSETS

The Group	At 1.1.2021 RM'000	Additions RM'000	Depreciation Charges RM'000	Transfer to Property, Plant and Equipment RM'000	At 31.12.2021 RM'000
2021					
Carrying Amount					
Buildings	**254**	**56**	**(146)**	**-**	**164**
Machines	**764**	**-**	**(87)**	**-**	**677**
Motor vehicles	**2,094**	**429**	**(764)**	**(2)**	**1,757**
	3,112	**485**	**(997)**	**(2)**	**2,598**

The Group	At 1.1.2020 RM'000	Additions RM'000	Depreciation Charges RM'000	Early Termination of Lease Contracts RM'000	Derecognition Due to Lease Modifications RM'000	Transfer (to)/from Property, Plant and Equipment RM'000	At 31.12.2020 RM'000
2020							
Carrying Amount							
Buildings	281	246	(230)	(43)	-	-	254
Machines	1,877	250	(77)	-	(1,299)	13	764
Motor vehicles	1,395	1,453	(662)	-	-	(92)	2,094
	3,553	1,949	(969)	(43)	(1,299)	(79)	3,112

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

8. RIGHT-OF-USE ASSETS (CONT'D)

	The Group	
	2021 RM'000	2020 RM'000
Analysed by:-		
Cost	4,576	4,867
Accumulated depreciation	(1,978)	(1,755)
	2,598	3,112

The Group leases various buildings, machines and motor vehicles of which the leasing activities are summarised below:-

(i) Buildings — The Group has leased a number of buildings as office, hostels for employees and sales gallery ranging from 1 year to 2 years (2020 - 1 year to 2 years), with an option to renew the leases after that date.

(ii) Machines — The Group has leased its machines under hire purchase arrangements with the lease terms of 5 years (2020 - 5 years). At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount.

(iii) Motor vehicles — The Group has leased its motor vehicles under hire purchase arrangements with the lease terms of ranging from 3 to 5 (2020 - 3 to 5) years. At the end of the lease term, the Group has the option to purchase the asset at an insignificant amount. The leases bear effective interest rates ranging from 2.15% to 3.66% (2020 - 2.22% to 3.66%) and are secured by the lease assets.

9. TRADE RECEIVABLES

The amounts recognised in the statements of financial position are analysed as follows:-

	The Group	
	2021 RM'000	2020 RM'000
Non-current		
Concession services receivables	**500,134**	532,193
Allowance for impairment losses	**(1,005)**	(1,049)
	499,129	531,144
Current		
Concession services receivables	**33,132**	31,622
Trade receivables	**49,743**	32,648
Allowance for impairment losses	**(553)**	(1,503)
	82,322	62,767
	581,451	593,911

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

9. TRADE RECEIVABLES (CONT'D)

	The Group	
	2021 RM'000	2020 RM'000
Allowance for impairment losses:-		
At 1 January	**2,552**	1,632
Addition during the financial year	**219**	933
Reversal during the financial year	**(1,213)**	(13)
At 31 December	**1,558**	2,552

(i) The Group's normal trade credit terms range from 30 to 90 (2020 - 30 to 90) days. Other credit terms are assessed and approved on a case-by-case basis.

(ii) Included in trade receivables of the Group representing financial assets from the concession arrangement for the IIUM and UTeM projects as follows:-

	The Group	
	2021 RM'000	2020 RM'000
Gross trade receivables:		
- IIUM Project	**273,658**	293,660
- UTeM Project	**259,608**	270,155
	533,266	563,815
Less: Allowance for impairment losses		
- IIUM Project	**(546)**	(576)
- UTeM Project	**(519)**	(530)
	(1,065)	(1,106)
Net trade receivables		
- IIUM Project	**273,112**	293,084
- UTeM Project	**259,089**	269,625
	532,201	562,709

The amount comprises the fair value of the consideration receivable for the completion of the construction. The repayment is in the form of availability charges from the concession arrangements.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

9. TRADE RECEIVABLES (CONT'D)

Concession Agreement ("CA")

(a) In 25 October 2011, the subsidiary, Sasaran Etika Sdn. Bhd. has executed a CA with the Government of Malaysia and International Islamic University Malaysia ("IIUM") to grant the subsidiary the right and authority to carry out the planning, design, development, construction, landscaping, equipping, installation, completion, testing and commissioning and the maintenance of the buildings, structures, facilities and infrastructure of IIUM Kuantan Campus and to carry out the services and works specifications relating to the maintenance services of the facilities and infrastructure (collectively referred to as the "Concession").

The provision of asset management services commences upon issuance of the Certificate of Acceptance confirming acceptance of the availability of the facilities and infrastructure, and ceases on the Expiry Date ("Maintenance Period").

The principal terms of the CA are as follows:

(i) The Concession period shall be for a period of twenty two (22) years and six (6) months ("Concession period") commencing from the commencement date of construction or the date all conditions precedent for the CA have been met whichever is the later ("Commencement Date"), and ending on the sixth (6th) month following the twenty second (22nd) anniversary of the Commencement Date ("Expiry Date").

(ii) The maintenance service will commence upon the issuance of Certificate of Acceptance by IIUM and expire on the Expiry Date ("Maintenance Period"). IIUM shall pay the Group throughout the Maintenance Period the following charges:-

(a) The sub-lease rental for the availability of the facilities and infrastructure ("Availability Charges"); and

(b) The asset management services charges ("Maintenance Charges") for the Asset Management Services by way of monthly payments in arrears.

(b) On 5 September 2014, the subsidiary, Naluri Etika Sdn. Bhd. has executed a CA with the Government of Malaysia and University Teknikal Malaysia Melaka ("UTeM") to grant the subsidiary the right and authority to carry out the design, build, construct, develop and complete hostels for 5,000 UTeM students in Malacca and to carry the services and works specifications relating to the maintenance services of the facilities and infrastructure (collectively referred to as the "Concession").

The provision of asset management services commences upon issuance of the Certificate of Acceptance confirming acceptance of the availability of the facilities and infrastructure, and ceases on the Expiry Date ("Maintenance Period").

The principal terms of the CA are as follows:

(i) The Concession period shall be for a period of twenty two (22) years and six (6) months ("Concession period") commencing from the commencement date of construction or the date all conditions precedent for the CA have been met whichever is the later ("Commencement Date"), and ending on the sixth (6th) month following the twenty second (22nd) anniversary of the Commencement Date ("Expiry Date").

(ii) The maintenance service will commence upon the issuance of Certificate of Acceptance by UTeM and expire on the Expiry Date ("Maintenance Period"). UTeM shall pay the Group throughout the Maintenance Period the following charges:-

(a) The sub-lease rental for the availability of the facilities and infrastructure ("Availability Charges"); and

(b) The asset management services charges ("Maintenance Charges") for the Asset Management Services by way of monthly payments in arrears.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

10. CONTRACT ASSETS/(LIABILITIES)

	The Group 2021 RM'000	The Group 2020 RM'000
Contract Assets		
Construction contracts	**46,344**	34,136
Property development activities	**52,438**	13,027
	98,782	47,163
Contract Liabilities		
Construction contracts	**(37,216)**	(21,415)

(a) The contract assets primarily relate to the Group's right to consideration for construction work completed on construction contracts but not yet billed as at the reporting date. This balance will be billed progressively in the future upon the fulfillment of contractual milestones.

(b) The contract assets represent the timing differences in revenue recognition and the milestone billings in respect of the property development activities.

(c) The significant changes to contract assets during the financial year:-

	The Group 2021 RM'000	The Group 2020 RM'000
Transfer to trade receivables	**157,564**	209,508
Revenue recognised on performance obligation satisfied during the financial year	**181,390**	187,110

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other receivables:-				
Third parties	**9,350**	9,726	**-**	-
Related party	**5,961**	5,967	**-**	-
Allowance for impairment losses	**(6,406)**	(6,187)	**-**	-
	8,905	9,506	**-**	-
Deposits	**8,316**	4,901	**1**	1
Prepayments	**1,488**	7,136	**200**	6,039
	18,709	21,543	**201**	6,040

	The Group	
	2021 RM'000	2020 RM'000
Allowance for impairment losses:-		
At 1 January	**6,187**	6,271
Addition during the financial year	**313**	-
Reversal during the financial year	**(94)**	(84)
At 31 December	**6,406**	6,187

(a) Included in other receivables of the Group are project billings receivable of RM3,904,000 (2020 - RM3,904,000) which is to be reimbursed from a contract customer after the Group has completed the construction project.

(b) The amount owing by a related party comprised project expenditures to the preliminary costs incurred on a development project which is refundable from the project owner.

(c) In the previous financial year, included in prepayments is an amount of RM6,000,000 being part of a purchase consideration on the acquisition of a group of companies. As disclosed in Note 32(a), the acquisition was terminated and the full amount was refunded to the Group..

12. AMOUNT OWING BY SUBSIDIARIES

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

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

13. FIXED DEPOSITS WITH LICENSED BANKS

(a) The fixed deposits with licensed banks of the Group at the end of the reporting period bore effective interest/profit rates ranging from 1.25% to 1.85% (2020 - 1.25% to 3.00%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 (2020 - 1 to 12) months.

(b) Included in the fixed deposits with licensed banks of the Group at the end of the reporting period was an amount of RM8,606,000 (2020 - RM15,135,000) which has been pledged to the licensed banks as security for banking facilities granted to the Group as disclosed in Notes 15(d), 15(e) and 15(f) to the financial statements.

14. SHARE CAPITAL

	The Group/The Company			
	2021	2020	2021	2020
	Number of Shares'000		RM'000	RM'000
Issued and Fully Paid-Up				
Ordinary Shares				
At 1 January/31 December	**753,000**	753,000	**136,444**	136,444

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

15. BORROWINGS (SECURED)

		The Group	
	Note	2021 RM'000	2020 RM'000
Non-current			
Lease liabilities	15(a)	**786**	1,153
Lease liabilities (Ijarah)	15(b)	**481**	710
Term loans	15(c)	**1,458**	2,575
Islamic financing facilities	15(d)	**166,779**	137,963
Bonds	15(e)	**100,000**	120,000
		269,504	262,401
Current			
Lease liabilities	15(a)	**565**	357
Lease liabilities (Ijarah)	15(b)	**230**	220
Term loans	15(c)	**1,077**	1,024
Islamic financing facilities	15(d)	**19,073**	11,752
Bonds	15(e)	**20,000**	20,000
Bank overdrafts	15(f)	**4,767**	2,826
		45,712	36,179
		315,216	298,580

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

15. BORROWINGS (SECURED) (CONT'D)

(a) Lease liabilities

	The Group	
	2021 RM'000	**2020 RM'000**
At 1 January	**1,510**	3,031
Addition	**457**	471
Finance costs recognised in profit or loss	**73**	77
Early termination of lease contracts	**-**	(100)
Derecognition due to lease modifications	**-**	(1,299)
Repayment of principal	**(616)**	(593)
Repayment of finance costs	**(73)**	(77)
At 31 December	**1,351**	1,510

(b) Lease liabilities (Ijarah)

	The Group	
	2021 RM'000	**2020 RM'000**
At 1 January	**930**	176
Addition	**-**	930
Finance costs recognised in profit or loss	**37**	39
Repayment of principal	**(219)**	(176)
Repayment of costs expense	**(37)**	(39)
At 31 December	**711**	930

(c) Term loans

The term loans are analysed as follows:-

	The Group	
	2021 RM'000	**2020 RM'000**
Term loan 1	**1,277**	1,813
Term loan 2	**1,258**	1,786
	2,535	3,599

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

15. BORROWINGS (SECURED) (CONT'D)

(c) Term loans (Cont'd)

The effective interest rates of term loans of the Group as at end of the reporting period are bearing interest rate at cost of fund + 1.75% per annum.

Term loans 1 and 2 are secured by:-

(i) a legal charge over a subsidiary's properties;

(ii) a corporate guarantee executed by the Company; and

(iii) an assignment of rental proceeds.

(d) Islamic financing facilities

The Islamic financing facilities are analysed as follows:-

	The Group	
	2021 RM'000	**2020 RM'000**
Islamic financing facility 1	102,794	112,051
Islamic financing facility 2	5,129	6,133
Islamic financing facility 3	8,260	1,537
Islamic financing facility 4	52,610	29,994
Islamic financing facility 5	17,059	-
	185,852	149,715

The effective profit rates of Islamic financing facilities of the Group as at end of the reporting period are as follows:-

(i) The effective profit rate structure of Islamic financing facility 1 is disclosed below:-

Year	**Effective Profit Rate (per annum)**
1st to 5th	Cost of Fund + 1.15%
6th to 10th	Cost of Fund + 0.95%
11th to 15th	Cost of Fund + 0.75%

(ii) Islamic financing facility 2 bearing effective profit rate at base financing rate - 1.00% per annum.

(iii) Islamic financing facility 3 bearing profit rate at Islamic base rate per annum.

(iv) Islamic financing facility 4 bearing effective profit rate at base financing rate + 1.75% per annum.

(v) Islamic financing facility 5 bearing effective profit rate at base financing rate - 0.75% per annum.

15. BORROWINGS (SECURED) (CONT'D)

(d) Islamic financing facilities (Cont'd)

Islamic financing facility 1 is represented by a facility under Tawarruq arrangement ("TWF") awarded by Bank Pembangunan Malaysia Berhad to a subsidiary to part finance the construction costs and costs relating to the project of "The design, development, construction and the maintenance of student hostels for Universiti Teknikal Malaysia" ("UTeM") as well as incidental costs/TWF costs relating to UTeM Project. These term loans are secured by:-

(i) a debenture on all present and future assets of a subsidiary;

(ii) assignments of all rights, title, interest and benefits in respect of availability charges and maintenance charges of the Concession Agreement between Government and a subsidiary;

(iii) a corporate guarantee executed by a subsidiary;

(iv) an assignment of all the present and future rights, title, interest and benefits of a subsidiary under construction contract including performance guarantee sum/retention sum given favour of a subsidiary and all liquidated damages payable to subsidiary arising from the project;

(v) an assignment over designated accounts;

(vi) an irrevocable letter of undertaking by a subsidiary;

(vii) a Deed of Undertaking by a subsidiary to do all acts or things as may be necessary to complete the project in accordance with terms of the concession agreement and to provide cash injection in the event of cost overrun during construction period and cash flow shortfall during concession period; and

(viii) a facility agreement.

Islamic financing facility 2 is represented by a facility based on the Shariah Principle of Murabahah and secured by:-

(i) a legal charge over the freehold land of a subsidiary; and

(ii) a corporate guarantee executed by the Company.

Islamic financing facility 3 is represented by a facility under TWF awarded by RHB Islamic Bank Berhad to a subsidiary to part finance the construction costs relating to a development project. The term loan is secured by:-

(i) an 'All Monies' Facility Agreement to be stamped for RM35,000,000 in total as the principal instrument;

(ii) an 'All Monies' deed of assignment over a piece of development land under the name of a Asean Football Federation and third party first legal charge to be created upon issuance of the individual/strata tittle;

(iii) a corporate guarantee executed by the Company and a subsidiary;

(iv) a joint and several guarantee of certain directors of the Company and a subsidiary and a third party; and

(v) specific debenture over a development project.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

15. BORROWINGS (SECURED) (CONT'D)

(d) Islamic financing facilities (Cont'd)

Islamic financing facility 4 is represented by a facility under TWF awarded by Bank Islam Malaysia Berhad to a subsidiary as bridging financing for the development of 398 units of double storey terrace house and 49 units of one and half storey terrace house under the Perumahan Penjawat Awan Malaysia ("PPAM") and RSKU scheme in Ulu Yam, Selangor Darul Ehsan. The term loan is secured by:-

(i) specific debenture over 569 individual titles located at Mukim of Ulu Yam;

(ii) a corporate guarantee executed by the Company;

(iii) deed of assignment of sales proceeds from the development to be credited into the HDA account maintained with Bank Islam; and

(iv) a fixed and floating debenture over the customer's assets, present and future.

Islamic financing facility 5 is represented by a facility under TWF awarded by RHB Islamic Bank Berhad to a subsidiary to part finance the purchase consideration relating to the Sale and Purchase Agreement to acquire four (4) parcels of freehold unemcumbered properties. The term loan is secured by:-

(i) an 'All Monies' Facility Agreement to be stamped for RM66,000,000 as the principal instrument;

(ii) an 'All Monies' third party first legal charges over the freehold lands of a subsidiary;

(iii) assignment and legal charge over surplus monies in Housing Development Account ("HDA") in relation to Phase 1 and all projects to be erected on the properties to be financed by the Bank;

(iv) assignment and legal charge over Finance Service Reserve Account ("FSRA") and all Islamic current account(s) to be opened with the Bank;

(v) deed of assignment over surplus monies in relation to Antara Residence Development Project under a subsidiary;

(vi) assignment over all Development Right Agreement ("DRA") to be signed between a subsidiary and the customer in regard to all development projects to be erected on the properties to be financed by the Bank; and

(vii) a corporate guarantee executed by the Company and a subsidiary.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

15. BORROWINGS (SECURED) (CONT'D)

(e) Bonds

Details of the secured fixed rate and serial fixed rate bonds are as follows:-

Serial	Effective Interest rate (per annum)	Maturity Period	2021 RM'000	2020 RM'000
5	4.55%	24 April 2021	-	20,000
6	4.60%	24 April 2022	**20,000**	20,000
7	4.75%	24 April 2023	**20,000**	20,000
8	4.90%	24 April 2024	**20,000**	20,000
9	5.00%	24 April 2025	**20,000**	20,000
10	5.10%	24 April 2026	**20,000**	20,000
11	5.20%	24 April 2027	**20,000**	20,000
			120,000	140,000

The bonds are represented by a fixed rate serial bonds of RM220,000,000 in aggregate nominal value and made up from subscribers. The entire bonds were categorised into 11 tranches, with maturity periods of up to 11 years commencing 2017 to 2027.

The proceeds raised from the bonds are utilised by the Group to finance the construction of building and infrastructure used for accommodation for approximately 5,000 students for International Islamic University Malaysia ("IIUM") Kuantan Campus.

The bonds are governed by Bank Negara Malaysia and Securities Commission, and managed by trustees. A licensed rating agency has given the bonds a rating of AA1 and these bonds are not listed on any exchange.

The coupon rates range from 4.20% to 5.20% per annum and the coupon interest are payable semi-annually on each series of the bonds.

The bonds are secured against the following:-

(i) a first ranking fixed charge over all amounts due to the Debts Services Reserve Account ("DSRA") and collection account ("CA");

(ii) an assignment of the proceeds rights, interest, title and benefits in and to the performance bond/ guarantee (if any) in respect of IIUM Project and all proceeds arising therefrom to the extent permitted by the prevailing laws;

(iii) an assignment of the proceeds rights, interest, title and benefits in respect of the rental proceeds under the Concession Agreement in respect of IIUM Project with notice of assignment to be acknowledged by IIUM and Government of Malaysia;

(iv) an all monies debenture in such form as the Bank may require and power of attorney created over a subsidiary's present and future assets and properties;

(v) a priority assignment of insurance policies, if any, required to be undertaken under IIUM Project with the bank and trustee designated as loss payee, to the extent permitted by prevailing law;

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

15. BORROWINGS (SECURED) (CONT'D)

(e) Bonds (Cont'd)

The bonds are secured against the following:- (Cont'd)

(vi) a Letter of Subordination executed by a subsidiary, subordinating all loans and advances granted by its directors and/or shareholders;

(vii) a corporate guarantee executed by a subsidiary;

(viii) a Power of Attorney in favour of the bank to appoint a contract at the bank's discretion to proceed and complete IIUM Project in the event of default in any repayment due to the bank and/or unable to complete the project for any reason whatsoever;

(ix) a second legal charge over 30 months coupon payments to be collected from the Bonds proceeds; and

(x) a guarantee executed by certain directors of a subsidiary and third parties.

(f) Bank Overdrafts

(i) The bank overdrafts of the Group are secured by a deed of assignment over a piece of development land registered under a third party's name, legal charge to be created upon the issuance of the individual/ strata title, and fixed deposits with a licensed bank as disclosed in Notes 5 and 13 to the financial statements.

(ii) The bank overdrafts of the Group at the end of the reporting period bore floating profit rate of ranging from 5.70% to 6.45% (2020 - 7.10%) per annum.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

16. DEFERRED TAX LIABILITIES

The Group	At 1 January RM'000	Recognised in Profit or Loss (Note 23) RM'000	At 31 December RM'000
2021			
Deferred Tax Liabilities			
Property, plant and equipment	**527**	**(527)**	**-**
Trade receivables	**79,199**	**(450)**	**78,749**
	79,726	**(977)**	**78,749**
Deferred Tax Assets			
Unabsorbed capital allowances	**(108)**	**108**	**-**
Unused tax losses	**(554)**	**554**	**-**
Provisions	**(1,582)**	**501**	**(1,081)**
	(2,244)	**1,163**	**(1,081)**
	77,482	**186**	**77,668**
2020			
Deferred Tax Liabilities			
Property, plant and equipment	105	422	527
Trade receivables	80,982	(1,783)	79,199
	81,087	(1,361)	79,726
Deferred Tax Assets			
Unabsorbed capital allowances	(358)	250	(108)
Unused tax losses	-	(554)	(554)
Provisions	(1,132)	(450)	(1,582)
	(1,490)	(754)	(2,244)
	79,597	(2,115)	77,482

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	
	2021 RM'000	**2020 RM'000**
Unused tax losses	**21,591**	5,108
Unabsorbed capital allowances	**1,881**	728
Other temporary differences	**6,027**	4,882
	29,499	10,718

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

17. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 (2020 - 30 to 60) days.

18. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Other payables	**2,831**	3,330	**72**	74
Accruals	**5,201**	2,641	**232**	221
	8,032	5,971	**304**	295

19. REVENUE

Revenue from contracts with customers is disaggregated by major products/services lines and timing of revenue recognition as below:-

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Revenue from Contracts with Customers				
Construction services	**119,635**	163,082	**-**	-
Rendering of facilities management services	**15,780**	15,799	**-**	-
Property development activities	**61,755**	24,028	**-**	-
Rendering of utility services	**2,086**	3,993	**-**	-
	199,256	206,902	**-**	-
Revenue from Other Sources				
Dividend income	**-**	-	**8,000**	10,000
Revenue recognised at a point in time				
Dividend income	**-**	-	**8,000**	10,000
Revenue recognised over time				
Construction services	**119,635**	163,082	**-**	-
Rendering of facilities management services	**15,780**	15,799	**-**	-
Property development activities	**61,755**	24,028	**-**	-
Rendering of utility services	**2,086**	3,993	**-**	-
	199,256	206,902	**8,000**	10,000

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

19. REVENUE (CONT'D)

The transaction price allocated to the remaining performance obligations that are unsatisfied or partially satisfied as at the end of the reporting period are summarised below:-

	The Group	
	2021 RM'000	**2020 RM'000**
Aggregate amount of transaction price allocated to remaining contracts:-		
Construction revenue	**660,613**	480,638
Property development revenue	**130,969**	157,379
	791,582	638,017

The Group will recognise this amount of revenue as performance obligation are satisfied, which is expected to occur over the next 5 years.

20. FINANCE COSTS

	The Group	
	2021 RM'000	**2020 RM'000 (Restated)**
Interest expenses/Profit payments:-		
Bank overdrafts	**226**	278
Bonds	**6,256**	7,119
Lease liabilities	**73**	77
Lease liabilities (Ijarah)	**37**	39
Term loans	**116**	1,136
Islamic financing facilities	**9,360**	7,790
Others	**-**	45
	16,068	16,484

21. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group	
	2021 RM'000	**2020 RM'000**
Impairment losses:		
- trade receivables (Note 9)	**219**	933
- other receivables (Note 11)	**313**	-
Reversal of impairment losses:		
- trade receivables (Note 9)	**(1,213)**	(13)
- other receivables (Note 11)	**(94)**	(84)
	(775)	836

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

22. PROFIT BEFORE TAXATION

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fee				
- current year	**160**	158	**48**	48
- under/(over)provision in the previous financial year	**2**	(13)	**-**	(11)
- non-audit fees:				
- auditors of the Company	**16**	16	**16**	16
Depreciation:				
- property, plant and equipment	**1,332**	1,495	**-**	-
- right-of-use assets	**997**	969	**-**	-
Directors' remuneration (Note 27(a))	**3,437**	3,396	**380**	363
Loss on disposal of right-of-use assets	**-**	43	**-**	-
Rental of premises	**91**	24	**-**	-
Staff costs (including other key management personnel as disclosed in Note 27(b)):				
- short-term employee benefits	**16,570**	16,480	**-**	-
- defined contribution benefits	**2,003**	1,963	**-**	-
- others	**459**	342	**-**	-
Accretion of fair value on non-current trade receivables	**(26,907)**	(28,358)	**-**	-
Dividend income	**-**	-	**(8,000)**	(10,000)
Early termination on lease contracts	**-**	100	**-**	-
Gain on disposal of property, plant and equipment	**(8,138)**	(35)	**-**	-
Government grant	**(8,272)**	(3,028)	**-**	-
Finance income	**(955)**	(1,928)	**(713)**	(324)
Rental income	**(208)**	(159)	**-**	-

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

23. INCOME TAX EXPENSE

	The Group		The Company	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
Current tax expense	**10,380**	7,745	**160**	75
(Over)/underprovision in the previous financial year	**(368)**	(612)	**#**	9
	10,012	7,133	**160**	84
Real property gains tax	**316**	-	**-**	-
	10,328	7,133	**160**	84
Deferred tax (Note 16):				
- origination and reversal of temporary differences	**(1,508)**	(1,770)	**-**	-
- under/(over)provision in the previous financial year	**1,694**	(345)	**-**	-
	186	(2,115)	**-**	-
	10,514	5,018	**160**	84

Amount below RM1,000

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

	The Group		The Company	
	2021 RM'000	**2020 RM'000 (Restated)**	**2021 RM'000**	**2020 RM'000**
Profit before taxation	**17,855**	14,813	**7,583**	9,005
Tax at the statutory tax rate of 24% (2020 - 24%)	**4,285**	3,555	**1,820**	2,161
Tax effects of:-				
Non-deductible expenses	**3,230**	2,881	**260**	314
Non-taxable income	**(3,150)**	(792)	**(1,920)**	(2,400)
Utilisation of deferred tax assets previously not recognised	**(90)**	(169)	**-**	-
Deferred tax assets not recognised during the financial year	**4,597**	500	**-**	-
(Over)/underprovision of current tax in the previous financial year	**(368)**	(612)	**#**	9
Under/(Over)provision of deferred taxation in the previous financial year	**1,694**	(345)	**-**	-
Real property gains tax arising from disposal of freehold land	**316**	-	**-**	-
	10,514	5,018	**160**	84

Amount below RM1,000

Domestic income tax is calculated at the Malaysian statutory tax rate of 24% (2020 - 24%) of the estimated assessable profit for the financial year.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

24. EARNINGS PER SHARE

	The Group	
	2021	**2020 (Restated)**
Profit attributable to owners of the Company (RM'000)	**3,460**	11,813
Weighted average number of ordinary shares in issue ('000)	**753,000**	753,000
Basic earnings per share (sen)	**0.46**	1.57

The Company has not issued any dilutive potential ordinary shares and hence, the diluted earnings per share is equal to the basic earnings per share.

25. DIVIDENDS

	The Company	
	2021 RM'000	**2020 RM'000**
Ordinary Shares		
In respect of the financial year ended 31 December 2020		
- First interim dividend of 0.5 sen per ordinary shares	**3,765**	-
In respect of the financial year ended 31 December 2019		
- Second interim dividend of 0.5 sen per ordinary shares	**-**	3,765
	3,765	3,765

26. CASH FLOW INFORMATION

(a) The cash disbursed for the purchase of property, plant and equipment and the addition of right-of-use assets is as follows:-

	The Group	
	2021 RM'000	**2020 RM'000**
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 5)	**4,165**	271
Right-of-use assets		
Cost of right-of-use assets acquired (Note 8)	**485**	1,949
Less: Addition of new lease liabilities (Note 26(b))	**(457)**	(1,401)
	28	548

26. CASH FLOW INFORMATION (CONT'D)

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

The Group	Term loans RM'000	Islamic financing facilities RM'000	Lease liabilities RM'000	Lease liabilities (Ijarah) RM'000	Bonds RM'000	Total RM'000
2021						
At 1 January	3,599	149,715	1,510	930	140,000	295,754
Changes in Financing Cash Flows						
Proceeds from drawdown	-	50,550	-	-	-	50,550
Acquisition of new lease	-	-	457	-	-	457
Repayment of borrowing principal	(1,064)	(14,413)	(616)	(219)	(20,000)	(36,312)
Repayment of finance charges	(116)	(9,360)	(73)	(37)	(6,256)	(15,842)
	(1,180)	26,777	(232)	(256)	(26,256)	(1,147)
Non-cash Changes						
Finance charges recognised in profit or loss	116	9,360	73	37	6,256	15,842
At 31 December	2,535	185,852	1,351	711	120,000	310,449

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

26. CASH FLOW INFORMATION (CONT'D)

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

The Group	Term loans RM'000	Islamic financing facilities RM'000	Lease liabilities RM'000	Lease liabilities (Ijarah) RM'000	Bonds RM'000	Total RM'000
2020						
At 1 January	28,151	125,731	3,031	176	160,000	317,089
Changes in Financing Cash Flows						
Proceeds from drawdown	-	40,014	-	-	-	40,014
Acquisition of new lease	-	-	471	930	-	1,401
Derecognition of lease modifications	-	-	(1,299)	-	-	(1,299)
Early termination of lease contracts	-	-	(100)	-	-	(100)
Repayment of borrowing principal	(24,552)	(16,030)	(593)	(176)	(20,000)	(61,351)
Repayment of finance charges	(1,136)	(7,790)	(77)	(39)	(7,119)	(16,161)
	(25,688)	16,194	(1,598)	715	(27,119)	(37,496)
Non-cash Changes						
Finance charges recognised in profit or loss	1,136	7,790	77	39	7,119	16,161
At 31 December	3,599	149,715	1,510	930	140,000	295,754

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

26. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Fixed deposits with licensed banks	**38,151**	45,705	**-**	-
Cash and bank balances	**66,582**	63,765	**9,449**	19,882
Bank overdrafts	**(4,767)**	(2,826)	**-**	-
	99,966	106,644	**9,449**	19,882
Less: Fixed deposits pledged to licensed banks and with tenure more than 3 months	**(22,102)**	(42,885)	**-**	-
	77,864	63,759	**9,449**	19,882

27. KEY MANAGEMENT PERSONNEL COMPENSATION

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

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

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(a) Directors				
Directors of the Company				
Short-term employee benefits:				
- fees	**360**	343	**360**	348
- salaries, bonuses and other benefits	**2,503**	2,453	**20**	15
	2,863	2,796	**380**	363
Defined contribution benefits	**298**	293	**-**	-
	3,161	3,089	**380**	363
Directors of the Subsidiaries				
Short-term employee benefits:				
- salaries, bonuses and other benefits	**246**	274	**-**	-
Defined contribution benefits	**30**	33	**-**	-
	276	307	**-**	-
Total directors' remuneration (Note 22)	**3,437**	3,396	**380**	363

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

27. KEY MANAGEMENT PERSONNEL COMPENSATION (CONT'D)

The key management personnel compensation during the financial year are as follows:- (Cont'd)

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
(b) Other Key Management Personnel				
Short-term employee benefits	**824**	916	**-**	-
Defined contribution benefits	**96**	107	**-**	-
Total compensation for other key management personnel	**920**	1,023	**-**	-

28. 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	
		2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Subsidiaries					
- Dividend income		**-**	-	**8,000**	10,000
Related Parties					
- Progress billing	(a)	**1,170**	5,928	**-**	-

(a) *Entity in which a director of a subsidiary and a person connected to a director of the Company have substantial financial interests.*

The significant outstanding balances of the related parties (including the allowance for impairment loss made) together with their terms and conditions are disclosed in the respective notes to the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

29. OPERATING SEGMENTS

Operating segments are prepared in a manner consistent with the internal reporting provided to the Board of Directors as its chief operating decision maker in order to allocate resources to segments and to assess their performance. For management purpose, the Group is organised into business units based on their services provided.

The Group is organised into 4 main reportable segments as follows:-

- Construction segment - involved in the provision of conceptual design and advisory, design development, liaison with relevant authorities for approvals and the provision of complete services including design, coordination and obtaining authorities approvals and underwriting complete cost and financing.

- Concession and facility management segment - undertaking and providing various concession and asset management services involving comprehensive maintenance and schedule refurbishment and replacement of assets.

- Utility segment - involved in the setting up of thermal energy storage plant which forms part of a district cooling system where thermal energy is stored in a storage tank during low-energy demand hours and discharged for usage during high energy demand hours resulting in energy conservation and cost efficiency for the cooling system.

- Property development segment - involved in the development of residential, commercial and industrial properties.

- Other segments - properties investment and management services.

(a) The Group Managing Director assesses the performance of the reportable segments based on their profit before finance costs and taxation. The accounting policies of the reportable segments are the same as the Group's accounting policies.

Borrowings and investment-related activities are managed on a group basis by the central treasury function and are not allocated to reportable segments.

(b) Each reportable segment assets is measured based on all assets of the segment other than investments in associates and 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. The effects of such inter-segment transactions are eliminated on consolidation.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS

The Group	Construction Segment RM'000	Concession and Facility Management Segment RM'000	Utility Segment RM'000	Property Development Segment RM'000	Other Segments RM'000	Consolidation Adjustments RM'000	Total RM'000
2021							
Revenue							
External revenue	125,331	15,780	2,086	56,059	-	-	199,256
Inter-segment revenue	45,464	3,470	24	5,696	8,520	(63,174)	-
	170,795	19,250	2,110	61,755	8,520	(63,174)	199,256
Results							
Segment (loss)/profit	(7,315)	4,396	2,805	11,970	7,714	(20,093)	(523)
Accretion of fair value on non-current trade receivables	-	26,907	-	-	-	-	26,907
Impairment losses	(346)	-	-	(186)	-	-	(532)
Depreciation:							
- property, plant and equipment	(527)	(393)	(151)	(27)	(234)	-	(1,332)
- right-of-use assets	(1,469)	-	-	(72)	-	544	(997)
Gain on disposal of property, plant and equipment	-	-	3,452	-	4,686	-	8,138
Finance income	1,818	458	35	23	713	(2,092)	955
Finance costs	(445)	(12,367)	-	(5,255)	(116)	2,115	(16,068)
Reversal of impairment losses	94	41	1,172	-	-	-	1,307
(Loss)/Profit before taxation	(8,190)	19,042	7,313	6,453	12,763	(19,526)	17,855
Income tax expense	(1,964)	(4,839)	(914)	(1,840)	(550)	(407)	(10,514)
(Loss)/Profit after taxation	(10,154)	14,203	6,399	4,613	12,213	(19,933)	7,341

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS (CONT'D)

The Group	Construction Segment RM'000	Concession and Facility Management Segment RM'000	Utility Segment RM'000	Property Development Segment RM'000	Other Segments RM'000	Consolidation Adjustments RM'000	Total RM'000
2021							
Assets							
Segment assets	152,625	578,253	12,403	207,957	28,086	(9,165)	970,159
Unallocated asset:							
- current tax assets							5,147
Consolidated total assets							975,306
Additions to non-current assets other than financial instruments are:							
- property, plant and equipment	1,303	5	2,670	187	-	-	4,165
- right-of-use assets	485	-	-	-	-	-	485
Liabilities							
Segment liabilities	119,694	225,402	1,757	93,887	4,129	(299)	444,570
Unallocated liabilities:							
- deferred tax liabilities							77,668
- current tax liabilities							2,069
Consolidated total liabilities							524,307

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS (CONT'D)

The Group	Construction Segment RM'000	Concession and Facility Management Segment RM'000	Utility Segment RM'000	Property Development Segment RM'000	Other Segments RM'000	Consolidation Adjustments RM'000	Total RM'000
2020 (Restated)							
Revenue							
External revenue	163,082	15,799	3,993	24,028	-	-	206,902
Inter-segment revenue	29,837	3,266	-	3,021	18,520	(54,644)	-
	192,919	19,065	3,993	27,049	18,520	(54,644)	206,902
Results							
Segment (loss)/profit	(3,579)	4,847	1,993	3,989	9,545	(12,519)	4,276
Accretion of fair value on non-current trade receivables	-	28,358	-	-	-	-	28,358
Impairment losses	-	(279)	(396)	(258)	-	-	(933)
Depreciation:							
- property, plant and equipment	(554)	(353)	(349)	(5)	(234)	-	(1,495)
- right-of-use assets	(1,395)	-	-	(118)	-	544	(969)
Gain on disposal of property, plant and equipment	35	-	-	-	-	-	35
Finance income	772	738	59	35	324	-	1,928
Finance costs	(535)	(14,177)	-	(2,691)	(181)	1,100	(16,484)
Reversal of impairment losses	97	-	-	-	-	-	97
(Loss)/Profit before taxation	(5,159)	19,134	1,307	952	9,454	(10,875)	14,813
Income tax expense	787	(4,338)	(545)	(775)	(147)	-	(5,018)
(Loss)/Profit after taxation	(4,372)	14,796	762	177	9,307	(10,875)	9,795

29. OPERATING SEGMENTS (CONT'D)

29.1 BUSINESS SEGMENTS (CONT'D)

The Group	Construction Segment RM'000	Concession and Facility Management Segment RM'000	Utility Segment RM'000	Property Development Segment RM'000	Other Segments RM'000	Consolidation Adjustments RM'000	Total RM'000
2020 (Restated)							
Assets							
Segment assets	141,947	605,640	15,772	122,089	41,065	(8,340)	918,173
Unallocated asset:							
- current tax assets							3,145
Consolidated total assets							921,318
Additions to non-current assets other than financial instruments are:							
- property, plant and equipment	83	-	186	2	-	-	271
- right-of-use assets	1,853	-	-	96	-	-	1,949
Liabilities							
Segment liabilities	97,976	254,894	244	37,497	4,443	(875)	394,179
Unallocated liabilities:							
- deferred tax liabilities							77,482
- current tax liabilities							2,296
Consolidated total liabilities							473,957

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

29. OPERATING SEGMENTS (CONT'D)

29.2 GEOGRAPHICAL INFORMATION

The Group operates predominantly in Malaysia. Accordingly, the information by geographical segment is not presented.

29.3 MAJOR CUSTOMERS

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

	The Group		Segment
	2021 RM'000	**2020 RM'000**	
Customer A	**-**	23,482	Construction
Customer B	**88,844**	83,373	Construction
Customer C	**-**	35,926	Construction

30. CAPITAL COMMITMENTS

	The Group	
	2021 RM'000	**2020 RM'000**
Purchase of property, plant and equipment	**233**	6,674

31. 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.

31.1 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.

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(a) Market Risk (Cont'd)

(ii) Interest Rate/Islamic Profit Rate Risk

Interest rate/Islamic profit 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/Islamic profit rates. The Group's exposure to interest rate/Islamic profit rate risk arises mainly from long-term borrowings with variable rates. The Group's policy is to obtain the most favourable interest rates/Islamic profit rate 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/Islamic profit rate risk as defined in MFRS 7 since neither carrying amounts nor the future cash flows will fluctuate because of a change in market interest rates/Islamic profit rates.

The Group's exposure to interest rate/Islamic profit rate risk based on the carrying amounts of the financial instruments at the end of the reporting period is disclosed in Notes 15(c), 15(d) and 15(f) to the financial statements.

Interest Rate/Islamic Profit Rate Risk Sensitivity Analysis

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

	The Group	
	2021 RM'000	**2020 RM'000**
Effects on Profit After Taxation		
Increase of 100 basis points	**(1,468)**	(1,187)
Decrease of 100 basis points	**1,468**	1,187

(iii) Equity Price Risk

The Group does not have any quoted investments and hence, is not exposed to equity price risk.

(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 balance), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

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

(i) Credit Risk Concentration Profile

The Group's major concentration of credit risk relates to the amounts owing by 2 customers which constituted approximately 92% of its trade receivables (including related parties) at the end of the reporting period.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

(ii) Maximum Exposure to Credit Risk

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

(iii) Assessment of Impairment Losses

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

The gross carrying amounts of financial assets are written off against the associate impairment, if any, when there is no reasonable expectation of recovery despite the fact that 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 receivables;
- 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 receivables will enter bankruptcy or other financial reorganisation.

The Group considers a receivable to be default when the receivable is unlikely to repay its debt to the Group in full or is more than 1 year past due.

<u>Trade Receivables and Contract Assets</u>

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.

For certain large customers or customers with a high risk of default, the Group assesses the risk of loss of each customer individually based on their financial information, past trends of payments an external credit rating, where applicable.

Also, the Group considers any trade receivables having financial difficulty or in default with significant balances outstanding for more than 1 year are deemed credit impaired and assesses for their risk of loss individually.

The expected loss rates are based on the payment profiles of sales over a period of 1 year from the measurement date and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle their debts.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

Trade Receivables and Contract Assets (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

For construction contracts, the Group assessed the expected credit loss of each customer individually based on their financial information and past trends of payments as there are only a few customers. All of these customers have a low risk of default as they have a strong capacity to meet their debts.

For property development, purchasers are generally financed by loan facilities from banks and 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.

Allowance for Impairment Losses

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group				
2021				
Current (not past due)	575,144	(1,065)	(27)	574,052
1 to 30 days past due	599	-	(3)	596
31 to 60 days past due	345	-	(1)	344
More than 60 days but less than a year past due	6,921	-	(462)	6,459
Trade receivables	583,009	(1,065)	(493)	581,451
Contract assets	98,782	-	-	98,782
	681,791	(1,065)	(493)	680,233

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 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

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group				
2020				
Current (not past due)	584,932	(1,106)	-	583,826
1 to 30 days past due	3,257	-	(42)	3,215
31 to 60 days past due	751	-	(153)	598
More than 60 days but less than a year past due	7,523	-	(1,251)	6,272
Trade receivables	596,463	(1,106)	(1,446)	593,911
Contract assets	47,163	-	-	47,163
	643,626	(1,106)	(1,446)	641,074

The identified impairment loss of contract assets was immaterial and hence, it is not provided for.

The movements in the loss allowances in respect of trade receivables and contract assets are disclosed in Notes 9 and 10 to the financial statements respectively.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

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

	Gross Amount RM'000	Individual Impairment RM'000	Collective Impairment RM'000	Carrying Amount RM'000
The Group				
2021				
Low credit risk	**10,311**	**-**	**(1,406)**	**8,905**
Credit impaired	**5,000**	**(5,000)**	**-**	**-**
	15,311	**(5,000)**	**(1,406)**	**8,905**
2020				
Low credit risk	10,693	-	(1,187)	9,506
Credit impaired	5,000	(5,000)	-	-
	15,693	(5,000)	(1,187)	9,506

The movements in the loss allowances in respect of other receivables are disclosed in Note 11 to the financial statements.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 FINANCIAL RISK MANAGEMENT POLICIES (CONT'D)

(b) Credit Risk (Cont'd)

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

<u>Fixed Deposits with Licensed Banks, Cash and Bank Balances</u>

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

<u>Amount Owing by Subsidiaries (Non-trade Balances)</u>

The Company applies the 3-stage general approach to measuring expected credit losses for all 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.

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

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 using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

Allowance for Impairment Losses

At the end of the reporting period, there was no indication that the amount owing is not recoverable.

<u>Financial Guarantee Contracts</u>

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

for the financial year ended 31 December 2021 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 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 the availability of funding through certain committed credit facilities.

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 finance cost payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):-

The Group	Weighted Average Effective Interest/ Profit Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000	1 - 5 Years RM'000	Over 5 Years RM'000
2021						
Non-derivative Financial Liabilities						
Lease liabilities	4.42 - 5.09	**1,351**	**1,682**	**800**	**882**	**-**
Lease liabilities (Ijarah)	4.22 - 4.83	**711**	**728**	**275**	**453**	**-**
Term loans	3.70	**2,535**	**2,653**	**1,179**	**1,474**	**-**
Islamic financing facilities	4.25 - 5.70	**185,852**	**212,894**	**24,906**	**135,616**	**52,372**
Bonds	4.60 - 5.20	**120,000**	**137,027**	**25,276**	**91,428**	**20,323**
Bank overdrafts	5.70 - 6.45	**4,767**	**4,767**	**4,767**	**-**	**-**
Trade payables	-	**84,106**	**84,106**	**84,106**	**-**	**-**
Other payables and accruals	-	**8,032**	**8,032**	**8,032**	**-**	**-**
		407,354	**451,889**	**149,341**	**229,853**	**72,695**
2020						
Non-derivative Financial Liabilities						
Lease liabilities	4.41 - 5.65	1,510	1,681	460	1,221	-
Lease liabilities (Ijarah)	4.22 - 4.83	930	1,017	257	760	-
Term loans	3.69 - 4.60	3,599	3,832	1,179	2,653	-
Islamic financing facilities	5.75 - 6.85	149,715	189,334	18,227	98,773	72,334
Bonds	4.55 - 5.20	140,000	163,219	26,193	95,347	41,679
Bank overdrafts	7.10	2,826	2,826	2,826	-	-
Trade payables	-	68,213	68,213	68,213	-	-
Other payables and accruals	-	5,971	5,971	5,971	-	-
		372,764	436,093	123,326	198,754	114,013

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.1 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 finance costs payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

The Company	Weighted Average Effective Interest/Profit Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2021				
Non-derivative financial liabilities				
Other payables and accruals	-	**304**	**304**	**304**
2020				
Non-derivative financial liabilities				
Other payables and accruals	-	295	295	295

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.

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.2 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 interests. The debt-to-equity ratio of the Group at the end of the reporting period was as follows:-

	The Group	
	2021 RM'000	**2020 RM'000 (Restated)**
Borrowings (Note 15)	**315,216**	298,580
Less: Cash and cash equivalents (Note 26(c))	**(77,864)**	(63,759)
Net debt	**237,352**	234,821
Total equity	**450,999**	447,361
Debt-to-equity ratio	**0.53**	0.52

There was no change in the Group's approach to capital management during the financial year.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2021 RM'000	2020 RM'000	2021 RM'000	2020 RM'000
Financial Assets				
Amortised Cost				
Trade receivables	**581,451**	593,911	**-**	-
Other receivables	**8,905**	9,506	**-**	-
Amount owing by subsidiaries	**-**	-	**46,942**	26,964
Fixed deposits with licensed banks	**38,151**	45,705	**-**	-
Cash and bank balances	**66,582**	63,765	**9,449**	19,882
	695,089	712,887	**56,391**	46,846
Financial Liabilities				
Amortised Cost				
Lease liabilities	**1,351**	1,510	**-**	-
Lease liabilities (Ijarah)	**711**	930	**-**	-
Term loans	**2,535**	3,599	**-**	-
Islamic financing facilities	**185,852**	149,715	**-**	-
Bonds	**120,000**	140,000	**-**	-
Bank overdrafts	**4,767**	2,826	**-**	-
Trade payables	**84,106**	68,213	**-**	-
Other payables and accruals	**8,032**	5,971	**304**	295
	407,354	372,764	**304**	295

Notes to the Financial Statements

for the financial year ended 31 December 2021 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.4 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.

As the Group does not have any financial instruments carried at fair value, the following table sets out only the fair value profile of financial instruments that are not carried at fair value at the end of the reporting period:-

	Fair Value of Financial Instruments not Carried at Fair Value			Total Fair Value	Carrying Amount
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	RM'000	RM'000
The Group					
2021					
Financial Asset					
Trade receivables	**-**	**581,451**	**-**	**581,451**	**581,451**
Financial Liabilities					
Lease liabilities	**-**	**1,351**	**-**	**1,351**	**1,351**
Lease liabilities (Ijarah)	**-**	**711**	**-**	**711**	**711**
Term loans	**-**	**2,535**	**-**	**2,535**	**2,535**
Islamic financing facilities	**-**	**185,852**	**-**	**185,852**	**185,852**
Bonds	**-**	**120,000**	**-**	**120,000**	**120,000**
Bank overdrafts	**-**	**4,767**	**-**	**4,767**	**4,767**
2020					
Financial Asset					
Trade receivables	-	593,911	-	593,911	593,911
Financial Liabilities					
Lease liabilities	-	1,510	-	1,510	1,510
Lease liabilities (Ijarah)	-	930	-	930	930
Term loans	-	3,599	-	3,599	3,599
Islamic financing facilities	-	149,715	-	149,715	149,715
Bonds	-	140,000	-	140,000	140,000
Bank overdrafts	-	2,826	-	2,826	2,826

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

31. FINANCIAL INSTRUMENTS (CONT'D)

31.4 FAIR VALUE INFORMATION (CONT'D)

Fair Value of Financial Instruments Not Carried at Fair Value

The fair values, which are for disclosure purposes, have been determined using the following basis:-

(i) The fair values of trade receivables are measured at the Malaysian Government 20 years' Quasi Government Bond at the end of the reporting period.

(ii) The fair values of the bonds are estimated based on their indicative market prices as at the end of reporting period.

(iii) The fair values of the Group's term loans and bank overdrafts that carry floating interest/profit rates approximated their carrying amounts as they are repriced to market interest/profit rates on or near the reporting date.

(iv) The fair values of lease liabilities that carry fixed interest rates are determined by discounting the relevant future contractual cash flows using current market interest/profit rates for similar instruments at the end of the reporting period.

32. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

(a) On 1 March 2021, the Company has announced to cease and terminate the Conditional Share Sale agreement with P.A.E Builders Sdn. Bhd. and Seri Delima Anggun Sdn. Bhd. dated 29 October 2019. Pursuant to the share sale agreement cessation, the Company has resolved not to proceed with the Proposed ESOS.

(b) On 18 March 2021, NCSB has accepted the letter of award for the construction and completion of a campus for MARA Junior Science College ("MRSM") in Dungun, Terengganu for a contract value of RM97,388,000.

(c) On 12 July 2021, NCSB has accepted the exercise of the option by German-Malaysia Institute for the early buy out of the Thermal Energy Storage System plant for a purchase price of RM8,866,617.

(d) On 22 October 2021, the Company has accepted the letter of award from Kwasa Development (13) Sdn. Bhd. ("KD13") to develop affordable housing on two parcels of land in Kwasa Damansara Township, District of Petaling, Selangor Darul Ehsan with a total land size of approximately 39.12 arces with an estimated gross development value of RM1 billion. In consideration of the development rights granted, the Company shall pay KD13 the development rights value of RM40,000,000.

(e) On 17 November 2021, NCSB has accepted the letter of award from PNB Merdeka Ventures Sdn. Bhd. for the construction and completion of a mosque at Merdeka 118 project in Kuala Lumpur with a fixed price contract value of RM33,888,000.

(f) On 28 December 2021, NCSB has accepted the letter of award from Paramount Property (Sepang) Sdn. Bhd. to design, execute, construct and complete the project Affordable Homes Greenwood Salak Perdana, Selangor comprising 1,076 units of affordable homes for a total contract value of RM195,210,000.

The letter of award for the project Affordable Homes Kemuning Utama, Selangor comprising 929 units of affordable homes for a total contract value of RM189,790,000 will be accepted by NCSB at a later date once the pre-construction planning and implementation work has been finalised.

33. SIGNIFICANT EVENT OCCURRING AFTER THE REPORTING PERIOD

On 14 January 2022, the Company has appointed Nadi Emery Sdn. Bhd. ("NESB") to carry out the proposed development of affordable housing in Kwasa Damansara Township, District of Petaling, Selangor Darul Ehsan. NESB had entered into two Development Rights Agreements with KD13 for the proposed development on the two parcels of land.

34. CHANGE IN ACCOUNTING POLICY, PRIOR YEAR ADJUSTMENT AND CHANGE IN COMPARATIVE FIGURE

(a) Change in accounting policy on borrowing cost

IFRS Interpretations Committee ("IFRIC") Agenda Decision on IAS 23 Borrowing Costs relating to over time transfer of constructed goods ("IFRIC Agenda Decision")

During the financial year, the Group has adopted the International Financial Reporting Standard Interpretation Committee ("IFRIC") agenda decision on IAS 23 Borrowing Costs on over time transfer of constructed goods which resulted in change in accounting policy.

In March 2019, the IFRS Interpretations Committee ("IFRIC") published an Agenda Decision on borrowing cost confirming receivables, contract assets and inventories for which revenue is recognised over time are non-qualifying assets. On 20 March 2019, the Malaysia Accounting Standard Board announced that an entity shall apply the change in accounting policy as a result of this Agenda Decision to financial statements of annual period beginning on or after 1 July 2020.

In line with the IFRIC agenda decision, the Group has adopted the IFRIC Agenda Decision retrospectively in its financial position as at 1 January 2020 to exclude properties under development where control is transferred to customers over time, as qualifying assets for the purpose of borrowing cost capitalisation. Consequently, all borrowing cost incurred cease to be capitalised when the properties under development are ready for their intended sale and are expensed to profit or loss when incurred. Previously, the Group considered all properties under development as qualifying assets. The change in accounting policy has been applied retrospectively where comparative information has been restated to reflect new policy.

(b) Prior year adjustment on property, plant and equipment

The prior year adjustment relates to property, plant and equipment, in which the Group has omitted the cost of one parcel freehold land upon the transition to MFRS framework in prior financial years. The amount has been adjusted and represents a correction in the financial statements for the financial year ended 31 December 2020.

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

34. CHANGE IN ACCOUNTING POLICY, PRIOR YEAR ADJUSTMENT AND CHANGE IN COMPARATIVE FIGURE (CONT'D)

The financial effects of the abovementioned change in accounting policy, prior year adjustment and changes in certain comparative to conform to the current year financial presentation for the Group are as follows:-

The Group	As Previously Reported RM'000	Effect on Adoption of IFRIC Agenda Decision RM'000	Effect of Prior Year Adjustment RM'000	Reclassification RM'000	As Restated RM'000
1.1.2020					
Consolidated Statement of Financial Position (Extract):-					
NON-CURRENT ASSETS					
Property, plant and equipment	28,715	-	383	-	29,098
Inventories	64,976	(548)	-	-	64,428
CURRENT ASSETS					
Inventories	28,479	(4,979)	-	-	23,500
Contract assets	26,133	-	-	29,140	55,273
EQUITY					
Retained profits	304,815	(3,880)	383	-	301,318
Non-controlling interest	4,916	(1,647)	-	-	3,269
CURRENT LIABILITIES					
Contract liabilities	-	-	-	29,140	29,140
31.12.2020					
Consolidated Statement of Financial Position (Extract):-					
NON-CURRENT ASSETS					
Property, plant and equipment	27,570	-	383	-	27,953
Inventories	56,492	(470)	-	-	56,022
CURRENT ASSETS					
Inventories	65,446	(6,447)	-	-	58,999
Contract assets	25,748	-	-	21,415	47,163
EQUITY					
Retained profits	313,557	(4,574)	383	-	309,366
Non-controlling interest	3,894	(2,343)	-	-	1,551
CURRENT LIABILITIES					
Contact liabilities	-	-	-	21,415	21,415

Notes to the Financial Statements
for the financial year ended 31 December 2021 (Cont'd)

34. CHANGE IN ACCOUNTING POLICY, PRIOR YEAR ADJUSTMENT AND CHANGE IN COMPARATIVES (CONT'D)

The Group	As Previously Reported RM'000	Effect on Adoption of IFRIC Agenda Decision RM'000	As Restated RM'000
Consolidated Statement of Profit or Loss and Other Comprehensive Income (Extract):-			
31.12.2020			
ADMINSTRATIVE EXPENSES	(26,544)	(938)	(27,482)
FINANCE COSTS	(16,032)	(452)	(16,484)
PROFIT BEFORE TAXATION	16,203	(1,390)	14,813
INCOME TAX EXPENSE	(5,018)	-	(5,018)
PROFIT AFTER TAXATION	11,185	(1,390)	9,795
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO OWNERS OF THE COMPANY	12,507	(694)	11,813
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	(1,322)	(696)	(2,018)
EARNINGS PER SHARE (SEN)			
- Basic	1.66		1.57
- Diluted	1.66		1.57

List of Properties

No	Location	Description/ Existing Use	Area (Sq. Metres)	Tenure	Age of Building (Years)	Carrying Amount as at 31/12/2021 (RM'000)	Year of Acquisition
1	8 Suria Block F, 33, Jalan PJU 1/42, 47301 Petaling Jaya,Selangor.	6 storey office building	Built-up area: 880.07	Freehold	8	4,969	2013
2	8 Suria Block G, 33, Jalan PJU 1/42, 47301 Petaling Jaya,Selangor.	6 storey office building	Built-up area: 866.04	Freehold	8	4,899	2013
3	A-1-11, Jalan PJU 1A/20A, Dataran Ara Damansara 47301 Petaling Jaya,Selangor	3 storey shop office	Land area: 176.00 Built-up area: 473.39	Freehold	15	1,130	2007
4	A-1-11A, Jalan PJU 1A/20A, Dataran Ara Damansara 47301 Petaling Jaya,Selangor	3 storey shop office	Land area: 176.00 Built-up area: 473.39	Freehold	15	1,130	2007
5	PT 13079 – 13643, PT 13645 – 13646, PT 13648, PT 13660, Mukim Ulu Yam, Daerah Ulu Selangor, Selangor	Land under development	Land area: 469,881	Leasehold 99 years expiring between 06.03.2083 to 12.03.2083	-	54,738	2015
6	Lot 1246, GRN 26312 Lot 1247, GRN 26313 Lot 1248, GRN 26314 Lot 1249, GRN 28311 Lot 1250, GRN 28312 Lot 1251, GRN 28313 Lot 1252, GRN 28314 Lot 1253, GRN 28315 Lot 1254, GRN 28316 Lot 1255, GRN 26315 Seksyen 41, Bandar Kuala Lumpur, Daerah Kuala Lumpur, Wilayah Persekutuan.	Land for proposed mixed development	Land area: 2,047.00	Freehold	-	15,584	2016
7	PT 70677, HS(D) 135577 Pekan Kampung Sungai Tangkas, Daerah Ulu Langat, Selangor.	Agriculture land	Land area: 16,056.00	Freehold	-	4,000	2006
8	PT 51723, HS(D) 322717, PT 51727, HS(D) 322721, PT 53775, HS(D) 308786, Mukim Sungai Buloh, Daerah Petaling, Selangor.	Land for proposed mixed development	Land area: 105,809.78	Freehold	-	18,946	2020
9	Lot 93270, GRN 338148, Mukim Damansara, Daerah Petaling, Selangor.	Land under development	Land area: 42,480.00	Freehold	-	14,790	2020

Analysis of Shareholdings
as at 30 March 2022

STATISTICS OF ORDINARY SHAREHOLDINGS

Class of Shares	:	Ordinary Shares
Total Number of Issued Shares	:	753,000,000
Issued and Paid-up Capital	:	RM136,444,000.00
Voting Rights	:	One vote for each ordinary share held

DISTRIBUTION OF SHAREHOLDINGS

Size of Holding	No. of shareholders	%	No. of shares	%
1 – 99	2	0.168	100	0.000
100 - 1,000	191	16.064	119,100	0.016
1,001 - 10,000	344	28.931	2,064,300	0.274
10,001 - 100,000	448	37.679	18,982,700	2.520
100,001 to less than 5% of issued shares	202	16.990	178,833,800	23.750
5% and above of issued shares	2	0.168	553,000,000	73.440
Total	**1,189**	**100.000**	**753,000,000**	**100.000**

INFORMATION ON SUBSTANTIAL HOLDERS' HOLDINGS

		No. of ordinary shares held			
No.	**Name of Substantial Shareholders**	**Direct**	**%**	**Indirect**	**%**
1	SUBAHAN BIN KAMAL	51,083,337	6.784	-	-
2	WAN AZMAN BIN WAN KAMAL	501,916,663	66.656	-	-
	Total	**553,000,000**	**73.440**	**-**	**-**

INFORMATION ON DIRECTORS' HOLDINGS

		No. of ordinary shares held			
No.	**Name of Directors**	**Direct**	**%**	**Indirect**	**%**
1	CHNG BOON HUAT	500,000	0.066	-	-
2	MUHAMAD FUAD BIN ABDULLAH	400,000	0.053	-	-
3	SITI NAAISHAH BINTI HAMBALI	500,000	0.066	-	-
4	SUBAHAN BIN KAMAL	51,083,337	6.783	-	-
5	WAN AZMAN BIN WAN KAMAL	501,916,663	66.655	-	-
	Total	**554,400,000**	**73.623**	**-**	**-**

Analysis of Shareholdings

as at 30 March 2022 (Cont'd)

LIST OF TOP 30 HOLDERS

(Without Aggregating Securities from Different Securities Accounts Belonging to the same Registered Holder)

No.	Name of Shareholders	No. of Shares	%
1	WAN AZMAN BIN WAN KAMAL	194,362,540	25.812
2	WAN AZMAN BIN WAN KAMAL	102,518,041	13.615
3	WAN AZMAN BIN WAN KAMAL	102,518,041	13.615
4	WAN AZMAN BIN WAN KAMAL	102,518,041	13.615
5	SUBAHAN BIN KAMAL	30,219,419	4.013
6	SUBAHAN BIN KAMAL	20,863,918	2.771
7	SERI DELIMA ANGGUN SDN. BHD.	18,294,200	2.430
8	LIM ENG KEONG	17,802,000	2.364
9	LOO TANG KIM	9,870,000	1.311
10	RHB NOMINEES (TEMPATAN) SDN BHD OOI TENG KOK	7,600,000	1.009
11	JENNY WONG	5,738,100	0.762
12	CHONG NGU CHONG	4,922,400	0.654
13	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	3,580,400	0.475
14	DAVID LIM KERN YEN	3,325,000	0.442
15	CHONG SHEN CHONG	2,805,000	0.373
16	SAW LIP HEAN	2,426,100	0.322
17	CHONG FUN LING	2,260,000	0.300
18	CHONG YAW TING	2,218,000	0.295
19	CHANG AH KAU @ CHONG HON CHONG	2,200,000	0.292
20	KHAW CHONG JIN	2,100,000	0.279
21	LIM SHI JIA	2,063,000	0.274
22	CHONG YAW WEN	2,030,000	0.270
23	LIM YOKE CHIN	1,900,000	0.252
24	SAW HOAY THENG	1,855,000	0.246
25	BO CHUN PING	1,850,000	0.246
26	LIEW CHOOI LYNN	1,773,000	0.235
27	CGS-CIMB NOMINEES (TEMPATAN) SDN BHD PLEDGED SECURITIES ACCOUNT FOR LEONG ZHI JIAN (MY4203)	1,750,000	0.232
28	NIK PA'EZAH BINTI ISMAIL	1,720,500	0.228
29	CHONG YAW WOO	1,700,000	0.226
30	CHONG FUN LING	1,620,400	0.215
	Total	**656,403,100**	**87.173**

Notice of the Annual General Meeting

for the financial year ended 31 December 2021

NOTICE IS HEREBY GIVEN that the Fifth Annual General Meeting ("5th AGM") of Gagasan Nadi Cergas Berhad ("the Company") to be conducted on a fully virtual basis by way of live streaming and online meeting platform via TIIH Online websites at https://tiih.online or http://tiih.com.my (Domain Registration No. with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on **Monday, 30 May 2022** at **10.00 a.m.** for the following purposes:

AGENDA

ORDINARY BUSINESS

1. To receive the Audited Financial Statements for the financial year ended 31 December 2021 together with the Directors' and Auditors' Reports.
   [Please refer to Note (a)]

2. To re-elect the following Directors retiring in accordance with Clause 125 of the Constitution of the Company and being eligible, have offered themselves for re-election:

   i. Hj Wan Azman Bin Wan Kamal **(Ordinary Resolution 1)**

   ii. Dato' Sri Subahan Bin Kamal **(Ordinary Resolution 2)**
   [Please refer to Note (b)]

3. To approve the payment of Directors' fees to the following Directors for the financial year ending 31 December 2022:

   i. Ir. Dr. Hj Muhamad Fuad Bin Abdullah: RM126,000.00. **(Ordinary Resolution 3)**

   ii. Professor Emerita Siti Naaishah Bt. Hambali: RM114,000.00. **(Ordinary Resolution 4)**

   iii. Chng Boon Huat: RM120,000.00. **(Ordinary Resolution 5)**

   iv. Additional Directors' fees: RM140,000.00. **(Ordinary Resolution 6)**
   [Please refer to Note (c)]

4. To approve the payment of Directors' benefits of up to RM100,000.00 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company. **(Ordinary Resolution 7)**
   [Please refer to Note (d)]

5. To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. **(Ordinary Resolution 8)**
   [Please refer to Note (e)]

SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions:-

6. **Proposed Renewal of Authority to Issue and Allot Shares Pursuant to Sections 75 and 76 of the Companies Act, 2016 ("the Act").** **(Ordinary Resolution 9)**

   "THAT pursuant to Sections 75 and 76 of the Companies Act, 2016, ACE Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements") and the approval of the relevant regulatory authorities, where such approval is required, the Directors of the Company be and are hereby authorised to issue and allot shares in the capital of the Company, grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer ("New Shares") from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 20% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 20% General Mandate").

Notice of the Annual General Meeting

for the financial year ended 31 December 2021 (Cont'd)

THAT such approval on the Proposed 20% General Mandate shall continue to be in force until 31 December 2022.

THAT with effect from 1 January 2023, the general mandate shall be reinstated from a 20% limit to a 10% limit pursuant to Rule 6.04 of the Listing Requirements provided that the aggregate number of such New Shares to be issued, to be subscribed under any rights granted, to be issued from conversion of any security, or to be issued and allotted under an agreement or option or offer by the Company from time to time, at such price, to such persons and for such purposes and upon such terms and conditions as the Directors may in their absolute discretion deem fit, pursuant to this resolution, when aggregated with the total number of any such shares issued during the preceding 12 months does not exceed 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed 10% General Mandate").

THAT such approval on the Proposed 10% General Mandate shall continue to be in force until:

a. the conclusion of the next Annual General Meeting of the Company held after the approval was given;

b. the expiration of the period within which the next Annual General Meeting of the Company is required to be held after the approval was given; or

c. revoked or varied by resolution passed by the shareholders of the Company in a general meeting,

whichever is the earlier.

(The Proposed 20% General Mandate and Proposed 10% General Mandate shall hereinafter refer to as "Proposed General Mandate".)

THAT the Directors of the Company be and are hereby also empowered to obtain the approval from Bursa Securities for the listing of and quotation for such New Shares on the ACE Market of Bursa Securities.

THAT authority be and is hereby given to the Directors of the Company, to give effect to the Proposed General Mandate with full powers to assent to any conditions, modifications, variations and/or amendments as they may deem fit in the best interest of the Company and/or as may be imposed by the relevant authorities.

AND FURTHER THAT the Directors of the Company, be and are hereby authorised to implement, finalise, complete and take all necessary steps and to do all acts (including execute such documents as may be required), deeds and things in relation to the Proposed General Mandate."
[Please refer to Note (f)]

7. To transact any other business of the Company of which due notice shall have been given in accordance with the Act and the Constitution of the Company.

BY ORDER OF THE BOARD

Wong Wai Foong (SSM PC No. 202008001472) (MAICSA No. 7001358)
Lim Hooi Mooi (SSM PC No. 201908000134) (MAICSA No. 0799764)
Ong Wai Leng (SSM PC No. 202008003219) (MAICSA No. 7065544)
Company Secretaries

29 April 2022
Kuala Lumpur

Notice of the Annual General Meeting

for the financial year ended 31 December 2021 (Cont'd)

NOTES: -

IMPORTANT NOTICE

1. In view of the COVID-19 outbreak and as part of the safety measures, the 5th Annual General Meeting ("5th AGM") will be conducted on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd's ("**Share Registrar**", "**Tricor**" or "**TIIH**") via its website at https://tiih.online. Shareholders may exercise their rights to participate (including to post questions to the Board) and vote at the AGM by using the RPV facilities. Please follow the procedures provided in the Administrative Guide for the 5th AGM in order to register, participate and vote remotely via the RPV facilities.

   A fully virtual general meeting is conducted online where all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are required to participate the meeting online.

2. For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a **Record of Depositors as at 23 May 2022** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.

3. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.

4. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.

5. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.

6. Where a member or the authorized nominee appoints more than two (2) proxies, or where an exempt authorised nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.

7. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing a proxy or proxies must be made either under its common seal or signed by an officer or an attorney duly authorised.

8. A member who has appointed a proxy or attorney or corporate representative to participate and vote at this AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at **TIIH Online** website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide for the AGM.

9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the appointment the proxies:-

   (a) <u>In hard copy form</u>

   In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (b) <u>By Electronic Form</u>

   The form of proxy can be electronically lodged via **TIIH Online** website at https://tiih.online. Please refer to the Administrative Guide for the 5th AGM on the procedure for electronic lodgement of proxy form via TIIH Online.

10. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.

11. Last date and time for lodging the Form of Proxy is on **Saturday, 28 May 2022 at 10.00 a.m.**

12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (9)(a) above **not less than forty-eight (48) hours before the time appointed for holding the AGM** or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.

13. For a corporate member who has appointed a representative, please deposit the **ORIGINAL OR DULY CERTIFIED** certificate of appointment with the share registrar in accordance with Note (9)(a) above. The certificate of appointment should be executed in the following manner:

   (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

   (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:

      1. at least two (2) authorised officers, of whom one shall be a director; or

      2. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

Notice of the Annual General Meeting

for the financial year ended 31 December 2021 (Cont'd)

Explanatory Notes:

a. Agenda Item 1

This item is meant for discussion only. The provisions of Section 340(1)(a) of the Companies Act 2016 require that the audited financial statements and the Reports of the Directors and Auditors thereon be laid before the Company at its AGM. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

b. Ordinary Resolutions No. 1 and 2

The Nomination Committee ("NC") with the assistance of Tricor Axcelasia Sdn Bhd, an independent expert, had conducted a Board effectiveness Assessment ("BEA") of the Directors, in the areas of qualification, experience, contribution performance calibre and personality, critical challenge, commitment to serve and dealing with conflict.

Based on the results of the BEA for the financial year ended 31 December 2021, the Board approved the NC's recommendation on the re-election of Hj Wan Azman Bin Wan Kamal and Dato' Sri Subahan Bin Kamal who are due to retire at the 5th AGM in accordance with Clause 125 of the Company's Constitution based on the following justifications:

- Both Directors were founder members of the Board, who had successfully brought the Company to listing;
- Both Directors had grown and continued to grow the Company, as evidenced by the major projects that the Company had secured in 2021; and
- Both Directors continued to contribute to the Company and to the Board.

c. Ordinary Resolutions No. 3 to 6

The proposed ordinary resolutions no. 3 to 5 are to facilitate payment of Directors' fees for the financial year ending 31 December 2022, while proposed ordinary resolution no. 6 is to facilitate payment of additional Directors' fees for the financial year ending 31 December 2022 in the event the Company appoints additional Independent Non-Executive Director(s).

d. Ordinary Resolution No. 7

This resolution is to facilitate payment of Directors' benefits from the date of the forthcoming AGM until the next AGM in 2023. In the event the Directors' benefits proposed are insufficient (e.g. due to more meetings or enlarged Board size), approval will be sought at the next AGM for additional fees to meet the shortfall.

Directors' benefits include allowances for travel and training programmes for directors and other emoluments payable to Directors and in determining the estimated total the Board had considered various factors including the number of scheduled meetings for the Board and Board Committees and covers from the date of the forthcoming AGM until the next AGM.

e. Ordinary Resolution No. 8

The Board had its meeting held on 21 April 2022 approved the recommendation by the Audit and Risk Management Committee to re-appoint Messrs Crowe Malaysia PLT. The Board and Audit and Risk Management Committee collectively agreed that Messrs Crowe Malaysia PLT has met the relevant criteria prescribed by Rule 15.21 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

f. Ordinary Resolution No. 9

The proposed ordinary resolution, if passed, will empower the Directors of the Company to issue and allot ordinary shares of the Company from time to time and to grant rights to subscribe for shares in the Company, convert any securities into shares in the Company, or allot shares under an agreement or option or offer, provided that the aggregate number of shares allotted pursuant to this resolution does not exceed 20% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed 20% General Mandate") up to 31 December 2022. With effect from 1 January 2023, the Proposed 20% General Mandate will be reinstated to a 10% limit ("Proposed 10% General Mandate") according to Rule 6.04 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad.

The authority for the Proposed 10% General Mandate will, unless revoked or varied by the Company in a general meeting, expire at the conclusion of the next AGM or the expiration of the period within which the next AGM is required by law to be held, whichever is earlier.

This proposed resolution is a renewal of the previous year's mandate. The mandate is to provide flexibility to the Company to issue new securities without the need to convene separate general meeting to obtain its shareholders' approval so as to avoid incurring additional costs and time.

The Board of Directors of the Company is of the view that the Proposed 20% General Mandate is in the best interest of the Company and its shareholders as it is useful for the Company to meet its financial needs due to the unprecedented uncertainty surrounding the recovery of the COVID-19 pandemic and it will enable the Board to take swift action during the challenging time to ensure long term sustainability and interest of the Company and its shareholders.

The purpose of this general mandate, if passed, will enable the Directors to take swift action in case of a need to issue and allot new shares in the Company for fund raising exercise including but not limited to further placement of shares for purpose of funding current and/or future investment projects, working capital, acquisitions and/or for issuance of shares as settlement of purchase consideration, or other circumstances arise which involve grant of rights to subscribe for shares, conversion of any securities into shares, or allotment of shares under an agreement or option or offer, or such other application as the Directors may deem fit in the best interest of the Company.

As at the date of this notice, the Company did not implement its proposal for new allotment of shares under the general mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the Fourth AGM held on 13 September 2021 and will lapse at the conclusion of the 5th AGM to be held on 30 May 2022. As at the date of this notice, there is no decision to issue new shares. Should there be a decision to issue new shares after the general mandate is sought, the Company will make an announcement of the actual purpose and utilisation of proceeds arising from such issuance of shares.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Rule 8.29 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad)

1. The Directors who retire in accordance with Clause 125 of the Constitution and being eligible to offer themselves for re-election at the upcoming AGM are Hj Wan Azman Bin Wan Kamal and Dato' Sri Subahan Bin Kamal ("Retiring Directors").

   The profile of the Retiring Directors who are standing for re-election as per Agenda Item 2 of the Notice of 5th AGM is as follows:

   I. HJ WAN AZMAN BIN WAN KAMAL
   (Group Managing Director)

   Nationality | Malaysian
   Age | 61
   Gender | Male
   Date of Appointment | 15 September 2017
   Length of Tenure | 3 years 3 months

   MEMBERSHIP OF BOARD COMMITTEES
   - Nil

   QUALIFICATION
   - Diploma in Quantity Surveying, MARA Institute of Technology, Malaysia

   DIRECTORSHIP/RELEVANT APPOINTMENTS (Other than Gagasan Nadi Cergas)
   - Nil

   RELEVANT EXPERIENCE
   Hj Wan Azman Bin Wan Kamal was appointed as the Group Managing Director of Gagasan Nadi Cergas Berhad on 15 September 2017.

   He has extensive experience in the property development and construction industry with a career that spans approximately 36 years. His career started in 1982 as a Technical Assistant at Jabatan Kerja Raya Pahang. He left in 1984 to pursue his Advanced Diploma in Quantity Surveying from 1984 to 1986. Subsequently from 1986 to 1989, he joined QS Associates, a quantity surveying firm, as a Quantity Surveyor. In 1990, he joined Sime UEP Development Sdn Bhd, a property development company, as a Quantity Surveyor and was promoted to the position of Cost Controller in 1992, before he left in 1998. In 1998, he took up the position of Director of Business Development at Juwana Construction Sdn Bhd, a construction company, before leaving in 1999 to become the major shareholder and Managing Director of Nadi Cergas Sdn Bhd.

   Hj Wan Azman Bin Wan Kamal is a founder member of the Board and has successfully brought the Company to listing. The Board recognizes his continued contributions and effort to continue growing the Company, as evidenced by the major projects that the Company had secured in 2021.

   The Board hereby recommends the re-election of Hj Wan Azman Bin Wan Kamal as the Group Managing Director of the Company for the Shareholders' approval.

Statement Accompanying Notice of Annual General Meeting

(Pursuant to Rule 8.29 of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad) (Cont'd)

II. DATO' SRI SUBAHAN BIN KAMAL
(Executive Director)

Nationality | Malaysian
Age | 56
Gender | Male
Date of Appointment | 15 September 2017
Length of Tenure | 3 years 3 months

MEMBERSHIP OF BOARD COMMITTEES
- Nil

QUALIFICATION
- Bachelor of Science Honors Degree in Finance, Southern Illinois University at Carbondale, USA

DIRECTORSHIP/RELEVANT APPOINTMENTS (Other than Gagasan Nadi Cergas)
- Chairman/Senior Independent Non-Executive Director of Can-One Berhad
- Chairman/Independent Non-Executive Director of Alcom Group Berhad

RELEVANT EXPERIENCE
Dato' Sri Subahan Bin Kamal was appointed as the Executive Director of Gagasan Nadi Cergas Berhad on 15 September 2017.

He started his career in 1989 as a Claims Executive at Malaysia Nippon Insurance Berhad. Subsequently in 1990, he joined Bank Rakyat Kerjasama Malaysia Berhad ("Bank Rakyat") as a Corporate Planning Executive before he was appointed as Personal Assistant to the Chairman at Bank Rakyat in 1991. In 1992, he was seconded to the Ministry of Finance Malaysia as the Private Secretary to the Parliament Secretary of the Ministry of Finance. Subsequently, in 1995 he was promoted to Senior Private Secretary to the Deputy Minister of Finance and he was under the Ministry of Finance until 1998. In the same year, he was appointed as Senior Private Secretary to the Deputy Minister of Human Resources. In 2000, his secondment as Senior Private Secretary to the Deputy Minister of Human Resources ended when he left Bank Rakyat to join Nadi Cergas Sdn. Bhd. as an Executive Director.

Dato' Sri Subahan Bin Kamal is a founder member of the Board and has successfully brought the Company to listing. The Board recognizes his continued contributions and effort to continue growing the Company, as evidenced by the major projects that the Company had secured in 2021.

The Board hereby recommends the re-election of Dato' Sri Subahan Bin Kamal as the Executive Director of the Company for the Shareholders' approval.

2. General mandate for issue of securities

Kindly refer to the Explanatory Notes (f) on Special Business – Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.

PROXY FORM

(Before completing this form please refer to the notes below)

Number of Shares held	
CDS Account	

I/We ____ Tel: ____________________

[Full name in block and as per NRIC/passport, NRIC/Passport/Company No.]

of ____

[Full address]

____

being member(s) of **GAGASAN NADI CERGAS BERHAD**, hereby appoint:

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

and (if more than one (1) proxy)

Full Name (in Block and as per NRIC/Passport)	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

Or failing ^him/her, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Fifth Annual General Meeting ("5th AGM") of the Company to be conducted on a fully virtual basis through live streaming and online meeting platform via TIIH Online websites at https://tiih.online or http://tiih.com.my (Domain Registration No. with MYNIC: D1A282781) provided by Tricor Investor & Issuing House Services Sdn Bhd in Malaysia on **Monday, 30 May 2022 at 10.00 a.m**. and any adjournment thereof, to vote as indicated below:

RESOLUTIONS	**DESCRIPTION OF RESOLUTION**	**FOR**	**AGAINST**
Ordinary Resolution 1	To re-elect Hj Wan Azman Bin Wan Kamal as Director of the Company.		
Ordinary Resolution 2	To re-elect Dato' Sri Subahan Bin Kamal as Director of the Company.		
Ordinary Resolution 3	To approve the payment of Directors' fees to Ir. Dr. Hj Muhamad Fuad Bin Abdullah amounting to RM126,000.00 in respect of financial year ending 31 December 2022.		
Ordinary Resolution 4	To approve the payment of Directors' fees to Professor Emerita Siti Naaishah Bt. Hambali amounting to RM114,000.00 in respect of financial year ending 31 December 2022.		
Ordinary Resolution 5	To approve the payment of Directors' fees to Chng Boon Huat amounting to RM120,000.00 in respect of financial year ending 31 December 2022.		
Ordinary Resolution 6	To approve the payment of additional Directors' fees amounting to RM140,000.00 in respect of financial year ending 31 December 2022.		
Ordinary Resolution 7	To approve the payment of Directors' benefits of up to RM100,000.00 from the date of the forthcoming Annual General Meeting until the next Annual General Meeting of the Company.		
Ordinary Resolution 8	To re-appoint Messrs Crowe Malaysia PLT as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.		
Ordinary Resolution 9	Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.		

Please indicate with an "X" in the space provided whether you wish your votes to be cast for or against the resolutions. In the absence of specific direction, your proxy will vote or abstain as he/she thinks fit.

Dated this ____________ day of ________________ 2022.

____

Signature*
Member

^ Delete whichever is inapplicable
* Manner of execution:

(a) If you are an individual member, please sign where indicated.
(b) If you are a corporate member which has a common seal, this proxy form should be executed under seal in accordance with the constitution of your corporation.
(c) If you are a corporate member which does not have a common seal, this proxy form should be affixed with the rubber stamp of your company (if any) and executed by:
    (i) at least two (2) authorised officers, of whom one shall be a director; or
    (ii) any director and/or authorised officers in accordance with the laws of the country under which your corporation is incorporated.

NOTES: -

IMPORTANT NOTICE

1. In view of the COVID-19 outbreak and as part of the safety measures, the 5th Annual General Meeting ("5th AGM") will be conducted on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd's ("**Share Registrar**", "**Tricor**" or "**TIIH**") via its website at https://tiih.online. Shareholders may exercise their rights to participate (including to post questions to the Board) and vote at the AGM by using the RPV facilities. Please follow the procedures provided in the Administrative Guide for the 5th AGM in order to register, participate and vote remotely via the RPV facilities.

   A fully virtual general meeting is conducted online where all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are required to participate the meeting online.
2. For the purpose of determining a member who shall be entitled to attend and vote at the meeting, the Company shall be requesting Bursa Malaysia Depository Sdn Bhd to make available to the Company a **Record of Depositors as at 23 May 2022** and only a depositor whose name appears on the Record of Depositors shall be entitled to attend the meeting or appoint proxies to attend and vote in his stead.
3. A member of a Company shall be entitled to appoint another person as his proxy to exercise all or any of his rights to attend, participate, speak and vote at meeting of members of the Company. A member may appoint more than one proxy in relation to a meeting, provided that the member specifies the proportion of the member's shareholdings to be represented by each proxy. A proxy may but need not be a member of the Company.
4. Where a Member of the Company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act, 1991 ("**SICDA**"), it may appoint not more than two (2) proxies in respect of each securities account it holds with ordinary shares of the Company standing to the credit of the said securities account.
5. For a member of the Company who is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one (1) securities account ("**omnibus account**"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds. An exempt authorised nominee refers to an authorised nominee defined under SICDA which is exempted from compliance with the provisions of subsection 25A(1) of SICDA.
6. Where a member or the authorized nominee appoints more than two (2) proxies, or where an exempt authorized nominee appoints more than one (1) proxy in respect of each omnibus account to attend and vote at the same meeting, the appointments shall be invalid unless the proportion of shareholdings to be represented by each proxy is specified in the instrument appointing the proxies.
7. The instrument appointing a proxy shall be in writing signed by the appointor or by his attorney who is authorised in writing. In the case of a corporation, the instrument appointing a proxy or proxies must be made either under its common seal or signed by an officer or an attorney duly authorised.

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Stamp

GAGASAN NADI CERGAS BERHAD
Unit 30-01, Level 30 Tower A, Vertical
Business Suite Avenue 3, Bangsar
South No. 8, Jalan Kerinchi 59200
Kuala Lumpur

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8. A member who has appointed a proxy or attorney or corporate representative to participate and vote at this AGM must request his/her proxy or attorney or corporate representative to register himself/herself for RPV at **TIIH Online** website at https://tiih.online. Please follow the Procedures for RPV in the Administrative Guide for the 5th AGM.
9. The appointment of a proxy may be made in a hard copy form or by electronic means in the following manner and must be received by the Company not less than forty-eight (48) hours before the time appointed for holding the AGM or adjourned meeting at which the person named in the appointment the proxies:-
   (a) <u>In hard copy form</u>

   In the case of an appointment made in hard copy form, the Form of Proxy must be deposited at the Company's Share Registrar, Tricor Investor & Issuing House Services Sdn. Bhd. at Unit 32-01, Level 32, Tower A, Vertical Business Suite, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia or its Customer Service Centre at Unit G-3, Ground Floor, Vertical Podium, Avenue 3, Bangsar South, No. 8, Jalan Kerinchi, 59200 Kuala Lumpur, Malaysia.

   (b) <u>By Electronic Form</u>

   The form of proxy can be electronically lodged via **TIIH Online** website at https://tiih.online. Please refer to the Administrative Guide for the 5th AGM on the procedure for electronic lodgement of proxy form via TIIH Online.
10. Please ensure ALL the particulars as required in the Form of Proxy are completed, signed and dated accordingly.
11. Last date and time for lodging the Form of Proxy is on **Saturday, 28 May 2022 at 10.00 a.m.**
12. Any authority pursuant to which such an appointment is made by a power of attorney must be deposited with the share registrar in accordance with Note (9)(a) above **not less than forty-eight (48) hours before the time appointed for holding the AGM** or adjourned general meeting at which the person named in the appointment proposes to vote. A copy of the power of attorney may be accepted provided that it is certified notarially and/or in accordance with the applicable legal requirements in the relevant jurisdiction in which it is executed.
13. For a corporate member who has appointed a representative, please deposit the **ORIGINAL OR DULY CERTIFIED** certificate of appointment with the share registrar in accordance with Note (9)(a) above. The certificate of appointment should be executed in the following manner:
   (a) If the corporate member has a common seal, the certificate of appointment should be executed under seal in accordance with the constitution of the corporate member.

   (b) If the corporate member does not have a common seal, the certificate of appointment should be affixed with the rubber stamp of the corporate member (if any) and executed by:
      1. at least two (2) authorised officers, of whom one shall be a director; or
      2. any director and/or authorised officers in accordance with the laws of the country under which the corporate member is incorporated.

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