GAGASAN NADI CERGAS
BERHAD 201701024800 (1238966-U)

BUILDING ON RESILIENCE

Annual Report
2022

COVER RATIONALE

Even though the construction and property development sectors were adversely impacted by the supply chain disruption, Gagasan Nadi Cergas deployed its best efforts to establish its reputation as a trustworthy and competitive player; evidenced by our commitment to delivering projects in hand and securing new contracts.

Gagasan Nadi Cergas remains resolute to be counted amongst the nation's leading players, and will continue building on our resilience to advance the Group forward.

6th Annual General Meeting

Wednesday | 7 June 2023 | 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

Hj 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

Company Secretaries

Lim Hooi Mooi
(SSM PC No. 201908000134)
(MAICSA 0799764)

Ong Wai Leng
(SSM PC No. 202208000633)
(MAICSA 7065544)

Nadiah Ili Binti Adnan
(SSM PC No. 202008001698)
(MAICSA 7062952)

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& AF1018
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Share Registrar

Tricor Investor & Issuing House
Services Sdn Bhd
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Vertical Business Suite
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59200 Kuala Lumpur, Malaysia
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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.

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.

Corporate Profile

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.

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'.

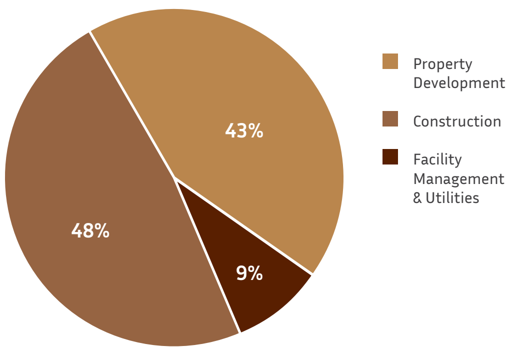
Financial Highlights

FY2022 FINANCIAL HIGHLIGHTS

REVENUE

RM233.5 million

FY2021:
RM199.3 million



OPERATING PROFIT

RM21.6 million

FY2021:
RM33.1 million

SHAREHOLDERS' EQUITY

RM442.1 million

FY2021:
RM445.5 million

TOTAL ASSETS

RM983.9 million

FY2021:
RM975.3 million

FY2022 KEY PERFORMANCE INDICATORS

Construction

Order Book:

RM548.2 million

FY2022 New Wins:

RM189.8 million

Property Development

Segment Revenue

RM101.7 million

FY2021: RM56.1 million

4 Major Projects in Greater KL

Facility Management & Utilities

Segment Revenue

RM20.5 million

FY2021: RM17.9 million

Financial Highlights

5-YEAR GROUP FINANCIAL HIGHLIGHTS

Financial Summary	2018	2019	2020	2021	2022
For the Financial Year Ended 31 December (RM'000)					
Revenue	300,092	289,631	206,902	199,256	**233,517**
Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA")	64,844	52,714	31,833	35,297	**23,981**
Operating Profit	62,622	50,365	29,369	32,968	**21,620**
Profit before Tax ("PBT")	45,635	34,880	14,813	17,855	**6,048**
Net Profit/(Loss) Attributable to Shareholders	32,590	25,284	11,813	3,460	**-3,378**
As At 31 December (RM'000)					
Shareholders' Funds	378,746	441,259	445,810	445,505	**442,127**
Share Capital	95,444	136,444	136,444	136,444	**136,444**
Reserves (Net of Treasury Shares at Cost)	283,302	304,815	309,366	309,061	**305,683**
Total Assets	909,236	926,866	921,318	975,306	**983,869**
Total Current Assets	213,110	267,678	303,087	359,041	**417,663**
Total Borrowings	363,216	322,051	298,580	315,216	**316,714**
Cash and Bank Balances and Fixed Deposits with Licensed Banks	73,706	123,573	109,470	104,733	**94,254**
Per Share*					
Basic Earnings/(Loss) per Share (sen)	4.3	3.4	1.57	0.46	**-0.45**
Net Tangible Assets per Share (sen)	50.3	58.6	59.2	59.2	**58.7**
Returns (%)					
Return on Average Shareholders' Equity (%)	8.9	6.2	2.7	0.8	**-0.8**
Return on Average Total Assets (%)	3.6	2.8	1.3	0.4	**-0.3**
Financial Analysis					
Operating Margin (%)	20.9%	17.4%	14.2%	16.5%	**9.3%**
PBT Margin (%)	15.2%	12.0%	7.2%	9.0%	**2.6%**
Net Margin (%)	10.9%	8.7%	5.7%	1.7%	**-1.4%**
Net Debt to Equity (Times)	0.89	0.52	0.52	0.53	**0.55**

* 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
    - **100%** RM Fuel Sdn Bhd
  - **75%** Nadi Emery Sdn Bhd
    - **100%** Nadi Emery (KDD) Sdn Bhd
  - **70%** Nadi Embun Sdn Bhd

Dormant
- **100%** Nadi Cergas Medik Sdn Bhd

Chairman's Statement

Dear esteemed shareholders,

2022 was a challenging year for Gagasan Nadi Cergas. The gradual dismantling of lockdown restrictions allowed our construction activities to resume but challenges in terms of high raw material prices and manpower shortages persisted. In line with our theme of "Building On Resilience", we are tapping on the lessons learnt in the last few years to confidently steer the Group toward brighter days.

On behalf of the Board of Directors of Gagasan Nadi Cergas, I am pleased to present to you the Annual Report and Audited Financial Statements for the financial year ended 31 December 2022 ("FY2022").

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

FINANCIAL REVIEW

2022 was a markedly more stable year for the Malaysian economy as the various economic and social restrictions put in place to curb the spread of Covid-19 were gradually removed. This was a welcome relief for businesses across most sectors as they could fully resume business activities after the unprecedented disruptions caused by the pandemic.

Thanks to this transition toward normality, the Malaysian economy expanded by 8.7% in 2022 and the Malaysian construction sector grew by 8.8% in 2022 after two years of contraction due to the pandemic.

In tandem with the improved economic landscape, the Group achieved higher revenue of RM233.5 million in FY2022, compared to RM199.3 million in the financial year ended 31 December 2021 ("FY2021").

However, the recovery of the construction sector was stifled by rising raw material prices due to the Russia-Ukraine war as both countries are key producers of construction-related raw materials such as iron, steel, and aluminum. At the same time, our utility services segment reported a significantly leaner profit compared to last year. Due to these factors, the Group posted a lower profit before tax of RM6.0 million in FY2022 compared to RM17.9 million in FY2021.

CORPORATE UPDATES

Despite these difficulties, the Group continued to make progress on many fronts in 2022. We were awarded a RM189.8 million contract by Paramount Corporation Berhad to construct a high-rise affordable housing project in Kemuning Utama, Shah Alam.

During the same year, the Group also commenced development on the Idaman Bukit Jelutong affordable homes project. The project, with a gross development value of approximately RM304 million, is being developed in collaboration with the Selangor State Government.

Considering these developments, we are proud of our strong track record in the development of affordable homes for the people and the trust placed in us by both the private sector and government agencies to undertake such projects.

The Group also burnished its credentials in the healthcare construction niche by successfully completing and delivering the state-of-the-art Serdang Hospital Cardiology Centre in Selangor in October 2022.

Meanwhile, our property development sector's Antara Residence serviced apartments project in Putrajaya is nearing completion with a take-up rate of 76%. Furthermore, the Selindung Ulu Yam affordable township in scenic Batang Kali has been completed with 89% of units taken up so far.

The Group's construction order book stands at a commendable RM548.2 million while the property development segment has total unbilled sales of RM69.6 million.

DIVIDEND

Considering challenges facing the construction industry, the Board of Directors has decided not to declare any dividend for FY2022.

PROSPECTS

The Malaysian economy is expected to grow at a more moderate pace of 4.1% in 2023 compared to the strong growth in 2022. This can be attributed mainly to decreasing pent-up demand, more restrictive credit conditions, and an expected slowdown in the global economy.

Notwithstanding, Bank Negara Malaysia is confident that the Malaysian economy will not experience a recession this year and this should give the Group the space needed to recover.

Hence, we are cautiously optimistic that the stable economic outlook for Malaysia in the financial year ending 31 December 2023 ("FY2023") will lead to more new projects for the construction sector. We will continue to actively tender for high-value projects to replenish our order book and elevate our position in the industry.

We are particularly keen on affordable housing projects. In early 2023, the groundbreaking ceremony was held for our Idaman Kwasa Damansara affordable housing project in Shah Alam. The first phase of this project is expected to be completed by 2026 and will contribute positively to the Group's financial performance.

We also foresee high raw material prices continuing to be a drag on the construction sector if the Ukraine-Russia war persists. To mitigate impact from this angle, we will closely monitor the prices of raw materials and engage constructively with our various suppliers to reduce the cost of raw materials.

The shortage of foreign construction workers is expected to persist in 2023. The Malaysian construction industry is heavily reliant on foreign workers from Indonesia, Bangladesh, Vietnam, Myanmar, and Nepal.

The Group, therefore, supports efforts to simplify the process of recruiting construction workers including the possibility of assigning the foreign worker entry process management to Construction Labour Exchange Centre Berhad ("CLAB") to bring in and distribute foreign workers for companies and organisations in Malaysia.

Despite these challenges, the Board of Directors is confident in the Group's resolute resilience and foresees the achievement of satisfactory performance in FY2023. We believe the Group's stellar delivery of many high-profile projects, and its adoption of progressive construction technology will equip Gagasan Nadi Cergas as a premium reliable partner for new projects by both government and private sector players in the market.

ACKNOWLEDGEMENT

Last but not least, I would like to express my sincere appreciation to the shareholders and Board of Directors for their continued support, to the senior management team, and the entire workforce of Gagasan Nadi Cergas for their steadfastness and dedication throughout 2022.

In the spirit of the Malay proverb "Berat Sama Dipikul, Ringan Sama Dijinjing", let us build on our resilience to meet the challenges that lie ahead and guide the Group toward a new season of profitability and growth.

Sincerely,

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

Management Discussion and Analysis

Haji Wan Azman bin Wan Kamal
Group Managing Director

BUSINESS OVERVIEW

Gagasan Nadi Cergas is a Malaysian construction-based group with business activities across four segments, namely Construction, Concession and Facilities Management, Utility Services, and Property Development.

- **Construction**

  Nadi Cergas Sdn Bhd, a wholly owned subsidiary of the Group, is a Grade G7 contractor registered with the Contractor Service Centre and the Construction Industry Development Board. This certification allows the Group to tender for Bumiputera-allocated projects without any limits on project value. The Group also holds a Code B29 certification from CIDB and is therefore permitted to undertake construction of public healthcare facilities in Malaysia.

  The Group has an excellent track record in the Malaysian construction industry over the last two decades. High-profile completed projects in this segment's portfolio include the German-Malaysian Institute campus in Bangi, the Malaysian Institute of Aviation Technology ("MIAT") building in Subang, Maktab Rendah Sains MARA ("MRSM") campuses in Bagan Datuk and Dungun, and the Serdang Hospital Cardiology Centre in Serdang.

  The Group maintains a competitive advantage in the construction and property development industries through the adoption of several leading-edge construction solutions. This includes the design and build model which assigns both the tasks of designing and constructing to the main contractor to mitigate risks and reduce construction duration. The Group has also implemented the Industrialised Building System which utilises prefabricated components and on-site instalments for faster completion. The Building Information Modelling, a three-dimensional modelling system for the detection of flaws and reduction of wastage of building materials, has also contributed to the construction segment's competitive advantage.

- **Property Development**

  Gagasan Nadi Cergas made its foray into the property development industry in 2017 through a joint venture with the ASEAN Football Federation ("AFF") to develop the AFF headquarters and the Antara Residence serviced apartments, both located in Putrajaya. The segment then launched the Selindung Ulu Yam affordable township, in Batang Kali, Selangor, in 2019 in collaboration with Perumahan Penjawat Awam Malaysia ("PPAM"). The Group is also developing Idaman affordable housing projects in Bukit Jelutong and Kwasa Damansara in collaboration with the Selangor state government.

- **Concession and Facility Management**

  Gagasan Nadi Cergas currently operates facility management concessions for student hostels at the International Islamic University Malaysia ("IIUM") in Kuantan and the Universiti Teknikal Malaysia Melaka ("UTeM") in Melaka. The Group has a mandate to provide hostel maintenance and management services for IIUM and UTeM until 2034 and 2037 respectively.

- **Utility Services**

  The Group operates a concession for the Electricity Distribution System for the Datum Jelatek mall and residences, located in Jalan Jelatek, Kuala Lumpur. The 30-year concession began in 2021. The Group also operates a DCS which includes a TES system, for the Datum Jelatek mall. The concession, also for a 30-year period, began in 2022.

FINANCIAL OVERVIEW

- **Consolidated Income Statement**

  Gagasan Nadi Cergas registered higher revenue of RM233.5 million in FY2022, versus RM199.3 million in FY2021. The increase was mainly attributed to higher revenue from the property development segment driven by the high take up rates of the Antara Residence serviced apartments project and the Selindung Ulu Yam township.

  However, the Group's profit before tax in FY2022 declined to RM6.0 million, down from RM17.9 million in FY2021 when the Group benefited from gains from the disposal of assets and reversal of impairment loss. The lower profit before tax in FY2022 was attributed to higher construction costs as well as expected credit limit ("ECL") impairment in the property development and construction segments. Also, the construction segment posted a turnaround in FY2022, due to higher construction costs in FY2021.

  The Group reported a net loss attributable to shareholders of RM3.4 million compared to a net profit attributable to shareholders of RM3.5 million in the previous year.

  The earnings per share stood at -0.45 sen in FY2022 compared to 0.46 sen in FY2021.

FY2022 REVENUE

RM233.5 million

FY2021: RM199.3 million

Segmental Financial Performance

Construction

The construction segment remained the Group's largest source of revenue, raking in RM111.3 million in revenue in FY2022, a decline from RM125.3 million in FY2021 due to the completion of Hospital Serdang project. However, the segment posted an operating loss of RM1.36 million in FY2022, from an operating loss of RM9.6 million FY2021.

In tandem with the turnaround, the construction segment incurred a significantly leaner loss before tax of RM0.07 million in FY2022 compared to a RM8.2 million loss before tax in FY2021.

Facility Management and Utilities

The Group continues to benefit from a steady stream of recurring income through facility management and utilities concessions.
This segment comprises of student hostel management concessions for UTeM and IIUM while the utilities segment operates the EDS and DCS concessions for the distribution of electricity and the supply of chilled water respectively, for the Datum Jelatek Shopping Mall in Kuala Lumpur.

The two segments collectively generated RM20.5 million in revenue into the Group's finances in FY2022, a significant increase from RM17.9 million in revenue in FY2021. After considering income of RM25.4 million from the concession's net accretion of fair value, the segments posted a profit before tax of RM18.6 million, down from RM26.4 million in FY2021 when the utility services segment made significant gain from the disposal of assets and reversal of impairment loss.

Property Development

The property development segment achieved revenue of RM101.7 million for FY2022, a substantial increase from RM56.1 million in FY2021 on the back of successful sales of units at the Antara Residence and Selindung Ulu Yam developments as well as substantial progress in construction works.

The segment registered a profit before tax of RM6.3 million in FY2022, a marginal decrease from RM6.5 million in FY202, mainly due to increased impairment losses.

Statement of Financial Position

Group Assets

The Group's total assets increased marginally to RM983.9 million in FY2022 from RM975.3 million in the previous year, mainly due to an increase in contract assets and inventories from the progress of its various projects. These increases also offset a reduction in non-current trade receivables from the facility management and utilities segments and cash.

Liquidity and Capital Resources

The Group's total borrowings increased slightly to RM316.7 million in FY2022 versus RM315.2 million in FY2021. The Group's cash and bank balances and fixed deposits declined to RM94.3 million in FY2022 from RM104.7 million in FY2021.

The Group's total equity attributed to shareholders declined to RM442.1 million in FY2022 from RM445.5 million in the previous year. As a result, the Group's net gearing level increased from 0.47 in FY2021 to 0.50 in FY2022.

- **Capital Expenditure**

The Group spent RM1.3 million on capital expenditure ("CAPEX") for the purchase of property, plants, and equipment in FY2022, a lesser amount compared to the RM4.2 million spent for the same purpose last year. The bulk of this CAPEX was channeled towards the relocation of property development segment office, additional equipment for the utilities segment, as well as other miscellaneous construction/office equipment.

DIVIDEND

The Group maintains an established dividend policy, but the Board of Directors has decided not to declare any dividend for FY2022 due to challenges facing the construction industry.

SEGMENTAL REVIEW

- **Construction Segment**

The construction industry in Malaysia posted a rebound by growing 8.8% in 2022, after two consecutive years of decline due to pandemic-induced lockdowns. However, this recovery is lackluster as the total value of work done remained lower than the pre-pandemic era. The industry has been beset by higher material costs, in part due to Russia-Ukraine war, as well as a shortage of foreign workers.

On the other hand, the Master Builders Association Malaysia ("MBAM") has stated that the construction industry is facing an estimated shortage of 550,000 workers, particularly from Indonesia and Bangladesh. Furthermore, the construction of the Indonesia's new capital city Nusantara in Borneo is expected to reduce the inflow of Indonesian construction workers to Malaysia.

Despite these challenges, the Group remains resolute in achieving a turnaround for its construction sector and continues to proactively tender for projects while exercising prudent cost management measures.

On 26 July 2022, the Group accepted a Letter of Award from Paramount Corporation Berhad to build affordable high-rise residences in Kemuning Utama, Shah Alam, with a gross of RM189.8 million. The development consists of 929 affordable housing units. This is the second time that the Group has been entrusted with a contract by this developer, after being awarded a contract for the Greenwoods Salak Perdana affordable high-rise residences in Sepang.

The Group also designed and constructed the Serdang Hospital Cardiology Centre in Selangor which was completed in October 2022. The facility has been touted by the Ministry of Health as one of the best cardiothoracic facilities in the country.

- **Property Development Segment**

The Antara Residence serviced apartments in Putrajaya are nearing completion. The modern high-rise property contains 458 units across 29 floors. The take-up rate stands at 76% as at 31 December 2022.

Also, the Selindung Ulu Yam development has also proven to be popular for its affordability and close proximity to central Kuala Lumpur with a take-up rate of 89% as at 31 December 2022. The first phase of the affordable township comprises of 447 units of affordable landed units. This was followed by a 70-unit second phase in 2020. The two phases boast a gross development value of RM143.6 million.

Gagasan Nadi Cergas is a leading developer of affordable housing projects, particularly in the Greater Kuala Lumpur region. The Group recently commenced construction on 1,260 furnished affordable apartments in Idaman Bukit Jelutong on 26 August 2022 with a targeted completion deadline of 2025 and a gross development value of RM308 million. Each apartment has a built-in space of 1,000 square feet and is priced at RM250,000.

The Group also commends the federal government's initiative to promote home ownership through exemptions and discounts on stamp duty for first time property buyers. First-time property buyers will enjoy a full exemption from stamp duty for properties worth below RM500,000 and 75% discount for properties priced between RM500,001 and RM1 million. This bodes well for the Group's affordable housing projects.

- **Recurring Income Segment**

Gagasan Nadi Cergas, via its subsidiary Urus Harta Sdn Bhd, has been entrusted with the financing, design, construction and maintenance of student hostels and related facilities at two universities, namely the IIUM campus in Kuantan and UTeM in Melaka.

The Group also receives stable recurring income from the EDS and DCS concessions for the Datum Jelatek Shopping Mall in Kuala Lumpur. The DCS harnesses TES technology to supply the mall with 2,100 RT of chilled water. The Group has sold the TES at the German-Malaysian Institute in Bangi in FY2021 and hence this facility no longer contributes financially to the Group from FY2022 onwards.

RISKS FACED BY THE GROUP

- **Competition and Business Risks**

Softness in the construction sector continues to pose headwinds for the Group. According to the CIDB contract statistics for 2022 demonstrated a subdued recovery trend for infrastructure projects, with marginal growth of just 1.4% year-on-year to RM135 billion. Furthermore, contract awards for residential projects have also declined, resulting in a more competitive environment for the Group.

However, on the long term, the Malaysian construction sector is expected to continue its growth trajectory. The country's construction output is expected to reach RM228.7 million by 2026, with a compounded annual growth rate of 5.9%. Hence, the Group is optimistic that the construction segment will stabilise and gain momentum over the next three years.

- **Rising Building Material & Labour Costs**

The construction industry has been grappling with the increase in the prices of construction-related raw materials such as steel and cement. Although the prices of construction-related raw materials have shown signs of moving in a downward trend, they are not expected to stabilise anytime soon.

The Group will mitigate this risk through value engineering to keep costs down and engaging proactively with various suppliers to explore solutions to procure raw materials at reasonable rates.

- **Political, Economic and Regulatory Risks**

The Malaysian economy is expected to grow by 4.0% in 2023, a moderate pace compared to the robust post-pandemic recovery posted in 2022. However, Bank Negara Malaysia forecasts that Malaysia is unlikely to experience a recession in 2023 despite a negative outlook for the global economy. This bodes well for the Group's turnaround efforts.

Gagasan Nadi Cergas welcomes the new season of relative political stability in Malaysia after several years of political uncertainty. This is a positive development for the Group, which tenders for many public sector projects.

On the monetary policy front, Bank Negara Malaysia recently decided to pause interest rate hikes and maintain the Overnight Policy Rate ("OPR") at 2.75%. This signals a deceleration in the pace of interest rate hikes and increases the probability of the terminal OPR rate reaching a comfortable level for corporate Malaysia and consumers. This is likely to lead to higher demand for residential properties.

On the regulatory front, several builders' associations in Malaysia have petitioned the Malaysian government to review construction regulations in a bid to effectively alleviate key problems plaguing the industry such as worker shortages, high costs, and convoluted regulations. Proposals include allowing private construction projects to enjoy the same variation of price treatment as the government projects and simplifying the foreign workers' application process for the construction industry.

GROWTH STRATEGIES

The Group will continue to leverage on its strong track record, diversified sources of income, and the use of cutting-edge construction methods to acquire new projects.

- **Targeting Opportunities in the Construction Segment**

  Gagasan Nadi Cergas' track record of successfully completing and delivering a variety of high-profile public sector and private sector construction projects demonstrates the Group's position in the market as a trusted and reliable builder in Malaysia. The Group is therefore confident of its ability to undertake high-value contracts in the coming years.

  The Group will also endeavor to ensure that all existing jobs on hand are completed and delivered on time. The Group's construction order book stands at a healthy level of RM548.2 million. Prominent ongoing projects include the Idaman Bukit Jelutong and Idaman Kwasa Damansara affordable housing project in Selangor and the mosque at the Merdeka 118 supertall skyscraper in Kuala Lumpur.

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

  The construction of affordable homes is the construction segment's forte, and the Group is committed to the goal of delivering 10,000 affordable homes in the Greater Kuala Lumpur region over the next five years.

  In addition to the Idaman Bukit Jelutong affordable housing project which commenced in 2022, the Group will also start construction on the Idaman Kwasa Damansara affordable housing project in Shah Alam in mid 2023 with the first phase of this project expected to be completed by 2026. The Group's experience and competence in building affordable homes puts it in strong footing to secure more affordable housing contracts from both government agencies and private sector developers.

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

  Given the Group's competent undertaking of facility management and utility concession for IIUM, UTeM and the Datum Jelatek Shopping Mall, it will continue to tender for similar contracts with other organisations. Growth in the recurring income segment will give the Group a stable stream of revenue and help mitigate losses in the construction segment.

- **Enhancing The Group's Footprint in Property Development**

  The Group will continue to build on the property development sector's success with new phases of the Selindung Ulu Yam township being considered in addition to plans to develop a high-rise serviced apartment building in Lorong Haji Hussein in central Kuala Lumpur. The Group's success in executing various property development projects for notable developers will certainly help the Group in the tendering and bidding process.

Overall, Gagasan Nadi Cergas is proud of its resilience in FY2022 and is optimistic that FY2023 will be a more productive year, thanks to the visionary guidance of the management team, the diligence and dedication of its employees, and the continued support and trust from the Group's business partners.

Profile of Directors

Ir. Dr. Muhamad Fuad Bin Abdullah

Independent Non-Executive Chairman

Aged	69
Gender	Male
Nationality	Malaysian

Date of Appointment	**15 September 2017**
Board Meeting Attendance in 2022	**6/6**

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.

Hj Wan Azman bin Wan Kamal
Group Managing Director

Aged	62
Gender	Male
Nationality	Malaysian

Date of Appointment	15 September 2017
Board Meeting Attendance in 2022	6/6

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 35 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.

Dato' Sri Subahan Bin Kamal

Executive Director

Aged	57
Gender	Male
Nationality	Malaysian

Date of Appointment	**15 September 2017**
Board Meeting Attendance in 2022	**5/6**

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, education and other areas. 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 served as a member of the Curriculum Advisory Board of University Institute Technology, MARA from 2013 to 2018. In 2022, he was appointed as the chairman of Social Security Organisation ("SOCSO"), a government agency under the Ministry of Human Resources.

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.

Professor Emerita Siti Naaishah Hambali

Independent Non-Executive Director

Aged	68
Gender	Female
Nationality	Malaysian

Date of Appointment	15 September 2017
Board Meeting Attendance in 2022	5/6

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.

Chng Boon Huat

Independent Non-Executive Director

Aged	63
Gender	Male
Nationality	Malaysian

Date of Appointment 15 September 2017

Board Meeting Attendance in 2022 6/6

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, an entity listed on Bursa Malaysia Securities Berhad).

Notes:
1. 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.
2. 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, other than traffic offences.

Key Senior Management Profiles

Quah Hooi Eng

Chief Operating Officer of Construction, Contract & Procurement

Male ■ Malaysian ■ Aged 66

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

His career started in 1981 as a Project Manager and Project Quantity Surveyor 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 and procurement activities for the Group.

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

Aminudin Bin Taib

Head if Contract, Procurement and Concession

Male ■ Malaysian ■ Aged 62

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 of Surveyors Malaysia, a Consultant Quantity Surveyor with 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 Manger 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 51

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 Manager, 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:
1. 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.
2. 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, other than traffic offences.

Sustainability Statement

Gagasan Nadi Cergas proudly presents its Sustainability Statement for the financial year ended 31 December 2022. Since 2018, we have taken essential steps to integrate sustainability into our business practices, and this Sustainability Statement communicates the initiatives and progress we have achieved along this journey.

We are dedicated to creating sustained financial value through a strategic approach to our material sustainability matters. By proactively addressing economic, environmental, and social ("EES") risks and building resilience against challenges such as climate change, supply chain disruption and other emerging issues, we are striving to create a strong and sustainable business model.

At GNCB, we focus on developing a long-term sustainability strategy to strengthen our competitive edge and drive stakeholder value creation in an ever-evolving business landscape. Our Sustainability Statement and Annual Report 2022 provide an in-depth look into our business performance and value-creation strategies. We invite you to take the time to explore both reports for a more comprehensive understanding of our approach.

STATEMENT FRAMEWORKS

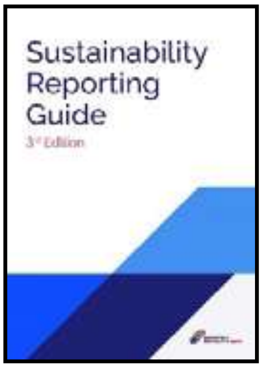
At the outset of our sustainability journey, we embraced Corporate Social Responsibility ("CSR") as our initial initiative. To ensure we are guided in our journey, we have adopted the following:

1. Bursa Malaysia Sustainability Reporting Guide (Third Edition); and

2. Global Reporting Initiative ("GRI") Universal Standards 2021 (the complete GRI content index is provided at the end of the Sustainability Statement).

In addition, we align our sustainability framework with the Sustainable Development Goals ("SDGs"), which provides us with a framework to assess and manage our EES risks while improving our strategic position in the market. We have identified six SDGs that are relevant to our business.

PRINCIPLE GUIDELINE



Bursa Malaysia Sustainability Reporting Guide (3rd Edition)

- **Sustainability Reporting Framework**
  – Provides information on key elements of sustainability reporting.
- **Reporting Process**
  – Guidance on selecting the right indicators and metrics.
- **Others**
  – Guidance on materiality assessment, stakeholder engagement, disclosure fundamentals, and assurance.

INTERNATIONAL FRAMEWORK

GRI standards provide comprehensive guidelines that assist organisations in identifying, measuring, and reporting their EES performance. These standards enable organisations to align their sustainability practices with business objectives and provide reliable, transparent, and comparable reporting.

GLOBAL INITIATIVE

We identified six SDGs pertinent to our business operations in response to the growing demand for companies to support climate action and pursue sustainable development solutions actively. We are committed to continuously reviewing and implementing measures that will enable us to support the SDGs effectively.

Goal 3: Good Health and Well-Being
To create a supportive, safe, and healthy work environment

Goal 4: Quality Education
To provide quality training for employees to gain the required skills and knowledge to carry out their duties

Goal 8: Decent Work and Economic Growth
To create a secure and productive workplace for employees through equitable business practices and growth

Goal 9: Industry, Innovation, and Infrastructure
To foster innovative measures in our approach to further improve the quality of our products and services

Goal 13: Climate Action
To strengthen resilience and adaptive capacity to climate-related impacts that can affect our business operations

Goal 16: Peace, Justice, and Strong Institution
To provide stakeholders with a secure and just workplace environment and promote the rule of law and equal access to justice by strengthening effective and accountable institutions

REPORTING PERIOD

This Sustainability Statement covers the reporting period from 1 January 2022 to 31 December 2022. As we have taken strides to improve our reporting to be more quantitative, the majority of statistics presented in this report are based on a two-year timeframe. We are committed to being transparent and accountable in our sustainability reporting, and we hope to provide even more meaningful insight into our performance.

SCOPE AND BOUNDARIES

The scope of the Sustainability Statement comprises material sustainability matters arising from the Group's core business operations. These core business operations include:

- Construction
- Facility Management and Utilities
- Property Development

We have established our statement boundaries based on prioritising the Group's material sustainability matters and the GRI Reporting Principles for defining report content:

- Stakeholder inclusiveness
- Sustainability context
- Materiality
- Completeness outlining report content.

The disclosure of our sustainability-related data is based on the common indicators set by Bursa Malaysia under the Enhanced Sustainability Reporting Framework. We have complied substantially to most of those indicators and shall continue to progressively fulfill all the requirements.

Furthermore, we have ascertained the quality of disclosures by applying the criteria of accuracy, balance, clarity, comparability, reliability, and timeliness. All the information and data in our Sustainability Statement are internally sourced and collected from the Group's records and documents.

STATEMENT EXCLUSIONS

The Group is aware that some disclosures relating to the sustainability performance of its supply chain may not be available. Despite our best efforts, we acknowledge that gaps have been identified. To close any such reporting gaps in the future, we are continuously strengthening our data collection process, which will require close cooperation with our business partners, suppliers, and contractors. Outsourced operations are excluded unless otherwise stated.

STATEMENT 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

We value feedback from readers to ensure high-quality reporting and sustainability practices. We welcome your insights and appreciate your assistance in helping us to make the necessary progress. Please direct your feedback to us via:

COMPLIANCE DEPARTMENT

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

Tel: 03-7887 3388
Fax: 03-7887 3355
Email: compliance@
nadicergas.com

SUSTAINABILITY APPROACH

Our sustainability approach is rooted in the Group's sustainability core values derived from the "4D" acronym: Durable, Do It Right, Diligence, and Dynamic. These values are the foundation for our commitment to integrating sustainable practices into our business operations and form the basis of GNCB's sustainability principles.

With diligent adherence to these values, we strive to ensure that our actions are driven by responsibility towards the environment, our stakeholders, and the communities where we operate.

Sustainability "4D" Core Values

DURABLE	DO IT RIGHT	DILIGENCE	DYNAMIC
Durable commitment to promoting quality excellence in EES matters.	Do it right the first time and every time.	Diligence by complying with the needs and expectations of interested parties.	Dynamic business interactions in managing and uphold enterprise risk through professionalism, harmonization, ethics, and integrity.

SUSTAINABILITY PRINCIPLES

Our sustainability principles have been paramount in guiding the development and implementation of sustainability initiatives across the Group. We strive to ensure that all our activities follow these principles to help create a more sustainable future.

Shareholders	We are committed to creating strong returns for our shareholders through sustainable growth in both sales and profitability. By leveraging our unique strengths and investments in technology and innovation, we are confident that we can deliver on our promise of delivering long-term value for our shareholders.
Customers	We strive to consistently provide products and services of the highest quality at a competitive price.
Environment	Pollution prevention, environmental protection, and resource conservation are essential to sustainable development. We hope to build a more prosperous and ecologically-sound for future generations by protecting and conserving natural resources.
Workplace	We are committed to ensuring the safety and well-being of all individuals involved or affected by our operations, including our employees, contractors, and the public. We strive to create a safe working environment and uphold the highest safety and health standards for everyone.
Ethics & Transparency	We are committed to upholding the highest standards of integrity and governance practices to guarantee compliance.
Local community	We are committed to embedding community investment considerations and values into our decision-making and business practices. Our efforts aim to create a lasting and meaningful impact on the communities where we operate and serve.

SUSTAINABILITY STRATEGY

We are committed to improving lives by promoting economic growth and conserving the environment and people within our operations. To this end, we have developed a comprehensive sustainability strategy that considers our material sustainability matters and is aligned with the SDGs and the corresponding GRI indicators. Through this Strategy, we aim to create a positive, lasting impact on our stakeholders and the environment.

Sustainability Strategy	Material Sustainability Matters
Robust Governance Structure	■ Leadership and Governance ■ Ethics and Integrity
Sustainable Economic Strength	■ Economic Growth
Safeguarding the Environment	■ Environmental Requirements Compliance ■ Environmental Footprint
Enhancing Our Product Quality	■ Products and Services Quality ■ Customer Satisfaction
Workforce Empowerment	■ Workplace Environment ■ Diversity and Inclusion ■ Learning and Development
Serving the Community	■ Community Investment

SUSTAINABILITY STRATEGY (CONT'D)

Our sustainability strategy aligns with the committed SDGs and corresponding GRI indicators.

Strategy	GRI Indicator	SDGs
Robust Governance Structure	205: Anti-Corruption	16
Sustainable Economic Strength	201: Economic Performance 202: Market Presence 203: Indirect Economic Impacts	8, 9
Safeguarding the Environment	302: Energy 303: Water and Effluents 306: Waste	13, 16
Enhancing Our Product Quality	-	8, 9
Workforce Empowerment	401: Employment 403: Occupational Health and Safety 404: Training and Education 405: Diversity and Equal Opportunity	3, 4, 16
Serving the Community	413: Local Communities	3

SUSTAINABILITY JOURNEY AND MILESTONES

As we look to the future, it is important to reflect on our sustainability journey and the milestones we have achieved in the past few years. From 2018 to 2022, we have undertaken several initiatives to drive sustainability in our operations.

2018

- Successfully listed the company to Bursa Malaysia for ACE Market.
- Published our first sustainability statement.
- Formed a Board Level Sustainability Management Committee.
- Established the following policies:
  1. Whistle-Blower Policy
  2. Insider Trading Policy
  3. Internal Control & Risk Management
  4. Code of Ethics & Conduct

2019

Established the following policies:
1. No Gift Policy
2. Anti-Bribery & Corruption Policy

2020

- Enhanced our Sustainability Management Committee to include senior management team to support the incorporation of sustainability matters into key business processes.
- Supported & aligned our sustainability Initiatives with the UNSDG.
- Started collecting sustainability metrics data on a qualitative basis to track performance & progress efficiently.
- Successfully certified with ISO 14001:2015 (EMS) & ISO 45001:2018 (OSHMS).

2021

- Established a Sustainability Steering Committee at the operation level to enhance sustainability data collection & initiatives.
- Aligned our sustainability disclosures with the GRI Standards.

2022

- Established the following policies:
  1. Directors' Fit & Proper Policy
  2. Board & Senior Management Diversity Policy
  3. Conflict of Interest Policy
- Enhanced our sustainability metrics & collected baseline data on a quantitative basis to set sustainability targets/goals.
- Started collecting data on GHG emissions.

2023

- To integrate sustainability risks and opportunities with the Group's ERM to deal with increasingly significant topic of sustainability,
- To begin monitoring & managing our sustainability targets/goals on yearly basis based on 2022 baseline data.
- To report the baselline GHG emissions to support sustainable development through a low-carbon economy.

SUSTAINABILITY GOALS AND TARGETS

Following the Malaysian Code on Corporate Governance ("MCCG") 2021 requirements, we have established several sustainability goals and targets that align with our sustainability strategy. We plan to share our progress towards the goals and targets next year.

Sustainability Strategy	Goals & Targets
Robust Governance Structure Corresponding Material Matter(s) Leadership and Governance Ethics and Integrity	1. Zero non-compliance to Malaysia Employment (Amendment) Act 2022. 2. Zero confirmed incidents of corruption. 3. Zero public legal cases regarding corruption brought against GNCB or its employees.
Safeguarding the Environment Corresponding Material Matter(s) Environmental Requirements Compliance Environmental Footprint	1. Maintain MS ISO14001 EMS certification. 2. 99% compliance with environmental quality monitoring activities (air, water and noise) conducted at all operations. 3. 5% reduction in electricity consumption at GNCB head office and Property Development office by 2026. 4. 5% reduction in water consumption at GNCB head office and Property Development office by 2026. 5. Zero incidents and fines due to severe environmental pollution.
Enhancing Product Quality Corresponding Material Matter(s) Products and Services Quality Customer Satisfaction	1. Maintain MS ISO9001 QMS certification. 2. Achieve more than 88% score on the overall client satisfaction for all completed construction projects.
Workforce Empowerment Corresponding Material Matter(s) Workplace Environment Diversity and Inclusion Learning and Development	1. Maintain MS ISO45001 OH&SMS certification. 2. Zero incidents resulting in permanent disability or fatality of employees and *contractors (Contractors working on locations/sites under GNCB's control). 3. Achieve 30% representation of women in Senior Management positions by 2026. 4. 35% employees comprise of women by 2026. 5. At least 55% of employees attended minimum 8 hours of training. 6. Maintain minimum 200 hours of occupational health and safety-related training.
Serving the Community Corresponding Material Matter(s) Community Investment	1. Invest 0.01% of the current year's revenue in CSR initiatives.

STAKEHOLDER ENGAGEMENT

GNCB's approach to sustainability is built on stakeholder inclusivity and engagement. We understand that engaging our stakeholders is essential to create a comprehensive view of our materiality and ensure our organisation's success.

We define our stakeholders as individuals, groups, and entities affected by our business operations and/or individuals, groups, or entities capable of impacting our business and operations. Through their engagement, we can gain insight into their perspectives, understand how they can help or hinder our business model, and identify ways to serve their interests best.

We place importance on identifying the most influential stakeholders and assessing the degree of their dependence on GNCB. It helps us create meaningful and impactful relationships with the right people, allowing us to understand better the implications of our decisions and how they may affect people.

The following stakeholder engagement table provides information regarding our approach to engaging stakeholders and their prioritisation. We are committed to continually reassessing these criteria to ensure our stakeholders receive the best possible outcome from our operations.

Stakeholders' views are garnered in determining the material sustainability matters for the Group. By engaging our stakeholders, we can better understand the implications of our decisions and our operations' impact on the people and entities around us. We are committed to maintaining open communication channels with our stakeholders to ensure their interests are considered and their voices are heard.

STAKEHOLDER ENGAGEMENT TABLE

Stakeholder	Engagement Channels	Needs And Expectations
Customers *(Including property developers, home buyers, mall tenants and visitors, students etc.)*	· Satisfaction surveys · Mobile and email communications · Company website ·Customer service desks · Annual report	· Ensure compliance with product specifications and deliverables. · Services and products of the highest quality. · Fair prices for the products and services offered. · Deliver products that meet customers' needs. · Good customer service – timely and responsive communications and actions. · Provide a conducive business environment. · Public safety and security. · Maintain clean and well-run project sites and operations.
Employees	· Internal communications · Virtual/face-to-face meetings · Performance reviews · Code of Conduct and Ethics · Interviews · Internal training and workshops · Whistleblowing channel · Employee Handbook	· Secure a safe and healthy workplace for all employees. · Fair treatment of employees following legal requirements and labour standards. · Competitive salary and remuneration package. · Adequate training, support, and guidance, as well as superiors with a high level of competence. · Career development and equal opportunity. · Workplace diversity, equality, and inclusivity. · Secure employment and job satisfaction.

STAKEHOLDER ENGAGEMENT TABLE (CONT'D)

Stakeholder	Engagement Channels	Needs And Expectations
Regulators and Local Authorities *(e.g., Department of Occupational Safety and Health, Department of Environment, Construction Industry Development Board)*	· Virtual/face-to-face meetings · Continual engagement for knowledge sharing · Media releases · Seminars and training sessions · Site visits and inspections	· Comply with the requirements of the respective authorities. · Provide support for government policies and guidelines. · Provide timely and responsive communication and actions. · Information sharing.
External Providers *(e.g., contractors, subcontractors, suppliers, consultants)*	· Virtual/face-to-face meetings · Annual external providers' performance evaluation	· Clearly defined contract terms. · Meet contractual obligations (e.g., timely payment). · Fair treatment of their workers following legal requirements and labour standards. · Fair price for services rendered and/or products supplied. · Provide timely and responsive communication and actions. · Continual business relationship. · Provide support for resource capacity enhancement.
Shareholders and Investors	· Annual General Meeting · Virtual/face-to-face meetings · Media releases and interviews · Annual reports · Company website	· Continual profitability and growth. · Innovative products and services to meet changing market demands. · Positive image and reputation of the company. · Assure compliance with sustainability or ESG requirements for specific funds and investments.
Financial Institutions *(e.g., lenders, insurers)*	· Virtual/face-to-face meetings	· Effective risk management to ensure financial stability (physical and reputational risks). · Repayment of borrowed funds per loan terms and conditions. · Provide timely and responsive communication and actions.
Local Communities *(e.g., neighbouring communities, resident associations)*	· CSR initiatives · Local communities' engagement programs · Company website	· Prevent adverse impacts from operations on public safety, security, and the environment. · Ensure company operations do not negatively impact their quality of life. · Provide timely and responsive communication and actions. · Employment opportunities.

MATERIAL SUSTAINABILITY MATTERS

We review our material sustainability matters annually and conduct materiality assessments every three years to ensure our actions align with stakeholders' interests and business operations.

For FY2022, there have been no significant changes to our material sustainability matters except for 'innovation and technology' being included alongside 'economic growth'. We currently focus on eleven material sustainability matters that we prioritise and strive to improve.

MATERIALITY MATRIX

We generate our materiality matrix based on the guidelines in the GRI standards recommended in the Bursa Malaysia Sustainability Reporting Guide. This matrix assists us in prioritising our material sustainability matters and ensures that we are making the most significant impact.

The subsequent sections of this Sustainability Statement provide details about GNCB's approach to each material topic, progress, and effectiveness.

We aim to improve our materiality processes by gathering feedback from a broader range of stakeholders to better comprehend our material matters and their relative importance to our operations along the entire value chain.

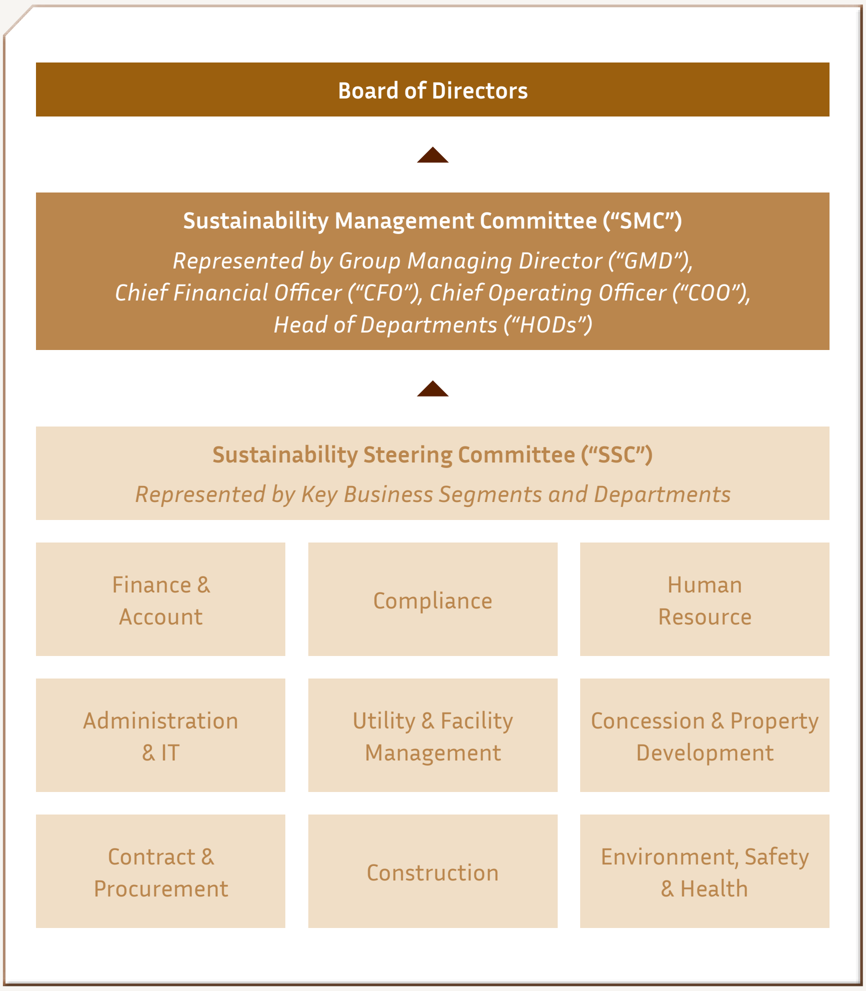
STRATEGY 1 : ROBUST GOVERNANCE STRUCTURE

Leadership and Governance Performance

Sustainability Governance Structure

At GNCB, sustainability is underpinned by a robust Group-wide governance framework. This structure is integrated into the Group's corporate governance system and provides a comprehensive system of oversight that ensures the ongoing development and implementation of sustainability initiatives. In addition, this approach ensures that sustainability agendas are considered in strategic decisions made at the highest levels of the organisation.

The objective is to ensure sustainability is given its rightful prominence within the corporate agenda impacting the Board and Management's decision-making and planning. It includes proper resource allocation and prioritising efforts to mitigate and manage sustainability risks effectively.



At the top of our sustainability governance structure is the Board of Directors ("Board"). The Board provides strategic direction and oversight of the Group's sustainability initiatives implementation.

The SMC is responsible for setting the Group's sustainability goals, targets, and initiatives and ensuring those are met and implemented. The SMC comprises the Group Managing Director, C-Suite managers and heads of departments. The SMC is responsible for assessing the Group's overall sustainability performance, creating and approving sustainability policies, and providing guidance on sustainability initiatives.

The SSC comprises representatives from various business units to assist the SMC in implementing sustainability initiatives and provide related sustainability data.

Group Corporate Policies

The Group understands the importance of effective corporate governance policies and has developed a comprehensive set of policies to promote accountability, transparency, integrity and professionalism in the workplace. These policies ensure the highest corporate governance standards and give stakeholders confidence in the Group's operations.

In addition to our employees, all related third parties and external providers must adhere to the Group's policies. It will ensure that the Group's value chain is effectively governed.

STRATEGY 1 : ROBUST GOVERNANCE STRUCTURE (CONT'D)

Leadership and Governance Performance (Cont'd)

Group Corporate Policies (Cont'd)

For more information, please refer to our official company website.

GNCB Corporate Policies

For the Board and Management	For Our Employees	For External Providers (Contractors, Consultants, Suppliers, etc.)
· Board Charter · Remuneration Policy · Directors' Fit & Proper Policy · Board & Senior Management Diversity Policy · Related Party Transactions Policy & Procedures	· Code of Ethics & Conduct Policy · Employee Handbook · Internal Control & Enterprise Risk Management Handbook	· External Auditors' Policy
Anti-Bribery & Corruption Policy | Whistleblowing Policy | Insider Trading Policy | Quality, Environment and Safety & Health Policy | Drug and Alcohol Policy | Sustainability Policy |		

Directors' Fit and Proper Policy

GNCB has developed a Directors' Fit and Proper Policy which provides a framework for the appointment and reelection of directors to enhance the governance of the Group in relation to the Board's quality and integrity.

This policy is designed to help ensure that each of our appointed directors has the character, experience, integrity, competence, time and commitment to discharge their roles as directors effectively. In addition, this policy is intended to identify the qualities and criteria for selecting directors and ensure that those appointed are of the highest calibre and able to meet the highest standards of corporate governance.

Ethics and Integrity Performance

Anti-Bribery and Corruption Stance

At GNCB, we take our responsibility of upholding ethical standards and good corporate governance seriously. Our top priority is ensuring all stakeholders adhere to the highest ethical standards and act responsibly. Accordingly, we have implemented a Group-wide Anti-Bribery and Corruption ("ABC") Policy and Handbook following Section 17A of the Malaysia Anti-Corruption Commission (Amendment) Act 2018.

The Policy and Handbook set clear standards and expectations to ensure compliance with the law and our ethical principles. The ABC Policy can be found on our official website.

Anti-Bribery and Corruption Program

At GNCB, we understand the importance of keeping our business practices compliant with anti-bribery and corruption laws. Therefore, we have implemented a Group-wide ABC program. The program includes establishing policies, guidelines, standard operating procedures, and appropriate employee training and briefings.

We have also conducted an ABC risk assessment to identify and address potential bribery and corruption risks. The ABC risks register is updated annually for mitigation action progress updates. Comprehensive ABC risk assessments will be conducted every three years or if there are any new activities in our operations.

Anti-Bribery and Corruption Training

GNCB recognises the importance of ABC training and briefing for Board members and employees. Accordingly, in our ongoing efforts to ensure that the highest ethical practices are observed, all Board members have received some level of ABC briefing and training as part of the overall training schedule established for company directors.

This year, 61 employees (new hires) attended ABC-related briefings. They were provided with a detailed briefing on the Group's ABC Policy, the Code of Ethics and Conduct, policies and other corporate governance matters.

STRATEGY 1 : ROBUST GOVERNANCE STRUCTURE (CONT'D)

Ethics and Integrity Performance (Cont'd)

Anti-Bribery and Corruption Training (Cont'd)

Number of Employees Received ABC-Related Training & Briefings

FY2021	FY2022 (New Hires)
213	61

We also provide our personnel who are involved in the ABC program implementation with specialised training. For example, the Organisational Anti-Corruption Plan and ABC Risk Assessment conducted by INTEGRITI Malaysia.

We are committed to protecting our organisation from the risks associated with bribery and corruption and ensuring that our employees have the knowledge to identify any suspicious activities and take the necessary steps to address them through continued training and briefings.

Mandatory Tender Process for Awarding of Contracts

GNCB requires all contract awards of substantial value to go through a mandatory tender process. It ensures that the process is transparent and that all bidders are given an equal chance of winning the contract. All bids shall adhere to the same terms and conditions.

In some cases, GNCB may make exceptions to the mandatory tender process. Exceptions are only permitted for specific situations requiring specialists, critical trades or work.

The mandatory tender process for awarding contracts ensures that the most competitive bid is chosen for the job. The process also helps to ensure that the most suitable bidder is selected for the job, which is essential for successful work completion.

Conflict of Interest Policy

In 2022, GNCB established a Conflict of Interest ("COI") Policy to ensure that its business decisions were made in the best interest of the Group and to protect it from any damage to its assets and reputation. This Policy applies to all directors and employees of the Group.

COI arises when a person working in the company has a personal interest that has the potential to influence or be perceived to influence their judgement or decision-making. The Policy seeks to identify and manage these potential COI. The COI Policy can be found on our official website.

Whistleblowing Mechanism and Reported Corruption Cases

GNCB has established a designated whistleblowing procedure for whistleblowers to report any misconduct, wrongdoing, corruption, fraud and/or abuse of power. This procedure ensures whistleblowers remain anonymous throughout the whistleblowing process and during subsequent investigations. Also, whistleblowers are protected under the Whistleblower Protection Act 2010.

To make a whistleblowing report, one can send an email to ARMCChairman@nadicergas.com or mail to the Chairman of the Audit and Risk Management Committee (ARMC) at the following address:

The Chairman,
Audit and Risk Management Committee,

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

The ARMC Chairman would process the report through relevant channels for further deliberation and investigation. If investigations prove the whistleblowing report to be accurate, GNCB will initiate disciplinary proceedings against the accused following the Group's procedures.

There was no incident of corruption cases reported in FY2022.

REGULATORY COMPLIANCE

GNCB is committed to upholding laws and regulations and its corporate policies, guidelines, and procedures. In FY2022, the Group has been compliant with environmental and social regulations, and there have been no regulatory sanctions taken related to corporate ethics and integrity, corporate governance, and anti-corruption matters.

STRATEGY 2 : SUSTAINABLE ECONOMIC STRENGTH

Economic Growth Performance

GNCB has built a strong reputation as a responsible organisation pursuing economic values for itself and its stakeholders. In the course of its operations, the Group has successfully generated direct and indirect economic values, resulting in improved financial performance and sustainability.

RETURN ON EQUITY (%)

-0.76%

Year 2021 0.78%

NET DEBT TO EQUITY RATIO

0.55 Ratio

Year 2021 0.53 Ratio

CONSTRUCTION ORDER BOOK

548 million

Year 2021 661 million

Creating and sustaining economic values is critical to the success of any organisation. Therefore, GNCB continues to fulfil its vision and mission by strengthening the organisation's fiscal position and delivering financial results.

The strategic plans designed by the Group to drive the sustainability agenda are closely linked to the company's financial health. In essence, prioritising sustainability and its continued progress relies on robust and improving direct economic performance.

Economic Value Generated and Distributed

Economic value generated and distributed is vital when analysing a company's financial performance. At GNCB, we take pride in our ability to generate and distribute economic value to our stakeholders.

Our business model has helped to create employment opportunities, foster knowledge and skills transfer, and facilitate the development of local supply chains. As a result, our shareholders, local communities, financiers and investors, and governments have benefited from our generated and distributed economic value.

ECONOMIC VALUE GENERATED ('000)

REVENUE

Rm 233,517

Year 2021 Rm 199,256

NET (LOSS)/PROFIT

Rm (2,593)

Year 2021 Rm 7,341

MARKET CAPITALISATION

Rm 248,490

Year 2021 Rm 278,610

STRATEGY 2 : SUSTAINABLE ECONOMIC STRENGTH (CONT'D)

Economic Value Generated and Distributed (Cont'd)

Our shareholders have benefited from the dividends and capital gains, while local communities have gained from the employment opportunities and the Group CSR programs.

ECONOMIC VALUE DISTRIBUTED ('000)

PAYMENT TO DIRECTORS & EMPLOYEE (Salaries, remuneration, etc)

Rm 23,472

Year 2021 Rm 22,469

RETURN TO SHAREHOLDERS (Dividends)

Rm 0

Year 2021 Rm 3,765

GOVERNMENT (Income tax)

Rm 8,641

Year 2021 Rm 10,514

REPAYMENT TO FINANCIERS

Rm 16,565

Year 2021 Rm 16,068

COMMUNITY INVESTMENT (CSR, societal contributions, etc)

Rm 34

Year 2021 Rm 141

Financiers and investors have benefited from our business model through higher investment returns. In addition, the government benefits from taxes, fees, and other payments.

We are committed to creating wealth for our shareholders while contributing to the development of communities and the economy. Our efforts ensure that our business activities benefit all and that our economic value generated and distributed leads to sustainable development.

Value Creation from Projects

Providing adequate and affordable housing has become increasingly important in developing a country's growth and well-being. In light of this, we have undertaken numerous affordable housing projects to meet our commitment to providing affordable housing to the people while also helping the government reduce the housing shortage gap nationwide.

In 2022, our wholly-owned subsidiary, Nadi Cergas Sdn Bhd, received a project award from Paramount Property Development ("Paramount") to undertake a turnkey contract of designing and developing 929 affordable high-rise residential units in Kemuning Utama township in Shah Alam for RM189.8 million.

This marks another milestone for GNCB as it strives for excellence in affordable housing projects. Prior to this project, GNCB was awarded by Paramount to build high-rise affordable housing in Greenwoods Salak Perdana, Sepang.

Apart from the undertakings for Paramount, we are also proud of our other affordable housing projects, including the Rumah SelangorKu projects in Putra Heights, Bukit Raja and Ulu Yam, and Rumah Idaman projects in Bukit Jelutong and Kwasa Damansara.

Our successful ventures are not limited to designing and building affordable houses. Our portfolio has expanded to include high-end service apartment projects, such as Sakura Residence and Antara Residence.

In addition, we are also pleased to have been awarded to undertake projects such as the PNB118 Merdeka Mosque, Hospital Serdang Cardiology Centre, and Maktab Rendah Sains Mara full-facility campuses in Bagan Datuk and Dungun.

STRATEGY 3 : SAFEGUARDING THE ENVIRONMENT

Environmental Compliance Performance

Certified ISO14001 Environmental Management System

GNCB is proud to announce that it has taken an MS ISO14001 Environmental Management System ("EMS") recertification audit with LRQA in 2022 and has successfully recertified. This certification is a testament to our commitment to protecting the environment and improving the management systems in our operation.

The MS ISO14001 EMS standard provides a framework for organisations to reduce their environmental impacts systematically.

The certification process has enabled us to identify areas where our EMS can be improved and has also allowed us to assess the environmental impact of our operations and make plans for further environmental-related improvements.


LRQA

Certificate of Approval

This is to certify that the Management System of:

Gagasan Nadi Cergas Berhad
201701024800 (1238966-U)

ISO 14001:2015

The certification of the Group's EMS assures our stakeholders that we are managing our operations in an environmentally responsible manner.

Environmental Regulatory Compliance

At GNCB, 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 environmental laws and regulations.

We work following the relevant government and industry standards for environmental compliance. In addition, we ensure that our processes and procedures are up-to-date and meet the latest regulatory requirements.

Our commitment to environmental regulatory compliance puts us in a position of strength, allowing us to move forward confidently with our development plans while ensuring that our activities follow the laws and regulations.

Environmental Monitoring and Protection

GNCB performs stringent periodic air, water, and noise pollution monitoring at all construction sites to ensure compliance with regulatory parameters and to safeguard the environment from the adverse impacts of construction activities. All environmental monitoring activities are carried out by accredited laboratories for monitoring, sampling and reporting.

<u>Air Monitoring</u>

Construction activities potentially have an impact on the surrounding air quality. As part of our commitment to minimise this impact, we have implemented several initiatives to reduce the amount of dust and other pollutants released into the air at locations we operate.

At our construction sites, wash trough facilities are provided at every exit point of the sites for vehicle wheels and body washing. A water browser is also mobilised to wet the exposed soil at the sites to reduce the amount of dust. Additionally, any exposed soil stockpiles are covered to prevent the release of soil particles into the air.

STRATEGY 3 : SAFEGUARDING THE ENVIRONMENT (CONT'D)

Environmental Compliance Performance (Cont'd)

Environmental Monitoring and Protection (Cont'd)

Air Monitoring (Cont'd)

To monitor the effectiveness of these initiatives, we have measured the Total Suspended Particles ("TSP") and/or Particulate Matter 10 ("PM10") readings at our current projects. The permissible limits for both readings were based on permissible limits set by the Department of Environment ("DOE") Malaysia. The average results are displayed in the table below.

Air Monitoring Results FY2022

Current Project	Permissible Limit	Average Reading
MRSM Dungun	260 µg/m^3 (TSP)	52.5 µg/m^3
Sakura Residence	100 µg/m^3 (PM10)	32.1 µg/m^3
Antara Residence	260 µg/m^3 (TSP)	66.5 µg/m^3
Rumah Idaman, Bukit Jelutong	260 µg/m^3 (TSP)	99.0 µg/m^3
PPAM Ulu Yam	260 µg/m^3 (TSP)	66.0 µg/m^3

Water Monitoring

At our construction sites, Total Suspended Solid ("TSS") concentrations in runoff water and water outlets are monitored periodically to ensure water quality is maintained. In addition, to reduce water pollution caused by construction activities, we have implemented a series of environmental Best Management Practices ("BMPs"). It includes the installation of slit traps, periodic slit trap maintenance, and installing silt fences, check dams, and temporary earth drains.

The table below shows our current projects' average TSS concentration results for FY2022.

TSS Monitoring Results FY2022

Current Project	Permissible Limit	Average Reading
MRSM Dungun	50 mg/L	13.1 mg/L
Sakura Residence	50 mg/L	22.0 mg/L
Antara Residence	50 mg/L	9.2 mg/L
Rumah Idaman Bukit Jelutong	50 mg/L	77.7 mg/L
PPAM Ulu Yam	50 mg/L	8.0 mg/L

As observed in the table, the average reading for Rumah Idaman Bukit Jelutong has exceeded the permissible limit due to the earthworks and mobilisation of works at the site in September 2022. However, the TSS readings in the following months were within the permissible limit after implementing BMPs.

STRATEGY 3 : SAFEGUARDING THE ENVIRONMENT (CONT'D)

Environmental Compliance Performance (Cont'd)

Environmental Monitoring and Protection (Cont'd)

Noise Monitoring

At our construction sites, we measure noise levels at the beginning of a project to record a noise baseline that can be used as a reference for monitoring noise levels going forward. We take the necessary measures to ensure noise levels are within permissible limits. These include the installation of hoarding, regular maintenance and lubrication of equipment and machinery, and no work at night unless a permit for working at night is issued.

The table below shows the average noise level readings recorded at our current construction sites for FY2022, all within the permissible limits.

Noise Levels Monitoring Results FY2022

Current Project	Permissible Limit	Average Reading
MRSM Dungun	Day - 55 dB(A)	53.4 dB(A)
	Night - 50 dB(A)	46.0 dB(A)
Sakura Residence	Day - 65 dB(A)	58.5 dB(A)
	Night - 55 dB(A)	47.6 dB(A)
Antara Residence	Day - 65 dB(A)	56.6 dB(A)
	Night - 60 dB(A)	47.2 dB(A)
Rumah Idaman Bukit Jelutong	Day - 65 dB(A)	57.9 dB(A)
	Night - 60 dB(A)	46.8 dB(A)
PPAM Ulu Yam	Day - 60 dB(A)	57.1 dB(A)
	Night - 55 dB(A)	45.3 dB(A)

ENVIRONMENTAL PROTECTION MEASURES AT GNCB CONSTRUCTION SITE

Implementation of geotextile for slopes protection at Sakura Residence

STRATEGY 3 : SAFEGUARDING THE ENVIRONMENT (CONT'D)

Environmental Compliance Performance (Cont'd)

Environmental Monitoring and Protection (Cont'd)

ENVIRONMENTAL PROTECTION MEASURES AT GNCB CONSTRUCTION SITE


Silt fences and grass turfing are some of the environmental protection measures taken at MRSM Dungun

Sedimentation Pond at MRSM Dungun

Schedule Waste Storage at Sakura Residence


MRSM Dungun Monsoon preparations and flood control measures

We also conduct pre-assessments to identify and mitigate potential environmental-related risks before commencing any activities. These pre-assessments include baseline environmental monitoring and assessment for preparing the environmental management plan.

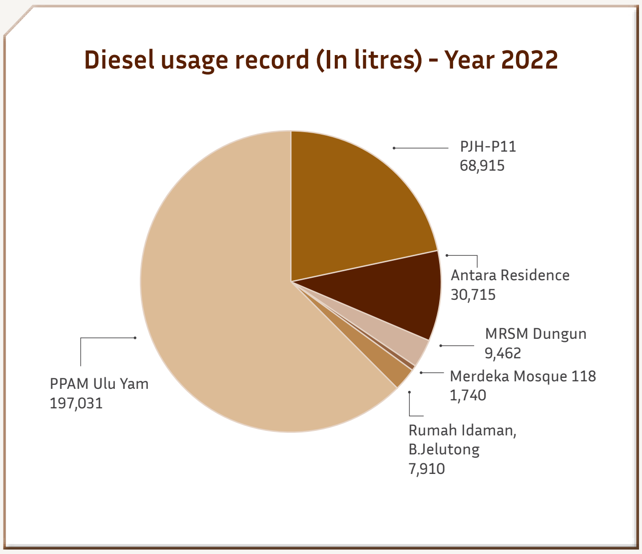
STRATEGY 3 : SAFEGUARDING THE ENVIRONMENT (CONT'D)

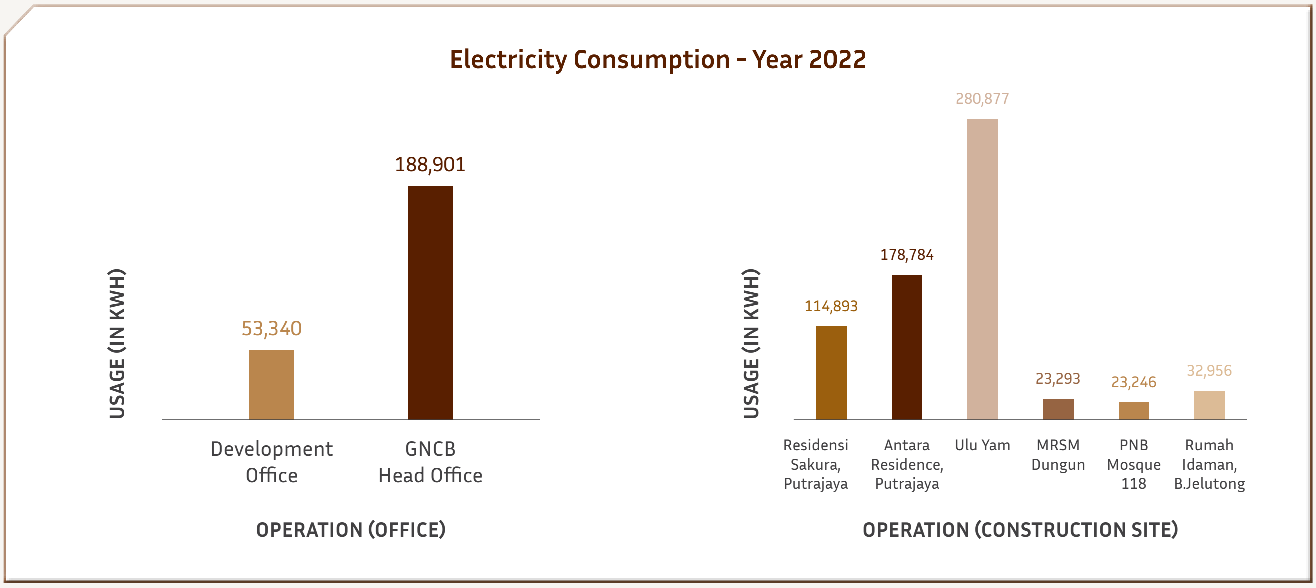
Environmental Footprint Performance

Energy Consumption

At GNCB, we understand the importance of managing our environmental impact, especially concerning energy consumption and that our business model relies on fossil fuels (or electricity produced from fossil fuels). Consumption of fossil fuels emits carbon emissions, a significant contributor to climate change. The Group's reliance on fossil fuels can also contribute to the depletion of this non-renewable resource.

Since our construction operations are the biggest consumers of direct and indirect energy sources, we have taken measures to monitor energy consumption across our construction projects. As a first step, this year, we have begun to record our diesel and electricity consumption across our operations, starting from offices and construction projects as the baseline data.





We have also taken a proactive approach to reducing our energy usage, where possible. We have begun to implement a series of measures to reduce our energy consumption at our offices, such as:

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

STRATEGY 3 : SAFEGUARDING THE ENVIRONMENT (CONT'D)

Environmental Footprint Performance (Cont'd)

Energy Consumption (Cont'd)

We look forward to expanding our energy consumption measurements to all our subsidiaries and calculating our carbon emissions in the coming years.

NADITECH ENERGY CASE STUDY – SUSTAINABLE ENERGY SOLUTIONS

GNCB is taking part in supporting the effort on low-carbon economy transition by venturing into the district cooling system business. The business is fully managed by one of the Group's subsidiaries, Naditech Energy Sdn Bhd, a budding district cooling player. This energy-efficient, low-carbon solution is helping districts, cities and townships to achieve their decarbonisation goals.

More recently, district cooling has emerged as a more efficient and cheaper method that reduces carbon emissions due to electricity consumption. Our recent record for FY2022 shows that we have saved over 15,400 kilograms of CO2-eq, equivalent to 22,350 kilowatt hours of electricity. A more coordinated approach to planning will also produce more realistic forecasting and better management of capacity, which can mitigate against adverse knock-on effects on electricity tariffs and pricing.

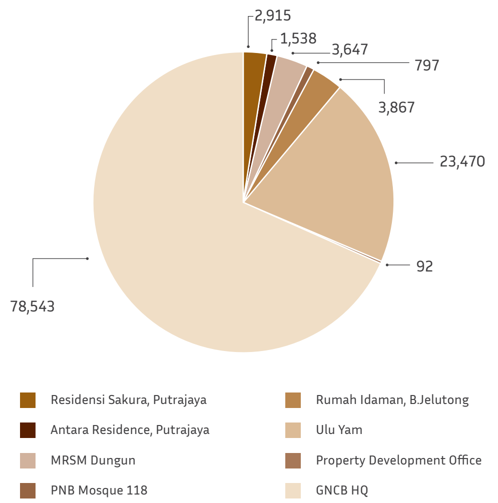
Water Consumption

The global water crisis is a looming threat growing more and more apparent due to climate change. Despite being fortunate enough to enjoy a relatively adequate water supply in Malaysia, we must remain mindful of our water consumption.

At GNCB, we are particularly mindful of our water consumption as we operate in industries that require large amounts of water, such as our construction and utility business segments. To ensure we use water responsibly, we began tracking our water consumption in 2020, starting with our head office in Petaling Jaya. This year, we have expanded our monitoring to include all our construction sites and other offices.

The chart above illustrates our water consumption for FY202. We consumed approximately 114,869 m3 of water in FY2022. We are committed to finding ways to reduce our water consumption and are continually researching and implementing measures to ensure that our water consumption is sustainable.

Water Consumption (in m³) - Year 2022



STRATEGY 3 : SAFEGUARDING THE ENVIRONMENT (CONT'D)

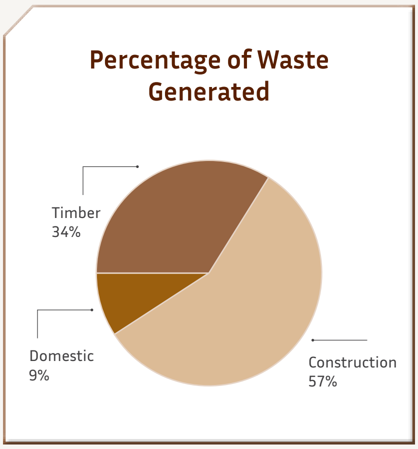
Environmental Footprint Performance (Cont'd)

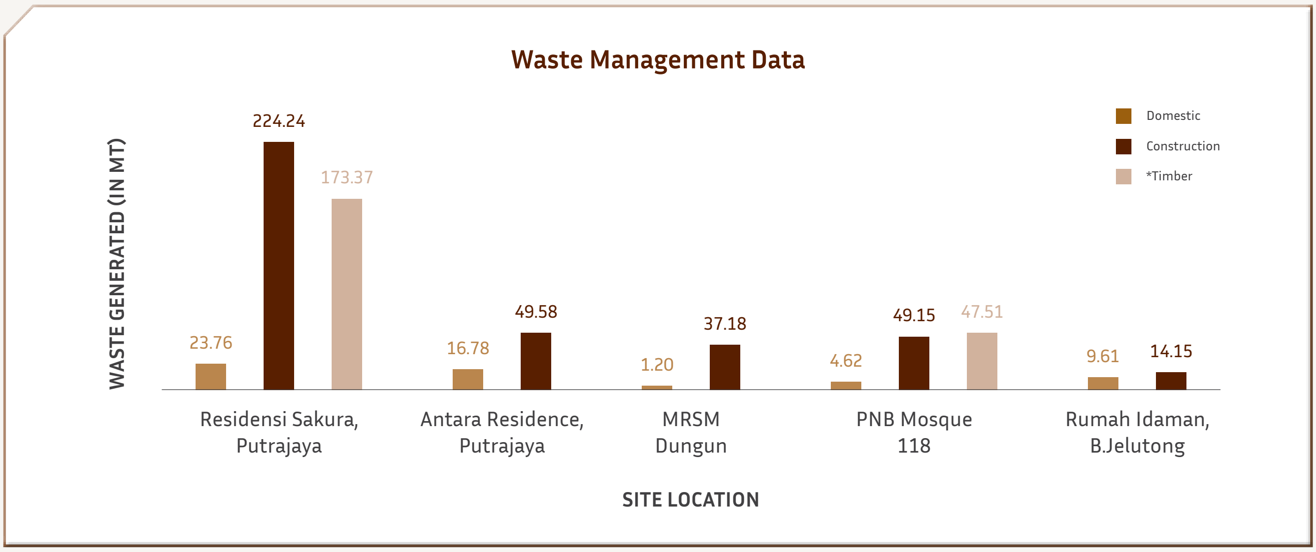
Waste Management

As a responsible corporate entity, GNCB has long been aware of the impact of our waste production on the environment and the need to manage it responsibly. Our business operations generate various waste types, including construction waste (i.e., earth and other debris from excavations, concrete, wood and timber, steel scrap) and domestic waste (i.e., plastic packaging and food waste). The waste can be further divided into hazardous and non-hazardous waste.

We have implemented various measures to ensure effective waste management, including segregating construction waste according to its type. The waste is then collected by licensed waste collectors and discarded at authorised landfills.

Furthermore, we have started monitoring and recording waste generation across our construction projects this year. This data allows us to understand our waste production better and plan for improvements. We plan to extend our waste data collection in the coming years to include all of our operational sites and the data on recycled waste.





STRATEGY 3 : SAFEGUARDING THE ENVIRONMENT (CONT'D)

Environmental Footprint Performance (Cont'd)

Waste Management (Cont'd)

We are also actively implementing measures to reduce our waste production. Our primary approach is based on the 3R method of Reduce, Reuse, and Recycle. While we are still in the early stages of our waste management initiatives, we already see positive results.

Waste reduction initiatives at project sites

We know that waste management is an ongoing process, and we are committed to ensuring that our waste management practices are improved over time. We are proud of the steps we have taken to reduce waste production and are pleased to share our progress with our stakeholders.

Adopting IBS into our construction methods is an innovative way to reduce waste production and improve our overall waste management. IBS is a modern, systematic approach to construction that uses prefabricated components and materials designed, manufactured, and assembled in a set fabrication yard. Since IBS components are usually made to exact specifications, there is less waste when it comes to off-cuts and unused materials at the end of a project.

STRATEGY 4 : ENHANCING PRODUCT QUALITY

Products and Services Quality Performance

Certified ISO9001 Quality Management System

At GNCB, we remain committed to delivering top-quality products and services through a sound management approach to achieve quality excellence. Our dedication to this mission was recognised by the successful recertification of our MS ISO9001 Quality Management System ("QMS") by LRQA in 2022. We are proud to be MS ISO9001 compliant and to have met the rigorous standards set by LRQA.


LRQA

Certificate of Approval

This is to certify that the Management System of

Gagasan Nadi Cergas Berhad
201701024800 (1238966-U)

ISO 9001:2015

Our in-house QA/QC and Compliance ("QAC") team ensures that all our projects meet regulatory compliance, contract specifications, and internal guidelines. We also ensure that our construction team has access to the latest training programs to further refine their quality assurance skills. Investing in our employees ensures customers receive the highest quality products and services possible.

CIDB QLASSIC Achievement

As construction is one of our biggest business segments, we aim to deliver the highest quality work to meet our customers' expectations. To ensure we can meet these expectations, we have included the Quality Assessment System in Construction ("QLASSIC") by the CIDB Malaysia in our construction quality assurance and control program.

QLASSIC is a standardised system designed by CIDB to assess the quality of construction works. The system is a set of minimum standards that construction companies should follow to ensure they deliver quality workmanship to their customers. It is a criteria-based assessment comprising three main components:

1. Architectural works
2. External works
3. Basic M&E works

The assessment is based on a scoring system from 0-100%, with a higher score indicating better quality of work.

We have completed the QLASSIC assessment for four of our construction projects. The following table outlines the QLASSIC scores achieved for each project.

Year	Project	QLASSIC Score
2021	Rumah SelangorKu Bandar Bukit Raja	77%
	Maktab Rendah Sains Mara, Bagan Datuk	78%
2022	Rumah SelangorKu Putra Heights	66%
	Pusat Kardiologi Hospital Serdang	81%

We proudly report that all four projects have achieved satisfactory QLASSIC scores, demonstrating our commitment to providing high-quality construction work. Going forward, we aim for most of our construction projects to go through the QLASSIC assessment.

STRATEGY 4 : ENHANCING PRODUCT QUALITY (CONT'D)

Products and Services Quality Performance (Cont'd)

Client Satisfaction Performance

At GNCB, we understand how important it is to stay connected to our clients. That is why we have a systematic approach to understanding what our clients think about our products and services. At the end of each project, we distribute client satisfaction surveys that evaluate ten criteria.

These criteria include:

1.	Reliability and competency of the project team.	6.	Communication and cooperation.
2.	Project planning and monitoring.	7.	Responsiveness in attending to clients' needs and requirements.
3.	Site supervision and coordination of works.	8.	Meeting specifications and drawing.
4.	Quality of workmanship.	9.	Timely completion of the project.
5.	Sufficiency of plant and machinery.	10.	Professionalism

By collecting client feedback, we can gain insights into their expectations and concerns and understand emerging trends. In addition, it allows us to position the Group as a customer-centric organisation.

The feedback we collected across six projects was positive, as shown in the table, with an average client satisfaction rate of 85%. We take every feedback seriously and apply necessary considerations for future projects.

Project	Rating (%)
UTeM Student Hostels, Melaka	92
Pejabat Mini (KPDNHEP), Kuala Pilah	92
Maktab Rendah Sains Mara, Bagan Datuk	82
Rumah SelangorKu Bandar Bukit Raja	78
Rumah SelangorKu Putra Heights	80
Pusat Kardiologi, Hospital Serdang	88

STRATEGY 5 : WORKFORCE EMPOWERMENT

Workplace Environment Performance

Occupational Safety and Health

At GNCB, we understand the significance of occupational safety and health ("OSH") and its role in protecting our workforce and other stakeholders. It is a cornerstone of our operations and one of our most critical sub-material matters under the workplace environment material matter.

We take the issue of workplace safety very seriously as we understand the potential disruptions to business operations and the financial and non-financial value that could be affected in the event of a workplace injury or incident. We also understand the potential impact on our brand credibility, reputation, and client relationship. We view OSH as a license to operate and the ability to bid and secure contracts.


LRQA

Certificate of Approval

This is to certify that the Management System of:

Gagasan Nadi Cergas Berhad
201701024800 (1238966-U)

ISO 45001:2018

The scope of this approval is applicable to:

But most importantly, we view OSH incidents, especially those that result in injury or loss of life, as a tragedy that must be avoided at all costs. We have implemented a comprehensive policy and framework for OSH management across all our business segments. It includes providing clear safety and health requirements guidelines, conducting regular risk assessments and training sessions, and introducing a robust monitoring and reporting system.

<u>Governance of OSH</u>

All GNCB's business segments operate in compliance with OSH regulatory standards and industry benchmarks set by the Malaysian government and/or its relevant agencies. The Group adheres to the Malaysian Occupational Safety and Health Act 1994, Factory and Machinery Act 1967, regulation orders and other Codes of Practice.

Our construction segment has exceeded regulatory compliance, having adopted and certified the MS ISO45001 OHS Management System for its OSH framework.

In addition to regulatory compliance, we are guided by the Group OSH Policy, which outlines our commitment to ensuring a safe and healthy working environment. Our OSH commitments include the following:

Committed to fulfilling legal and other requirements.	Strive towards ZERO loss of life at all workplaces.
Committed to preventing, controlling, guarding and eliminating hazards and reducing OSH risks.	Committed to providing safe and healthy working conditions to prevent work-related injury and ill health.
Dedicated to the protection of the environment, including pollution prevention.	Continual improvement in OSH Management System.
Committed to consultation and participation of employees and awareness building among employees and external parties.	Pledge to provide appropriate information, training, instruction and supervision in all aspects of OSH.

STRATEGY 5 : WORKFORCE EMPOWERMENT (CONT'D)

Workplace Environment Performance (Cont'd)

Occupational Safety and Health (Cont'd)

Construction Segment OSH Performance Data

We proudly announce that the Group had no OSH incidents related to lost time injury and fatality in FY2022. It is an outstanding achievement, and a testament to our team's hard work and dedication.

The following is the OSH performance data for our construction segment:

OSH Performance Parameter	FY2022
Number of active project sites	6
Total hours worked	4,213,255
Absolute number of fatalities	0
Number of LTI/accidents with lost workdays	0
LTI frequency rate (Number of LTI cases per 1-million-man hour worked)	0

OSH Training & Campaigns

To ensure that workplace safety and health standards are met, we provide mandatory and additional OSH-related training to our employees and workers.

Following are GNCB's OSH-related training statistics for FY2022:

Training Type	No of Participants	Training Hours (Hrs)	Trained – Man Hours (Hrs)
Internal	430	25	637
External	124	336	1,696
Total	554	361	2,333

The training programs we conduct are comprehensive and include topics such as the proper usage of equipment, first aid and firefighting drills, chemical spillage handling, and waste management. We also hold regular campaigns to educate employees and workers on the importance of workplace safety.

First Aid and AED Training

OSH Week & Dengue Free Campaign

STRATEGY 5 : WORKFORCE EMPOWERMENT (CONT'D)

Workplace Environment Performance (Cont'd)

Occupational Safety and Health (Cont'd)

SHASSIC 5-Star Achievement Award

We are pleased to announce that one of our construction projects, P11-7C or now known as Sakura Residence, has achieved a 5-Star rating in the Safety and Health Assessment System in Construction ("SHASSIC") by the CIDB Malaysia. SHASSIC is a construction industry-specific assessment framework that evaluates and monitors construction site safety and health performance.


SISTEM PENILAIAN KESELAMATAN DAN
KESIHATAN DALAM PEMBINAAN
(SHASSIC)

PUTRAJAYA HOMES SDN BHD
NADI CERGAS SDN BHD (GT)

SKOR SHASSIC BAGI PROJEK DI ATAS ADALAH 96.73%

ANUGERAH BINTANG

SHASSIC investigates three safety and health components in a construction project:

1. Document checks to determine compliance and programs established.
2. Workplace inspection to determine actual application and management measures.
3. Construction employee interviews for employee insight.

The 5-Star rating is the highest possible rating achievable. It is a significant milestone for both our team and the Sakura Residence project, as it shows our commitment and dedication to ensuring the safety and health of all workers onsite.

Employee Engagement and Welfare

Employee Remuneration and Employment Benefits

At GNCB, we emphasize providing competitive packages to all employees under the Group's direct employment. Our remuneration packages are based on professional qualifications, experience, and job performance and align with current market standards.

Our remuneration packages are designed to attract and retain the best talent available and ensure that all employees are adequately rewarded. We practice the principle of reward based on meritorious performance and do not discriminate or show favouritism based on gender, ethnicity, age, religion, disability and/or other demographic factors.

As a responsible employer, GNCB complies with the Employment Act 1955, which stipulates that all employees should be able to enjoy a fair and equitable remuneration package. It includes salaries, bonuses, statutory payments, healthcare, several types of leave, and other financial and non-financial rewards.

	2021		2022	
Benefits	Head Count	Claim Amount	Head Count	Claim Amount
Health Care (Outpatient)	161	RM100,280	167	RM85,048
Group Hospitalisation & Surgical	32	RM137,717	21	RM170,080
Group Personal Accident	No claim	No claim	No claim	No claim

There have been zero reported incidents of discrimination based on gender, religious beliefs or ethnicity during the fiscal year. We are committed to continuing our efforts to provide equal opportunity and recognition to all our employees. We will continue to review and update our policies based on feedback and market trends.

STRATEGY 5 : WORKFORCE EMPOWERMENT (CONT'D)

Workplace Environment Performance (Cont'd)

Employee Engagement and Welfare (Cont'd)

Minimum Wage

GNCB complies with the Malaysian government's minimum wage policy, as we take the welfare of our employees very seriously. We believe in providing fair and equitable wages to our employees and firmly stand behind the government's decision to set a minimum wage for Malaysia. However, even before the implementation of the minimum wage policy, all salaries paid in GNCB exceeded the minimum wage requirement of RM 1,500 per month.

Long Service Award

At GNCB, we highly value the loyalty and commitment of our employees. Therefore, as a token of appreciation, we present our Long Service Award to employees who have worked with us for over 15 years.

In 2022, we had the pleasure of presenting the Long Service Award to six valued employees. Everyone has been given a 50-gram gold bar to symbolise our recognition for their commitment and hard work over the years.

We congratulate the following recipients of the Long Service Award:

- En. Yusoff Bin Mat Arus
- Mr. Tan Tiek Boon
- En. Zulbahrin Bin Daud
- Mr. Tham Weng Tatt
- En. Rizal Bin Sabtu
- En. Mohd Hafizul Bin Abdullah

We are very grateful for our employees' unwavering loyalty and commitment and are proud to honour them for their dedicated service to the Group.

Employee Children's Excellence Award

GNCB is committed to our employees' and their family's growth and development. We believe that by fostering an environment of support and recognition, we can assist our employees' children reach their full potential.

This year, we are pleased to announce that we have awarded three of our employees' children for their achievement in successfully enrolling in university through our Employees' Children Excellence Award.

STRATEGY 5 : WORKFORCE EMPOWERMENT (CONT'D)

Workplace Environment Performance (Cont'd)

Employee Engagement and Welfare (Cont'd)

Employee Children's Excellence Award (Cont'd)

We want to congratulate the three awardees for their outstanding achievement. We wish them all the best in their future endeavours, and we hope they will be a great example to other students in their pursuit of higher education.

We look forward to continuing to recognise the achievement of our employees' children in the years to come.

Hari Raya Aidilfitri Celebration

It was a celebration of joy and togetherness as we hosted a festive Hari Raya Aidilfitri celebration at the Group Head Office. The event was organised to foster stronger relationships among our employees and to celebrate the spirit of togetherness that Hari Raya Aidilfitri is known for.

The event was filled with traditional Raya dishes and delicacies for our employees and their families to enjoy.

Overall, the celebration was a huge success, and we are thankful to everyone who participated in this special event. The Group's efforts in organising this event have certainly gone a long way in strengthening the bond between employees and creating an even more vibrant and enjoyable working environment for everyone.

Hiking and Barbeque Event

We believe that seeking out opportunities for team building can help us foster a culture of collaboration and communication. This year we held an employee engagement event that was a great way to do that.

Held at the beautiful Bukit Pau Kemensah in Selangor, we organised a hiking and barbeque activity for our employees. The weather was perfect for an outdoor adventure, and the scenery was gorgeous.

We started at the base of the hill and made our way up the train. The hike was challenging but fun, and we were rewarded with stunning views of the area – with its lush green forests and rolling hills. It was an excellent way for employees to bond, de-stress, and stay active.

STRATEGY 5 : WORKFORCE EMPOWERMENT (CONT'D)

Workplace Environment Performance (Cont'd)

Employee Engagement and Welfare (Cont'd)

Hiking and Barbeque Event

We stopped for a light breakfast at the peak and continued our journey down the trail. When we reached the base, we fired up the barbeques and had a picnic by the river. It was a fantastic way to end the day and a great opportunity to build camaraderie and foster team spirit among our employees.

Our hiking and barbeque event was a great success. It was one of our initiatives to build stronger relationships between employees, improve communication and collaboration, and boost morale. We look forward to organising more such activities in the future, and we hope our employees will continue to enjoy and benefit from them.

Kurma Distribution Event

The holy month of Ramadhan is a time of fasting and prayer for Muslims and a time to celebrate with family, friends, and colleagues. As a symbol of this, we distributed a box of kurma or dates to all our employees.

Kurma is traditionally eaten to break one's fast as they provide essential nutrients for those fasting. Kurma is rich in carbohydrates and digested slowly, providing energy throughout the day. It was an honour to provide our employees with this symbol of abundance, and we hope it will bring them joy and strength during this special month.

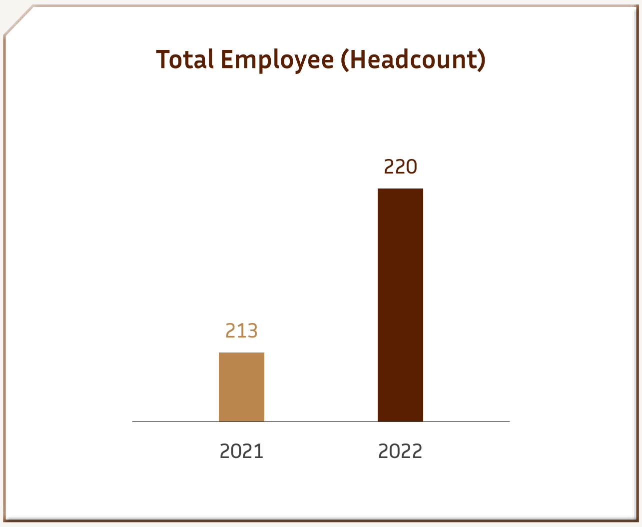
Diversity and Inclusion Performance

Our employees are our greatest asset. We believe in providing equal employment opportunities. The success of our organisation 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 due to our main business segment is male-dominated. We created an inclusive workforce based on the diversity principles at the workplace, which has allowed us to harness different perspectives, skills, and knowledge and tap into their creativity. As a result, this nurtured a healthy working environment, improved performance, and strengthened growth prospects.

Workforce Demographic Data

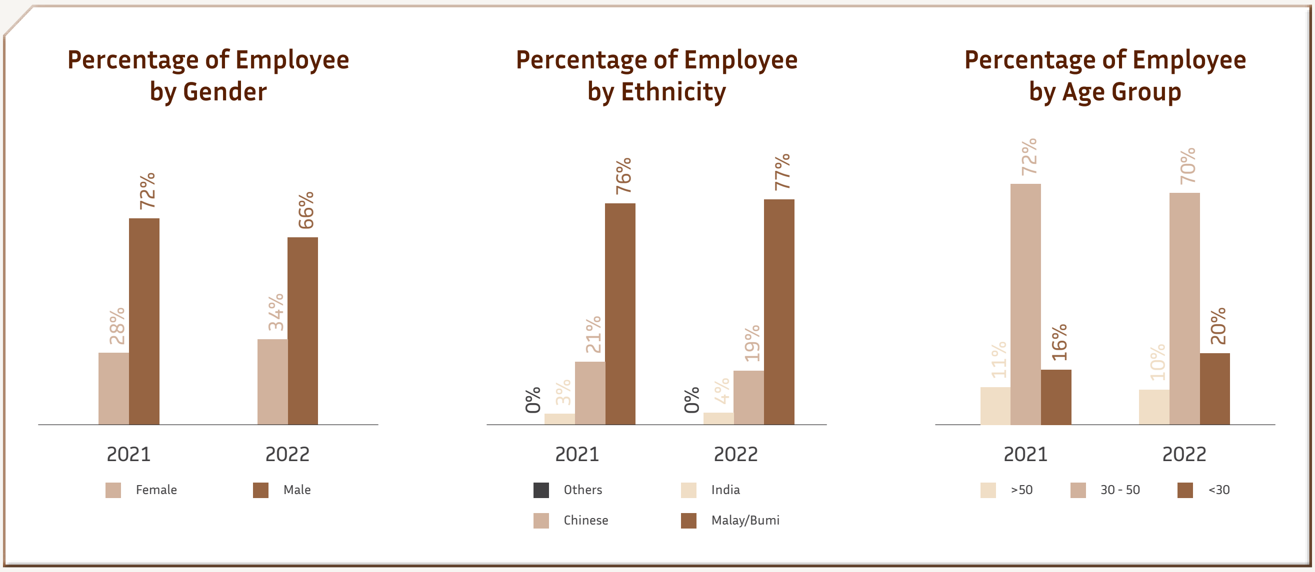
The workforce at GNCB comprises mainly of male employees. However, the ratio between male and female employees indicates a greater parity for office-related work. It is primarily attributed to the physically demanding and intensive nature of work at construction/operational sites. Nevertheless, the Group is committed to achieving greater gender balance and is actively taking steps to ensure that women have equal opportunity to participate in all aspects of the organisation.



STRATEGY 5 : WORKFORCE EMPOWERMENT (CONT'D)

Diversity and Inclusion Performance (Cont'd)

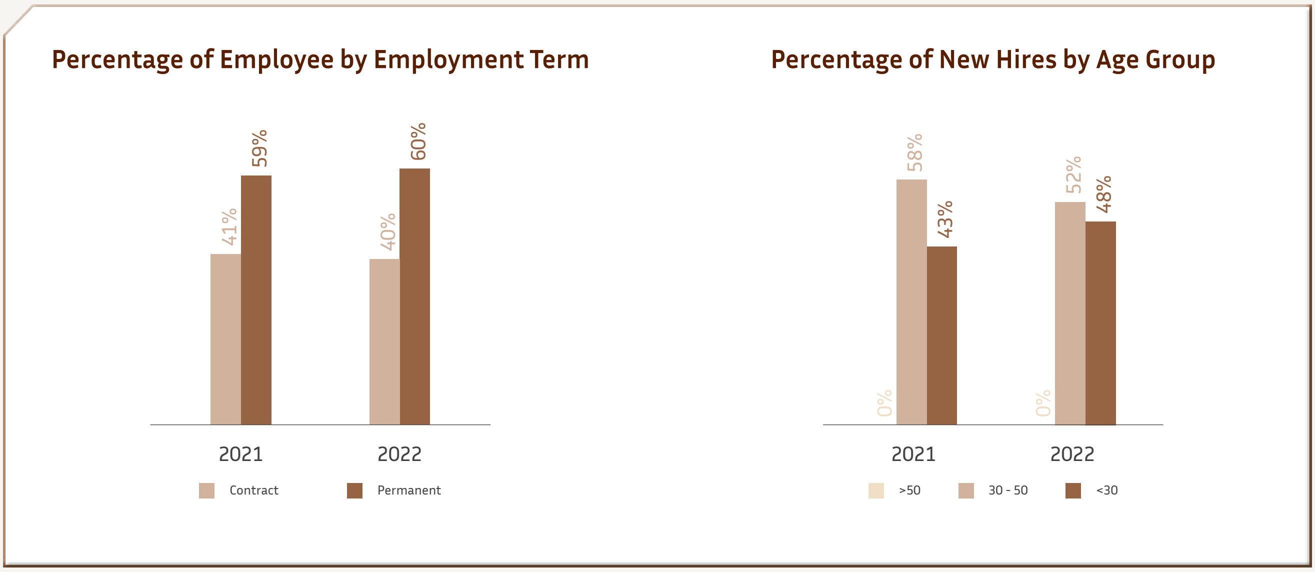
Workforce Demographic Data (Cont'd)



Most employees fall between the age group 30 – 50 years old. This age range ensures adequate talent for succession planning initiatives, providing the Group with the necessary resources to progress and ensure continued success. Also, it provides GNCB with a steady supply of experienced and capable employees who can step in to fill gaps within the Group's operations.

Most employees are hired permanently and are locals (excluding foreign labour). It enables more locals to enjoy job security and improved employee benefits.

For FY2022, the Group's new hires are concentrated in two age groups: the 30 – 50 range, followed by those under 30 years old. This trend of new hires reflects the Group's desire to bring in individuals with greater experience and maturity while also making room for the younger generations.



STRATEGY 5 : WORKFORCE EMPOWERMENT (CONT'D)

Learning and Development Performance

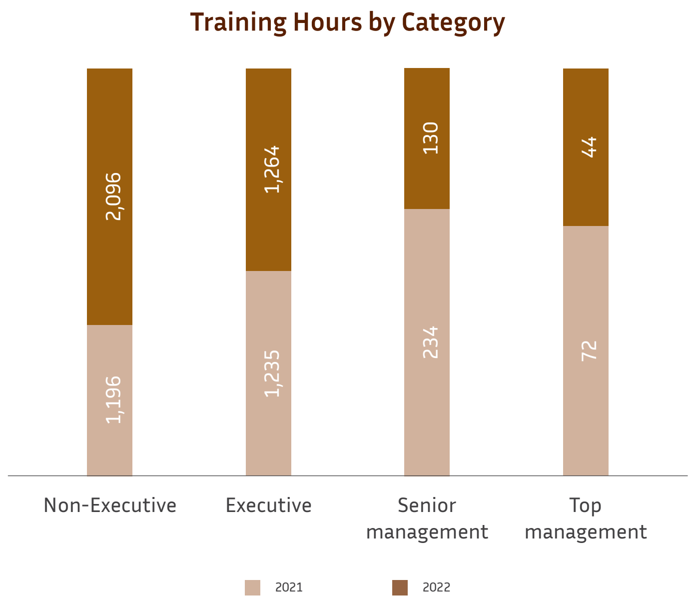
Training requirements for individual employees are identified through a comprehensive gap assessment and annual employee performance appraisal processes. In addition, all employees receive a formal appraisal at least once a year. In FY2022, 100% of employees we appraised.

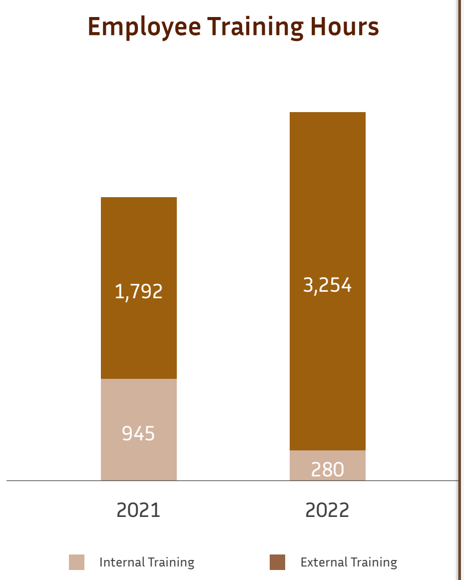
We recognise the importance of ongoing training and professional development in maintaining a motivated and engaged workforce. Accordingly, the Group funds all training programs for our employees, and they may also request training as and when they identify such opportunities.

	2021		2022	
Gender	Total Training Hours	Average Training (Hrs)	Total Training Hours	Average Training (Hrs)
Male	1760	11.5	2078	14.3
Female	977	16.3	1456	19.4
Total	2737	-	3534	-

In FY2022, we invested a total amount of RM 108,500 for employee trainings and have recorded 3534 hours of training, approximately a 30% increase from the previous year.

We believe that investing in our employees is essential for the continued success of both them and the Group. Therefore, we are committed to providing our employees with the best training and professional development opportunities to grow and develop their skills and expertise.





STRATEGY 6 : SERVING THE COMMUNITY

Community Investment Performance

Blood Donation Drive

In 2022, GNCB held a successful blood donation drive event at its head office to raise awareness of the importance of donating blood. The event was held in collaboration with Blood Bank Malaysia.

The event was well attended, with over 51 donors among our employees, visitors and neighboring offices. The donations were used to help replenish the blood bank's stock and to help save lives.

Closed Badminton Tournament

We proudly celebrated our ten years of successful operation at IIUM Kuantan Campus. As part of the celebration, our subsidiary Nadi Cergas Urus Harta Sdn Bhd sponsored and organised a closed badminton tournament held at Indoor Arena, IIUM Kuantan Sports Complex, in collaboration with Sasaran Etika Sdn Bhd and IIUM Kuantan Sports Development Department.

This event celebrated our service excellence over the past decade at IIUM Kuantan and an opportunity to strengthen our relationship with the IIUM Kuantan Committee.

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Corporate Governance Overview Statement

The Board presents this Corporate Governance Overview Statement to provide its shareholders with an overview of the corporate governance ("CG") practices of the Group under the leadership of the Board for the financial year ended 31 December 2022. This overview takes guidance from the key CG principles and recommendations set out in the MCCG issued by the Securities Commission Malaysia.

The Board recognises the importance of good 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 is prepared in compliance with the 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 2022, which is available on our corporate website at www.nadicergas.com.

As at 31 December 2022, the Company has complied in all material aspects with the principles as set out in the MCCG except the following four (4) recommended CG practices:

i. **Practice 1.4** : Chairman of the board should not be a member of Board Committees;

ii. **Practice 4.4** : Review of the performance of the Board and Senior Management in addressing the Group's material sustainability risks and opportunities;

iii. **Practice 5.9** : The board comprises at least 30% women directors

iv. **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) Board Responsibilities

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.

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

a) Board Responsibilities (Cont'd)

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.

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. Muhamad 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 met six (6) 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:

Director	Board attendance for 2022	Attendance at Committee meetings in 2022			Non-Executive Discussion
		ARMC	NC	RC	
Ir. Dr. Muhamad Fuad Bin Abdullah *Independent Non-Executive Chairman*	6/6	5/5	2/2	2/2	1/1
Haji Wan Azman Bin Wan Kamal *Group Managing Director*	6/6				
Dato' Sri Subahan Bin Kamal *Non-Independent Executive Director*	5/6				
Professor Emerita Siti Naaishah Binti Hambali *Independent Non-Executive Director*	5/6	4/5	2/2	2/2	1/1
Chng Boon Huat *Independent Non-Executive Director*	6/6	5/5	2/2	2/2	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.

On 24 November 2022, the Chairman together with all non-executive directors had a meeting to discuss on strategic, governance and operational issues affecting the Group. The various issues raised by the non-executive directors were recorded and presented to the management for appropriate actions to be taken.

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

a) Board Responsibilities (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 Practice 4.4 of the MCCG as the criteria for performance evaluations to address material sustainability risk and opportunities are still being developed by the Management under the guidance of the NC based on the Group's sustainability targets approved on 24 November 2022.

The continuous training is vital for the Directors in discharging their duties effectively. All Directors are encouraged to attend appropriate training programmes to gain insight and keep abreast with developments and issues relevant to the Group's business, especially in the areas of CG and regulatory requirements.

The training programmes, seminars and/or conferences attended by the Directors during the FYE 2022 were as follows:

Director	Training Programme	Date of Training
Ir. Dr. Muhamad Fuad Bin Abdullah	▪ Briefing on Guidelines for Shariah Advisers	10 January 2022
	▪ Sustainability Week Asia - The Sustainability Project	14 February 2022
	▪ IEM Refresher Course for Professional Interviewers	26 March 2022
	▪ Fundamental Disruption of Asset Managements & Securities	06 April 2022
	▪ Steward Leadership for Sustainability	12 April 2022
	▪ IP BIZ: Creating Competitive Advantage Using Intellectual Property	14 April 2022
	▪ Corporate Training - Fit & Proper Policy	21 April 2022
	▪ Talk on Ijtihad of Scholars in Contemporary Islamic Finance	22 April 2022
	▪ Alternative Financing for MSMEs in the Halal Economy	31 May 2022
	▪ Directors' Training: Islamic Finance - What is Next?	21 June 2022
	▪ Remaining Relevant in Transformative Times	21 June 2022
	▪ Muzakarah JAKIM - Gold-based Banking Products	23 June 2022
	▪ Decision Making Skills	27 June 2022
	▪ Sharing Session on Financial Statements	29 June 2022
	▪ MFRS17 Briefing Session	18 July 2022
	▪ CSA Module: Islamic Banking Product & Services	19 July 2022
	▪ Positioning Yourself for Your Next Executive Role	27 July 2022
	▪ Dissecting Environmental Factors in Sustainability Investments	03 August 2022
	▪ Technology Driving The Future of Gig Economy	17 August 2022
	▪ Muzakarah Penasihat Syariah Kewangan Islam	18 August 2022

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

a) Board Responsibilities (Cont'd)

Director	Training Programme	Date of Training
	▪ Conduct of Directors and Common Breaches of Listing Requirements	23 August 2022
	▪ Talk: Live to Inspire	31 August 2022
	▪ CSA Module: Takaful	06 September 2022
	▪ Training for Examiners of the BEM Professional Assessment Examination	19 September 2022
	▪ Public Hearing on "Syndicated Financing Standards"	18 October 2022
	▪ Debt Based Products Vs Equity Based Products - Issues and Challenges	21 October 2022
	▪ The Board of Engineers Malaysia Requirements of CPD	27 October 2022
	▪ Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001	28 October 2022
	▪ Bursa Malaysia Immersive Experience: The Board "Agender"	01 December 2022
	▪ Personal Data Protection Act (PDPA) 2010	01 December 2022
	▪ Audit Oversight Board - Conversation with Audit Committees	06 December 2022
	▪ Anti Bribery and Anti Corruption	17 December 2022
Haji Wan Azman Bin Wan Kamal	▪ Corporate Training – Fit & Proper Policy	21 April 2022
	▪ Environmental Social Governance for The Built Environment	19 October 2022
Dato' Sri Subahan Bin Kamal	▪ Corporate Training – Fit & Proper Policy	21 April 2022
	▪ Tax and Environmental, Social & Governance (ESG)	25 August 2022
Professor Emerita Siti Naaishah Binti Hambali	▪ Corporate Training – Fit & Proper Policy	21 April 2022
	▪ Business Involvement in Enforcement and Inspectorate	08 September 2022
	▪ Leadership Development and Enhancement	22 August 2022
	▪ Disputes Resolution in Environmental Disputes	23 August 2022
Chng Boon Huat	▪ Amendments to Listing Requirements 2022	15 February 2022
	▪ Understanding Corruption Offences under MACC Act 2019	22 July 2022
	▪ Corporate Governance & Remuneration Practices for the ESG World	06 September 2022
	▪ Briefing on Amendments to Sustainability Reporting	01 November 2022
	▪ Winning The Sustainability Game Through Risk Management	04 November 2022
	▪ Audit Oversight Board - Conversation with Audit Committees	17 November 2022
	▪ Bursa Malaysia Immersive Experience: The Board "Agender"	01 December 2022

The Board via the NC and with assistance of the Company Secretary continuously evaluate and determine the training needs of the Directors to build their knowledge so that they are updated on the latest developments of the Group's business and industry that may also facilitate their roles and responsibilities.

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

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.

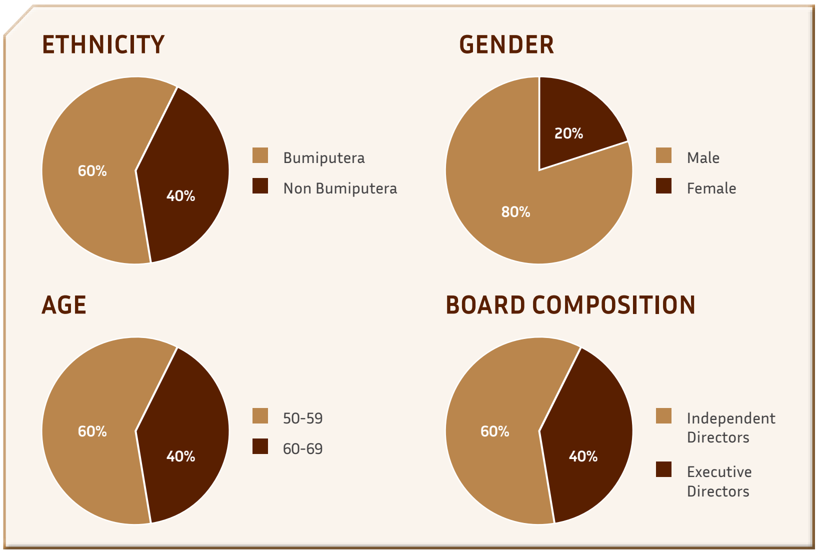
None of our Independent Non-Executive Directors had served the Company for a cumulative term of 9 years. The Company did not adopt a policy that limits the tenure of our Independent Non-Executive Directors to 9 years.

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.

In 2022, the Group has yet to comply with Practice 5.9 of the MCCG as the Board currently has only one (1) female Director, representing 20% women directors on the Board. The Board recognises the importance of providing fair and equal opportunities and nurturing diversity within the Group and will source suitable women candidates for Board candidacy, if the need arises. Although the Board does not have 30% women directors, the Board ensures that all Board Committees have at least one women director to participate in the decision-making process.

In line with its Board and Senior Management Diversity Policy, the Group also set a target to have at least 20% women in Senior Management positions. Currently, the Senior Management team has already achieved 25% women representation.

The board composition as of 18 April 2023 is as follows: -



Nomination Committee ("NC")

The Board undertakes a formal and objective annual evaluation the overall effectiveness of the board and individual directors, with oversight by the NC. The Terms of Reference of the NC are available on the Company's corporate website: www.nadicergas.com.

As stated in the Terms of Reference, the NC conducts annual assessment on Board composition, administration and process, accountability and responsibility, Board's 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.

The Board together with the NC, have established a Fit and Proper Policy for the Group in accordance with Rule 15.01A of the ACE LR on 30 May 2022, and this policy is also made available on the Company's website. The NC will ensure that all retiring Directors and Board candidates met the fit and proper criteria set out in the Fit and Proper Policy before there are recommended for re-election or appointment.

Based on the above annual assessment on the Board size and composition, the Board agreed with the NC's recommendation that the Board's current size of 5 members is appropriate and adequate, after taking into consideration the current Group's business.

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

b) Board Composition (Cont'd)

Board Evaluation

The Board appointed Tricor Corporate Services Sdn Bhd 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 to be used as the basis for the NC's recommendations to the Board for the re-election of the retiring Directors at the forthcoming 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.

The NC has conducted a fit and proper assessment of the retiring directors who seek for re-election at the forthcoming AGM namely, Chng Boon Huat and Professor Emerita Siti Naaishah Hambali, pursuant to the Fit and Proper Policy. The assessment includes the submission of the Fit and Proper Declaration Forms by the retiring Directors to the NC.

Based on the satisfactory results of the annual assessment of the retiring Directors, the Board has on 28 February 2023 concurred with the NC, to recommend the retiring Directors for re-election at the forthcoming AGM. All the assessments and evaluations carried out by the NC, including the consideration taken leading to its recommendations, in the discharge of its functions were duly documented.

The basis for recommending the re-election of the retiring Directors as assessed by the NC and the Board are also provided in the Notes Accompanying the Notice of AGM.

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 FY2022 are tabulated as follows:

The Company

Directors	Fee 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	-	-	-	7.5	-	133.5
Professor Emerita Siti Naaishah Binti Hambali	114.0	-	-	-	6.5	-	120.5
Chng Boon Huat	120.0	-	-	-	7.5	-	127.5
Total	360.0	-	-	-	21.5	-	381.5

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

c) Remuneration (Cont'd)

The details of the Directors' remuneration of the Company and the Group on a named basis for FY2022 are tabulated as follows: (Cont'd)

The Group							
Directors	Fee 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	-	197.9	1,869.9
Dato' Sri Subahan Bin Kamal	-	840.0	-	-	-	101.8	941.8
Non-Executive Directors							
Ir. Dr. Muhamad Fuad Bin Abdullah	126.0	-	-	-	7.5	-	133.5
Professor Emerita Siti Naaishah Binti Hambali	114.0	-	-	-	6.5	-	120.5
Chng Boon Huat	120.0	-	-	-	7.5	-	127.5
Total	360.0	2,484.0	-	28.0	21.5	299.7	3,193.2

The Board has also not complied with Practice 8.2 of the MCCG 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.

Dring 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, 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

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

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

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.

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 73 to 76.

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.

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 2022, Gagasan Nadi Cergas held its 5th AGM on 30 May 2022 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 5th AGM via video conferencing.

The notice of the 5th AGM was issued on 29 April 2022, 31 days in advance to enable shareholders to make adequate preparation. The notice of the 5th 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.

The notice of the meeting was accompanied by an explanatory statement with relevant information or recommendations for the proposed resolutions to facilitate shareholders to make an informed decision. All the resolutions set out in the notice of the 5th AGM were duly passed by the shareholders of the Company by way of poll.

The minutes of the 5th AGM held on 30 May 2022 were published on the Company's website on 28 June 2022, within 30 business days after the AGM.

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 2022 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 18 April 2023.

Audit and Risk Management Committee Report

The Board of Gagasan Nadi Cergas Berhad is pleased to present the Audit and Risk Management Committee ("ARMC") Report FY2022.

1. COMPOSITION AND ATTENDANCE

The ARMC comprises three (3) Independent Non-Executive Directors and satisfies the test of independence as prescribed under the Bursa Malaysia Securities Berhad ACE LR. The ARMC also meets the requirements of Rule 15.09 of the ACE LR and Practice 9.4 of the Malaysian Code on Corporate Governance as all the ARMC members are Independent Non-Executive Directors.

The ARMC comprises of three (3) Independent and Non-Executive Directors, namely:

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

To perform its authorities, duties, and responsibilities, the ARMC is guided by its Terms of Reference which are published and available online on the Group's corporate website at www.nadicergas.com.

2. MEETINGS

The ARMC held five (5) meetings during the FY2022. The permanent invitees during ARMC are the GMD, CFO, Company Secretary and Lead of QAC. The GMD and CFO were invited to provide their input and advice as well as to provide clarification on the Group's operations, and any auditing and accounting issues. The Lead of QAC attended the meeting to present the Group's Enterprise Risk Management ("ERM") reports and the internal audit follow-up reports.

An outsourced independent professional firm, Sterling Business Alignment Consulting Sdn Bhd ("SBAC"), is invited to present their internal audit reports, and to assist the Group's internal audit function. Other Senior Management personnel may also be invited to brief the ARMC on specific matters from time to time.

The attendance for members of the ARMC at the meetings are tabulated as below:

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

2. MEETINGS (CONT'D)

Subsequent to every ARMC meeting, the ARMC Chairman briefed the Board on matters discussed and deliberated in the ARMC Meeting. The Group's annual financial statements and quarterly financial reports which were presented to the ARMC for review, were also recommended to the Board for approval. Any significant concerns raised by external auditors or internal auditors are also conveyed to the Board for consideration.

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

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 the annual financial statements for the financial year ended 31 December 2022 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 2022.

3.2 External Audit

The ARMC had on 21 April 2022 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 the financial year ended 31 December 2021, 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 24 November 2022, the ARMC reviewed, deliberated and approved the Audit Planning Memorandum for the financial year ended 31 December 2022, which outlined its engagement team, audit approach, audit timeline and the areas of audit emphasis.

3. SUMMARY OF ACTIVITIES (CONT'D)

3.3 Internal Audit (Cont'd)

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.

During the financial year under review, our Internal Auditors, SBAC conducted the following key audit areas based on the annual internal audit plan approved by the ARMC:

Period	Audit Areas
Quarter 1	· Tender Management and Costing · Contract Management · Procurement
Quarter 2	· Human Resources · Administration
Quarter 3	· Project Management · Environment, Safety and Health
Quarter 4	· Utilities Management (Power & Energy)

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

(a) Reviewed and approved the internal audit plan for FY2022 to ensure the adequacy of scope of work and the coverage of the Group's internal controls are based on key risk areas;

(b) Reviewed all the 2022 internal audit reports prepared by the Internal Auditors to ensure that the Group has established an adequate and effective governance, risk management, operational and compliance processes; and

(c) Reviewed and monitored the outcome of follow–up audits including all significant audit issues raised, status of completion and corrective actions taken by the Management.

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 Head of Departments and key representatives of every department and business segment, will ensure that the action plans and corrective actions are implemented effectively.

During the financial year under review, the Lead of QAC presented the identified risks and its mitigation plans to the ARMC for deliberation and approval. The matters reviewed and discussed include the initiatives undertaken by the Management to mitigate the identified risks. The top key risks identified in FY2022 are as follows:

(a) Compliance of foreign worker with construction permit;

(b) Nationwide workers shortage; and

(c) Materials price fluctuation.

3.5 Internal Control Assurance

The QAC Department which is responsible for managing the internal control assurance and risk management, has presented the ARMC on the following internal control assurance activities during the FY2022:

a) Review and discuss with Internal Auditors on the key audit matters and scope of audit plan on a yearly basis;

b) Advice ARMC on operational issues for future audit planning;

c) Review internal audit reports before presenting to the ARMC to ensure all issues raised have the common understanding with the Management and Internal Auditors;

3. SUMMARY OF ACTIVITIES (CONT'D)

3.5 Internal Control Assurance (Cont'd)

d) Coordinate and discuss with Head of Departments or relevant personnel on the observations, recommendations and corrective actions as reported in the internal audit reports;

e) Ensure the audit findings resolved within the agreed timeline or the approved extension of time when necessary;

f) Ensure continuous compliance of ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018; and

g) Prepare the Audit and Risk Management Committee Report and Statement on Risk Management and Internal Control Report and recommend to the ARMC and BOD for approval prior to the inclusion in the Company's Annual Report.

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 in the existing level of operations but nevertheless, on-going initiatives to improve the level of operations and internal control system were continuously undertaken by the Management.

3.6 Related Party Transaction

In accordance with the ACE LR, the ARMC is to review 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 interest of the minority shareholders.

However, during the financial year there were no related party transactions or recurrent related party transactions transacted by the Group.

INTERNAL AUDIT AND COMPLIANCE FUNCTION

The Internal Audit and Compliance function is assisted by QAC Department to support the ARMC in handling of its duties and responsibilities by providing regular reviews on the effectiveness and integrity of the internal control system, risk management framework and governance within the Group. QAC Department is independent of its operations and reports the functionality to the ARMC and administratively to GMD.

SBAC, an independent internal audit firm was appointed to assist QAC Department to assess the effectiveness and integrity of the Group's internal control system and risk management framework with the Group's established policies and procedures. The Internal Auditors adopt a risk-based approach related to operations and compliance and presents its plan to ARMC for approval. The audits activities of the Group are 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.

The Internal Audit Reports are prepared by SBAC and discussed with Senior Management team before presenting it together with Management's responses to the ARMC for review and approval on a quarterly basis. The follow-up on the audit findings and recommendations are conducted by the QAC Department, and the ARMC receives quarterly reports on the management's responsiveness to the Internal Auditors' findings and recommendations.

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 of both the Internal Auditors and QAC Department, and is of the view that they have the required expertise and experience to discharge their duties effectively.

The internal audit fees incurred for the financial year under review was RM50,000 (2021: RM50,000).

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 2022, 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 FY2022.

AUDIT AND NON-AUDIT FEES

During FY2022, 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 Fee	53	177
Non-Audit Fees	31	31

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 committed to maintaining a sound system of risk management and internal control of the Group and is pleased to present the Statement on Risk Management and Internal Control which outlines the nature and scope of risk management and internal control within the Group for the FY2022.

This statement takes into account the Guidelines for Directors of Listed Issuers ("Guidelines") issued by Bursa Malaysia Securities Berhad ("Bursa Securities") on the issuance of Risk Management and Internal Control Statement in pursuant to Rule 15.26(b) of the ACE Market Listing Requirements.

BOARD RESPONSIBILITY

The Board acknowledges its overall responsibility for the establishment and oversight of the risk management framework and internal control system within the Group. The system of internal control is meant to effectively manage business risk towards the achievement of objectives to enhance the value of shareholders' investment and to safeguard the Group's assets.

In order to facilitate and provide the assurance that all risks are within an acceptable Group's risk appetite, an ARMC at the Board level and a Risk Management Sub-Committee ("RMSC") at the Management level were established. The ARMC has three (3) members, all of whom are Independent Non-Executive Directors. The RMSC comprises the three Heads of Department (and the Chief Financial Officer) 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.	· 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.
· Review the adequacy of the Group's internal control system, such as compliance with applicable laws, rules, directives, and guidelines.	· 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 and the operating effectiveness of risk management framework and internal control system. QAC Department handles the internal audit activities, compliance and risk management.

The Group adopts the Committee of Sponsoring Organisations of the Treadway Commission ("COSO") framework in developing its risk management and internal control system. A risk management 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

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

Any updates regarding risk management will be discussed in the RMSC and Compliance and ISO Committee ("CIC") meeting on a quarterly basis. To enhance the awareness among the employees, the QAC Department conducts periodical awareness briefings on compliance and management system matters.

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.

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

Operational	Reporting	Compliance
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.	Ensure that the financial and non-financial reporting structure is reliable & transparent as required by regulators and standard setters.	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 risks at corporate and management levels. The Group 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 Audit function conducted by an outsourced independent internal audit firm
Risk Owners/Manager	**Risk Control and Compliance**	**Risk Assurance**
All business functions	Control Functions	QAC

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

2. MONITORING

GROUP POLICIES AND PROCEDURES

The Group's internal policies and procedures are properly documented to ensure compliance with the internal control system, laws, rules and regulations. To enhance compliance between the Group, awareness has been conducted and communicated to every employee.

a. The elements of internal control have been documented in the form of policies and procedures which are regularly reviewed and updated 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. The Group has clear limits of authority which define the approving limits that have been assigned and delegated to each approving authority within the Group covering procurements, payments, tenders, investments, and other operational matters. The limits of authority are reviewed periodically and updated to reflect changes in the business environment.

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.

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.

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

3. REPORTING (CONT'D)

RISK MANAGEMENT FRAMEWORK (Cont'd)

The top significant risks areas were identified during the FY2022 and the risk descriptions including mitigating actions are outlined below:

i. Nationwide Workers Shortage

Manpower is crucial to ensure the smooth running of the Group's operations. Similar to many other companies in the same construction industry, the Group faces the problem of workers shortage. To mitigate this risk, the Group has been closely monitoring Government's regulations/policies on foreign workers' employment. The employment of foreign workers has been requested via the Ministry of Human Resources and the recruitment process is still ongoing.

ii. Materials Price Fluctuation

The main factor directly affecting the profitability of the Group is the cost of construction. The building materials involved are steel bars, cement, bricks and steel reinforcement mesh. These materials are subject to price fluctuations.

The Group has mitigated the risk by tracking and forecasting the latest market price before issuing the purchase order for purchasing new materials. In addition, the Group also closely monitors material delivery schedule and ensures early deliveries of imported materials to the manufacturing warehouse for a purchase order that has been issued.

iii. Compliance of Foreign Workers with Construction Permit.

Permits and CIDB green cards is one of the common challenges in the construction industry. 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 for the construction permits of their foreign workers.

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 that are in place during the year under review were adequate and effective.

CONCLUSION

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

There were no material control failures or adverse compliance events that affect any material losses in the Group's risk management and internal control. The Board will continue to monitor all significant risks identified and take pertinent measures where required, to enhance the Group's system of internal control and risk management.

The Board have received assurances from both the Group Managing Director and the Chief Finance Officer that the Group's risk management and internal control system are operating effectively in all material aspects for FY2022.

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

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 2022 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 2022, 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 18 April 2023.

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 2022.

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
(Loss)/Profit after taxation for the financial year	(2,593)	8,076
Attributable to:-		
Owners of the Company	(3,378)	8,076
Non-controlling interests	785	-
	(2,593)	8,076

DIVIDENDS

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

RESERVES AND PROVISIONS

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

ISSUES OF SHARES AND DEBENTURES

During the financial year:-

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

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

OPTIONS GRANTED OVER UNISSUED SHARES

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

BAD AND DOUBTFUL DEBTS

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

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

DIRECTORS (CONT'D)

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
Lee Heng Kheong
Loh Soon Wah
Tan Keng Seng
Wan Mohammad Faris Bin Wan Omar
Lim Eng Chong
Haji Wan Badrul Hisham Bin Wan Kamal *(Resigned on 1.2.2023)*

DIRECTORS' INTERESTS

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

	Number of Ordinary Shares			
	At 1.1.2022	**Bought**	**Sold**	**At 31.12.2022**
The Company				
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' BENEFITS

Since the end of the previous financial year, no director has received or become entitled to receive any benefit (other than directors' remuneration as disclosed in the "Directors' Remuneration" of this report) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest except for any benefits which may be deemed to arise from transactions entered into in the ordinary course of business with companies in which certain directors have substantial financial interests as disclosed in Note 28(b) to the financial statements.

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

DIRECTORS' 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 as follows:-

	The Group RM'000	The Company RM'000
Fee	360	360
Salaries, bonuses and other benefits	2,773	22
Defined contribution benefits	330	-
	3,463	382

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 RM17,600 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.

AUDITORS

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

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

	The Group RM'000	The Company RM'000
Audit fee	177	53
Non-audit fees	31	31
	208	84

Signed in accordance with a resolution of the directors dated 18 April 2023.

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 88 to 157 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as of 31 December 2022 and of their financial performance and cash flows for the financial year ended on that date.

Signed in accordance with a resolution of the directors dated 18 April 2023

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 88 to 157 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 18 April 2023

Haji Wan Azman Bin Wan Kamal

Before me

Datin Hjh Raihela Wanchik (No. W-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 2022 of the Group and of the Company, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 88 to 157.

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

Basis for Opinion

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

Independence and Other Ethical Responsibilities

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

Key Audit Matters

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

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 components 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; and 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 Notes 9 and 31 to the financial statements

Key Audit Matter	How our audit addressed the Key Audit Matter
The trade receivables of the Group amounted to approximately RM540.68 million and it constituted 55% of the total assets of the Group. As at 31 December 2022, trade receivables that were past due amounted to RM6.1 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 ability 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.

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.

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
03233/09/2024 J
Chartered Accountant

Kuala Lumpur

18 April 2023

Statements of Financial Position

as at 31 December 2022

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
ASSETS					
NON-CURRENT ASSETS					
Property, plant and equipment	5	27,655	27,950	-	-
Inventories	6	71,803	86,588	-	-
Investments in subsidiaries	7	-	-	96,926	96,926
Right-of-use assets	8	1,759	2,598	-	-
Trade receivables	9	464,989	499,129	-	-
		566,206	616,265	96,926	96,926
CURRENT ASSETS					
Inventories	6	78,655	49,348	-	-
Trade receivables	9	75,694	82,322	-	-
Contract assets	10	143,639	98,782	-	-
Other receivables, deposits and prepayments	11	18,708	18,709	101	201
Amount owing by subsidiaries	12	-	-	60,778	46,942
Current tax assets		6,713	5,147	-	-
Fixed deposits with licensed banks	13	41,940	38,151	-	-
Cash and bank balances		52,314	66,582	3,921	9,449
		417,663	359,041	64,800	56,592
TOTAL ASSETS		983,869	975,306	161,726	153,518

Statements of Financial Position

as at 31 December 2022 (Cont'd)

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
EQUITY AND LIABILITIES					
EQUITY					
Share capital	14	136,444	136,444	136,444	136,444
Retained profits		305,683	309,061	24,810	16,734
Equity attributable to owners of the Company		442,127	445,505	161,254	153,178
Non-controlling interests	7	4,279	5,494	-	-
TOTAL EQUITY		446,406	450,999	161,254	153,178
NON-CURRENT LIABILITIES					
Borrowings	15	275,608	269,504	-	-
Deferred tax liabilities	16	75,299	77,668	-	-
		350,907	347,172	-	-
CURRENT LIABILITIES					
Trade payables	17	97,506	84,106	-	-
Contract liabilities	10	31,281	37,216	-	-
Other payables and accruals	18	14,924	8,032	345	304
Borrowings	15	41,106	45,712	-	-
Current tax liabilities		1,739	2,069	127	36
		186,556	177,135	472	340
TOTAL LIABILITIES		537,463	524,307	472	340
TOTAL EQUITY AND LIABILITIES		983,869	975,306	161,726	153,518

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

Statements of Profit or Loss and Other Comprehensive Income

for the financial year ended 31 December 2022

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
REVENUE	19	233,517	199,256	8,000	8,000
COST OF SALES		(208,181)	(182,307)	-	-
GROSS PROFIT		25,336	16,949	8,000	8,000
OTHER INCOME		32,693	47,481	1,390	713
		58,029	64,430	9,390	8,713
SELLING AND DISTRIBUTION EXPENSES		(952)	(141)	(3)	(11)
ADMINISTRATIVE EXPENSES		(27,331)	(28,178)	(981)	(1,089)
OTHER EXPENSES		(3,094)	(2,963)	(13)	(30)
FINANCE COSTS	20	(16,565)	(16,068)	-	-
NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS	21	(4,039)	775	-	-
PROFIT BEFORE TAXATION	22	6,048	17,855	8,393	7,583
INCOME TAX EXPENSE	23	(8,641)	(10,514)	(317)	(160)
(LOSS)/PROFIT AFTER TAXATION		(2,593)	7,341	8,076	7,423
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE FINANCIAL YEAR		(2,593)	7,341	8,076	7,423
(LOSS)/PROFIT AFTER TAXATION/TOTAL COMPREHENSIVE (EXPENSES)/INCOME ATTRIBUTABLE TO:-					
Owners of the Company		(3,378)	3,460	8,076	7,423
Non-controlling interests		785	3,881	-	-
		(2,593)	7,341	8,076	7,423
(LOSS)/EARNINGS PER SHARE (SEN)	24				
- Basic		(0.45)	0.46	-	-
- Diluted		(0.45)	0.46	-	-

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

Statements of Changes in Equity

for the financial year ended 31 December 2022

			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 1.1.2021		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 to owners of the Company	25	-	(3,765)	(3,765)	-	(3,765)
Total transaction with owners		-	(3,765)	(3,765)	62	(3,703)
Balance at 31.12.2021/1.1.2022		136,444	309,061	445,505	5,494	450,999
Loss after taxation/Total comprehensive expenses for the financial year		-	(3,378)	(3,378)	785	(2,593)
Contributions by and distribution to owners of the Company:						
- Dividends paid by the subsidiary to non-controlling interests		-	-	-	(2,000)	(2,000)
Balance at 31.12.2022		136,444	305,683	442,127	4,279	446,406

The Company	**Note**	**Share Capital RM'000**	**Retained Profits RM'000**	**Total Equity RM'000**
Balance at 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 to owners of the Company	25	-	(3,765)	(3,765)
Balance at 31.12.2021/1.1.2022		136,444	16,734	153,178
Profit after taxation/Total comprehensive income for the financial year		-	8,076	8,076
Balance at 31.12.2022		136,444	24,810	161,254

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

Statements of Cash Flows

for the financial year ended 31 December 2022

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES				
Profit before taxation	6,048	17,855	8,393	7,583
Adjustments for:-				
Depreciation:				
- property, plant and equipment	1,549	1,332	-	-
- right-of-use assets	812	997	-	-
Impairment losses:				
- trade receivables	3,331	219	-	-
- other receivables	717	313	-	-
Finance costs	16,565	16,068	-	-
Equipment written off	48	-	-	-
Accretion of fair value on non-current trade receivables	(25,383)	(26,907)	-	-
Gain on lease modification	(5)	-	-	-
Dividend income	-	-	(8,000)	(8,000)
Gain on disposal:				
- property, plant and equipment	(87)	(8,138)	-	-
Finance income	(993)	(955)	(1,390)	(713)
Reversal of impairment losses:				
- trade receivables	-	(1,213)	-	-
- other receivables	(9)	(94)	-	-
Operating profit/(loss) before working capital changes	2,593	(523)	(997)	(1,130)
(Increase)/Decrease in inventories	(10,642)	13,806	-	-
Increase in contract assets	(44,857)	(51,619)	-	-
Decrease in trade and other receivables	62,113	42,976	100	5,839
Increase in trade and other payables	20,292	17,954	41	9
(Decrease)/Increase in contract liabilities	(5,935)	15,801	-	-
CASH FROM/(FOR) OPERATIONS CARRIED FORWARD	23,564	38,395	(856)	4,718

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

Statements of Cash Flows

for the financial year ended 31 December 2022 (Cont'd)

		The Group		The Company	
	Note	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
CASH FROM/(FOR) OPERATIONS BROUGHT FORWARD		23,564	38,395	(856)	4,718
Income tax paid		(12,906)	(12,557)	(226)	(121)
NET CASH FROM/(FOR) OPERATING ACTIVITIES		10,658	25,838	(1,082)	4,597
CASH FLOWS (FOR)/FROM INVESTING ACTIVITIES					
Advances to subsidiaries		-	-	(13,836)	(19,978)
Dividend received		-	-	8,000	8,000
Finance income received		993	955	1,390	713
Purchase of right-of-use assets	26(a)	-	(28)	-	-
Withdrawal of pledged fixed deposits and with tenure more than 3 months		4,731	20,783	-	-
Proceeds from disposal of property, plant and equipment		87	10,976	-	-
Additions to inventories					
- properties held for future development		(3,880)	(34,721)	-	-
Purchase of property, plant and equipment	26(a)	(1,302)	(4,165)	-	-
NET CASH FROM/(FOR) INVESTING ACTIVITIES		629	(6,200)	(4,446)	(11,265)
		11,287	19,638	(5,528)	(6,668)
CASH FLOWS FOR FINANCING ACTIVITIES					
Dividends paid to:					
- owners of the company	25	-	(3,765)	-	(3,765)
- non-controlling interests		(2,000)	-	-	-
Drawdown of borrowings	26(b)	40,396	50,550	-	-
Finance costs paid		(16,565)	(16,068)	-	-
Proceeds from issuance of shares to non-controlling interest in a subsidiary		-	62	-	-
Repayment of borrowings	26(b)	(39,024)	(36,312)	-	-
NET CASH FOR FINANCING ACTIVITIES		(17,193)	(5,533)	-	(3,765)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		(5,906)	14,105	(5,528)	(10,433)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE FINANCIAL YEAR		77,864	63,759	9,449	19,882
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	26(c)	71,958	77,864	3,921	9,449

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

Notes to the Financial Statements

for the financial year ended 31 December 2022

1. GENERAL INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia. The registered office and principal place of business are 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 18 April 2023.

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):-

MFRSs and/or IC Interpretations (Including The Consequential Amendments)
Amendments to MFRS 3: Reference to the Conceptual Framework
Amendment to MFRS 16: Covid-19-Related Rent Concessions beyond 30 June 2021
Amendments to MFRS 116: Property, Plant and Equipment – Proceeds before Intended Use
Amendments to MFRS 137: Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to MFRS Standards 2018 – 2020

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

3. BASIS OF PREPARATION (CONT'D)

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

MFRSs and/or IC Interpretations (Including The Consequential Amendments)	Effective Date
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
Amendments to MFRS 108: Definition of Accounting Estimates	1 January 2023
Amendments to MFRS 101: Disclosure of Accounting Policies	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 16: Lease Liability in a Sale and Leaseback	1 January 2024
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2024
Amendments to MFRS 101: Non-current Liabilities with Covenants	1 January 2024
Amendments to MFRS 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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Key Sources of Estimation Uncertainty (Cont'd)

(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.

(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 RM1,739,000 (2021 - RM2,069,000).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Critical Judgements Made in Applying Accounting Policies

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

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

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

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

(b) Lease Terms

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

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.2 BASIS OF CONSOLIDATION (CONT'D)

(a) Business Combinations (Cont'd)

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

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

(b) Non-controlling Interests

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

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

All changes in the parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of 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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS

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

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

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

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

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

(a) Financial Assets

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

Debt Instruments

(i) Amortised Cost

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

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

(ii) Fair Value through Other Comprehensive Income

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

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.4 FINANCIAL INSTRUMENTS (CONT'D)

(a) Financial Assets (Cont'd)

Debt Instruments (Cont'd)

(iii) Fair Value through Profit or Loss

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

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

Equity Instruments

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

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

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

(b) Financial Liabilities

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

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

(ii) Other Financial Liabilities

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

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

(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.

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.6 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.7 LEASES (CONT'D)

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.

(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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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).

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.12 IMPAIRMENT (CONT'D)

(a) Impairment of Financial Assets (Cont'd)

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.

(b) Impairment of Non-financial Assets

The carrying values of assets, other than those to which MFRS 136 - Impairment of Assets 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.

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.

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. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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.

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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

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.

(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.

4. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

4.21 REVENUE FROM CONTRACTS WITH CUSTOMERS (CONT'D)

(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.

5. PROPERTY, PLANT AND EQUIPMENT

The Group	At 1.1.2022 RM'000	Additions RM'000	Written off RM'000	Depreciation Charges RM'000	Reclassification RM'000	At 31.12.2022 RM'000
2022						
Carrying Amount						
Freehold land and buildings	16,129	-	-	(296)	-	15,833
Chiller plant and machineries	8,382	178	-	(461)	613	8,712
Cabins, furniture and office equipment	1,036	345	(8)	(233)	-	1,140
Plant and machinery	1,083	28	-	(123)	-	988
Computers and software	574	206	-	(299)	-	481
Motor vehicles	6	-	-	(6)	-	-
Renovation	127	545	(40)	(131)	-	501
Capital work-in-progress	613	-	-	-	(613)	-
	27,950	1,302	(48)	(1,549)	-	27,655

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

The Group	At 1.1.2021 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 Cost RM'000	Accumulated Depreciation RM'000	Carrying Amount RM'000
2022			
Freehold land and buildings	18,849	(3,016)	15,833
Chiller plant and machineries	9,208	(496)	8,712
Cabins, furniture and office equipment	3,628	(2,488)	1,140
Plant and machinery	4,109	(3,121)	988
Computers and software	3,084	(2,603)	481
Motor vehicles	3,257	(3,257)	-
Renovation	1,719	(1,218)	501
	43,854	(16,199)	27,655
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

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 RM11,832,000 (2021 - RM12,129,000) 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.

6. INVENTORIES

	The Group	
	2022 RM'000	2021 RM'000
Property Development		
Properties held for future development	71,803	86,588
Properties under development for sale	78,655	49,348
	150,458	135,936
Represented by:		
Non-current assets	71,803	86,588
Current assets	78,655	49,348
	150,458	135,936
Recognised in profit or loss:		
Inventories of property development	90,600	51,783

(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.

7. INVESTMENTS IN SUBSIDIARIES

	The Company	
	2022 RM'000	2021 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
	2022 %	2021 %	
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.

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
	2022 %	2021 %	
Subsidiary of NERSB			
Nadi Emery (KKD) Sdn. Bhd. ("NEKKD")	52.5	52.5	Property development.
Subsidiaries of NTU			
Naditech Power Sdn. Bhd. ("NTP")	57	57	Management of power and chilled water distribution and supply system.
Naditech Energy Sdn. Bhd. ("NTE")	57	57	Production and distribution of cooled air, chilled water for cooling purposes.
Subsidiary of NTP			
Naditech Icon Sdn. Bhd. ("NTI")	57	57	Dormant.

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

	Effective Equity Interest		The Group	
	2022 %	2021 %	2022 RM'000	2021 RM'000
Naditech Utilities Sdn. Bhd.	40	40	5,994	8,118
Ringgit Muhibbah Sdn. Bhd.	33.5	33.5	643	(770)
Other individually immaterial subsidiaries			(2,358)	(1,854)
			4,279	5,494

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.	
	2022 RM'000	2021 RM'000
At 31 December		
Non-current assets	475	475
Current assets	15,577	21,234
Current liabilities	(24)	(369)
Net assets	16,028	21,340
Financial Year Ended 31 December		
Revenue	-	1,317
(Loss)/Profit after taxation/Total comprehensive (expenses)/income for the financial year	(311)	6,732
Total comprehensive (expenses)/income attributable to non-controlling interests	(124)	2,693
Dividends paid to non-controlling interests	(2,000)	-
Net cash (for)/from operating activities	(725)	8,149
Net cash from investing activities	4,301	4,192
Net cash for financing activities	(5,000)	(11,118)

	Ringgit Muhibbah Sdn. Bhd.	
	2022 RM'000	2021 RM'000
At 31 December		
Non-current assets	27,522	31,397
Current assets	126,801	78,538
Non-current liabilities	(87,994)	(52,610)
Current liabilities	(64,411)	(59,624)
Net assets/(liabilities)	1,918	(2,299)
Financial Year Ended 31 December		
Revenue	55,650	48,574
Profit after taxation/Total comprehensive income for the financial year	4,217	7,353
Total comprehensive income attributable to non-controlling interests	1,413	2,463
Net cash for operating activities	(34,148)	(21,672)
Net cash from investing activities	3,921	12
Net cash from financing activities	31,739	19,735

8. RIGHT-OF-USE ASSETS

The Group	At 1.1.2022 RM'000	Additions RM'000	Depreciation Charges RM'000	Derecognition Due to Lease Modifications RM'000	At 31.12.2022 RM'000
2022					
Carrying Amount					
Buildings	164	41	(98)	(68)	39
Machines	677	-	(87)	-	590
Motor vehicles	1,757	-	(627)	-	1,130
	2,598	41	(812)	(68)	1,759

The Group	At 1.1.2021 RM'000	Additions RM'000	Depreciation Charges RM'000	Transfer (to)/from 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	
	2022 RM'000	2021 RM'000
Analysed by:-		
Cost	3,716	4,576
Accumulated depreciation	(1,957)	(1,978)
	1,759	2,598

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

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 (2021 - 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 (2021 - 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 (2021 - 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% (2021 - 2.15% 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	
	2022 RM'000	**2021 RM'000**
Non-current		
Concession services receivables	466,475	500,134
Allowance for impairment losses	(1,486)	(1,005)
	464,989	499,129
Current		
Concession services receivables	34,732	33,132
Trade receivables	44,365	49,743
Allowance for impairment losses	(3,403)	(553)
	75,694	82,322
	540,683	581,451

9. TRADE RECEIVABLES (CONT'D)

	The Group	
	2022 RM'000	2021 RM'000
Allowance for impairment losses:-		
At 1 January	1,558	2,552
Addition during the financial year	3,331	219
Reversal during the financial year	-	(1,213)
At 31 December	4,889	1,558

(i) The Group's normal trade credit terms range from 30 to 90 (2021 - 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	
	2022 RM'000	2021 RM'000
Gross trade receivables		
- IIUM Project	252,669	273,658
- UTeM Project	248,538	259,608
	501,207	533,266
Less: Allowance for impairment losses		
- IIUM Project	(800)	(546)
- UTeM Project	(787)	(519)
	(1,587)	(1,065)
Net trade receivables		
- IIUM Project	251,869	273,112
- UTeM Project	247,751	259,089
	499,620	532,201

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.

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.

10. CONTRACT ASSETS/(LIABILITIES)

	The Group	
	2022 RM'000	2021 RM'000
Contract Assets		
Construction contracts	46,772	46,344
Property development activities	96,867	52,438
	143,639	98,782
Contract Liabilities		
Construction contracts	(31,281)	(37,216)

(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	
	2022 RM'000	2021 RM'000
Transfer to trade receivables	190,254	157,564
Revenue recognised on performance obligation satisfied during the financial year	212,971	181,390

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other receivables:-				
Third parties	10,138	9,350	-	-
Related party	5,961	5,961	-	-
Allowance for impairment losses	(7,114)	(6,406)	-	-
	8,985	8,905	-	-
Deposits	7,033	8,316	1	1
Prepayments	2,690	1,488	100	200
	18,708	18,709	101	201

11. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (CONT'D)

	The Group	
	2022 RM'000	2021 RM'000
Allowance for impairment losses:-		
At 1 January	6,406	6,187
Addition during the financial year	717	313
Reversal during the financial year	(9)	(94)
At 31 December	7,114	6,406

(a) Included in other receivables of the Group are project billings receivable of RM3,904,000 (2021 - 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.

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.

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 1.30% to 3.20% (2021 - 1.25% to 1.85%) per annum. The fixed deposits have maturity periods ranging from 1 to 12 (2021 - 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 RM9,373,000 (2021 - RM8,606,000) 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			
	2022	2021	2022	2021
	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	2022 RM'000	2021 RM'000
Non-current			
Lease liabilities	15(a)	412	786
Lease liabilities (Ijarah)	15(b)	244	481
Term loans	15(c)	304	1,458
Islamic financing facilities	15(d)	194,648	166,779
Bonds	15(e)	80,000	100,000
		275,608	269,504
Current			
Lease liabilities	15(a)	341	565
Lease liabilities (Ijarah)	15(b)	236	230
Term loans	15(c)	1,133	1,077
Islamic financing facilities	15(d)	14,471	19,073
Bonds	15(e)	20,000	20,000
Bank overdrafts	15(f)	4,925	4,767
		41,106	45,712
		316,714	315,216

(a) Lease liabilities

	The Group	
	2022 RM'000	2021 RM'000
At 1 January	1,351	1,510
Addition	41	457
Finance costs recognised in profit or loss	50	73
Derecognition due to lease modifications	(73)	-
Repayment of principal	(566)	(616)
Repayment of finance costs	(50)	(73)
At 31 December	753	1,351

15. BORROWINGS (SECURED) (CONT'D)

(b) Lease liabilities (Ijarah)

	The Group	
	2022 RM'000	2021 RM'000
At 1 January	711	930
Finance costs recognised in profit or loss	27	37
Repayment of principal	(231)	(219)
Repayment of costs expense	(27)	(37)
At 31 December	480	711

(c) Term loans

The term loans are analysed as follows:-

	The Group	
	2022 RM'000	2021 RM'000
Term loan 1	723	1,277
Term loan 2	714	1,258
	1,437	2,535

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	
	2022 RM'000	2021 RM'000
Islamic financing facility 1	94,430	102,794
Islamic financing facility 2	4,108	5,129
Islamic financing facility 3	-	8,260
Islamic financing facility 4	87,994	52,610
Islamic financing facility 5	17,072	17,059
Islamic financing facility 6	5,000	-
Islamic financing facility 7	515	-
	209,119	185,852

15. BORROWINGS (SECURED) (CONT'D)

(d) Islamic financing facilities (Cont'd)

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.

(vi) Islamic financing facility 6 bearing effective profit rate at Islamic Cost of Fund + 2.00% per annum.

(vii) Islamic financing facility 7 bearing effective profit rate at base financing rate + 0.25% per annum.

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.

15. BORROWINGS (SECURED) (CONT'D)

(d) Islamic financing facilities (Cont'd)

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 in the previous financial year was 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 title;

(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.

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 482 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.

15. BORROWINGS (SECURED) (CONT'D)

(d) Islamic financing facilities (Cont'd)

Islamic financing facility 6 is represented by a facility awarded by RHB Islamic Bank Berhad to a subsidiary to part finance the building construction costs in relation to Phase 1 in Rumah Idaman Rakyat Selangor Development Project. 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.

Islamic financing facility 7 is represented by a facility by Alliance Bank Malaysia Berhad for working capital requirements. The term loan is secured by:-

(i) a corporate guarantee executed by the Company; and

(ii) pledge of fixed deposit together with interest accrued thereon.

(e) Bonds

Details of the secured fixed rate and serial fixed rate bonds are as follows:-

Serial	Effective Interest rate (per annum)	Maturity Period	2022 RM'000	2021 RM'000
6	4.60%	24 April 2022	-	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
			100,000	120,000

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.

15. BORROWINGS (SECURED) (CONT'D)

(e) Bonds (Cont'd)

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;

(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

The bank overdrafts are secured against the following:-

(i) the Letter of Offer;

(ii) this Facility Agreement between the Bank and the Customer;

(iii) third party open monies change over 1 parcel of freehold land, measuring approximate 13.91 acres within Kwasa Damansara and held under Title Geran 335272 Lot 87230 in Mukim Sungai Buloh, Daerah Petaling, Negeri Selangor (R4-1 Project land);

(iv) third party open monies charge over 1 parcel of freehold land, measuring approx 25.21 acres within Kwasa Damansara and to be held under Title to be issued in due course (R4-2 Project land) (Legal Charge of R4-2 at a later stage upon issuance of title to the R4-2 land);

(v) debenture over the Customer's fixed and floating assets, both present and future ("the Debenture");

(vi) power of Attorney in favour of the Bank by the Customer over the R4-1 Project and/or the R4-1 Project Land, including but not limited to future development with step in right and etc. ("the Power of Attorney");

15. BORROWINGS (SECURED) (CONT'D)

(f) Bank Overdrafts (Cont'd)

The bonds are secured against the following:- (Cont'd)

(vii) power of Attorney in favour of the Bank by the Customer over the R4-2 Project and/or the R4-2 Project Land, including but not limited to future development with step in right and etc. ("the Power of Attorney");

(viii) corporate Guarantee by the Company;

(ix) deed of Assignment cum Charge over the Designated Account(s);

(x) deed of Subordination from the Customer's shareholders and/or directors over all advances, rights, benefits, interest including but not limited to profits in any manner whatsoever until the Facility is fully settled;

(xi) any other documents/security as deemed fit by the Bank and/or its solicitors from time to time;

(xii) a deed of assignment over a piece of development land registered under a third party's name;

(xiii) legal charge to be created upon the issuance of the individual/strata title; and

(xiv) fixed deposits with a licensed bank as disclosed in Note 13 to the financial statements.

The bank overdrafts of the Group at the end of the reporting period bore floating profit rate of ranging from 4.08% to 7.53% (2021 - 5.70% to 6.45%) per annum.

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
2022			
Deferred Tax Liability			
Trade receivables	78,749	(2,369)	76,380
Deferred Tax Asset			
Provisions	(1,081)	-	(1,081)
	77,668	(2,369)	75,299

16. DEFERRED TAX LIABILITIES (CONT'D)

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

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	
	2022 RM'000	2021 RM'000
Unused tax losses	16,200	5,097
Unabsorbed capital allowances	10,542	7,368
Other temporary differences	(200)	(767)
	26,542	11,698

17. TRADE PAYABLES

The normal trade credit terms granted to the Group range from 30 to 60 (2021 - 30 to 60) days.

18. OTHER PAYABLES AND ACCRUALS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Other payables	7,816	2,831	104	72
Accruals	7,108	5,201	241	232
	14,924	8,032	345	304

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Revenue from Contracts with Customers				
Construction services	111,315	125,331	-	-
Rendering of facilities management services	15,767	15,780	-	-
Property development activities	101,656	56,059	-	-
Rendering of utility services	4,779	2,086	-	-
	233,517	199,256	-	-
Revenue from Other Sources				
Dividend income	-	-	8,000	8,000
Revenue recognised at a point in time				
Dividend income	-	-	8,000	8,000
Revenue recognised over time				
Construction services	111,315	125,331	-	-
Rendering of facilities management services	15,767	15,780	-	-
Property development activities	101,656	56,059	-	-
Rendering of utility services	4,779	2,086	-	-
	233,517	199,256	8,000	8,000

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	
	2022 RM'000	2021 RM'000
Aggregate amount of transaction price allocated to remaining contracts:-		
Construction revenue	548,220	660,613
Property development revenue	69,586	130,969
	617,806	791,582

The Group will recognise this amount of revenue as performance obligation are satisfied, which is expected to occur over the next 4 years.

20. FINANCE COSTS

	The Group	
	2022 RM'000	2021 RM'000
Interest expenses/Profit payments:-		
Bank overdrafts	343	226
Bonds	5,208	6,256
Lease liabilities	50	73
Lease liabilities (Ijarah)	27	37
Term loans	81	116
Islamic financing facilities	10,856	9,360
	16,565	16,068

21. NET IMPAIRMENT LOSSES ON FINANCIAL ASSETS AND CONTRACT ASSETS

	The Group	
	2022 RM'000	2021 RM'000
Impairment losses:		
- trade receivables (Note 9)	3,331	219
- other receivables (Note 11)	717	313
Reversal of impairment losses:		
- trade receivables (Note 9)	-	(1,213)
- other receivables (Note 11)	(9)	(94)
	4,039	(775)

22. PROFIT BEFORE TAXATION

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation is arrived at after charging/(crediting):-				
Auditors' remuneration:				
- audit fee				
- current year	177	160	53	48
- underprovision in the previous financial year	5	2	-	-
- non-audit fees:				
- auditors of the Company	31	16	31	16
Depreciation:				
- property, plant and equipment	1,549	1,332	-	-
- right-of-use assets	812	997	-	-
Directors' remuneration (Note 27(a))	3,463	3,437	382	380
Rental of premises	124	91	-	-
Rental of office equipment	9	-	-	-
Equipment written off	48	-	-	-
Staff costs (including other key management personnel as disclosed in Note 27(b)):				
- short-term employee benefits	17,411	16,570	-	-
- defined contribution benefits	2,033	2,003	-	-
- others	565	459	-	-
Accretion of fair value on non-current trade receivables	(25,383)	(26,907)	-	-
Dividend income	-	-	(8,000)	(8,000)
Gain on modification of leases	(5)	-	-	-
Gain on disposal of property, plant and equipment	(87)	(8,138)	-	-
Government grant	(5,650)	(8,272)	-	-
Finance income	(993)	(955)	(1,390)	(713)
Rental income	(89)	(208)	-	-

23. INCOME TAX EXPENSE

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current tax expense	11,004	10,380	315	160
Under/(Over)provision in the previous financial year	6	(368)	2	#
	11,010	10,012	317	160
Real property gains tax	-	316	-	-
	11,010	10,328	317	160
Deferred tax (Note 16):				
- origination and reversal of temporary differences	(2,369)	(1,508)	-	-
- underprovision in the previous financial year	-	1,694	-	-
	(2,369)	186	-	-
	8,641	10,514	317	160

\# 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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Profit before taxation	6,048	17,855	8,393	7,583
Tax at the statutory tax rate of 24% (2021 - 24%)	1,452	4,285	2,014	1,820
Tax effects of:-				
Non-deductible expenses	5,399	3,230	221	260
Non-taxable income	(1,778)	(3,150)	(1,920)	(1,920)
Utilisation of deferred tax assets previously not recognised	(382)	(90)	-	-
Deferred tax assets not recognised during the financial year	3,944	4,597	-	-
Under/(Over)provision of current tax in the previous financial year	6	(368)	2	#
Underprovision of deferred taxation in the previous financial year	-	1,694	-	-
Real property gains tax arising from disposal of freehold land	-	316	-	-
	8,641	10,514	317	160

\# Amount below RM1,000

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

24. (LOSS)/EARNINGS PER SHARE

	The Group	
	2022	2021
(Loss)/Profit attributable to owners of the Company (RM'000)	(3,378)	3,460
Weighted average number of ordinary shares in issue ('000)	753,000	753,000
Basic (loss)/earnings per share (sen)	(0.45)	0.46

The Company has not issued any dilutive potential ordinary shares and hence, the diluted (loss)/earnings per share is equal to the basic (loss)/earnings per share.

25. DIVIDENDS

	The Company	
	2022 RM'000	2021 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

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	
	2022	2021
Property, plant and equipment		
Cost of property, plant and equipment purchased (Note 5)	1,302	4,165
Right-of-use assets		
Cost of right-of-use assets acquired (Note 8)	41	485
Less: Addition of new lease liabilities (Note 26(b))	(41)	(457)
	-	28

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
2022						
At 1 January	2,535	185,852	1,351	711	120,000	310,449
Changes in Financing Cash Flows						
Proceeds from drawdown	-	40,396	-	-	-	40,396
Acquisition of new lease	-	-	41	-	-	41
Derecognition due to lease modification	-	-	(73)	-	-	(73)
Repayment of borrowing principal	(1,098)	(17,129)	(566)	(231)	(20,000)	(39,024)
Repayment of finance charges	(81)	(10,856)	(50)	(27)	(5,208)	(16,222)
	(1,179)	12,411	(648)	(258)	(25,208)	(14,882)
Non-cash Changes						
Finance charges recognised in profit or loss	81	10,856	50	27	5,208	16,222
At 31 December	1,437	209,119	753	480	100,000	311,789

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
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

26. CASH FLOW INFORMATION (CONT'D)

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

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Fixed deposits with licensed banks	41,940	38,151	-	-
Cash and bank balances	52,314	66,582	3,921	9,449
Bank overdrafts	(4,925)	(4,767)	-	-
	89,329	99,966	3,921	9,449
Less: Fixed deposits pledged to licensed banks and fixed deposits with tenure more than 3 months	(17,371)	(22,102)	-	-
	(17,371)	(22,102)	-	-
	71,958	77,864	3,921	9,449

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(a) Directors				
Directors of the Company				
Short-term employee benefits:				
- fees	360	360	360	360
- salaries, bonuses and other benefits	2,507	2,503	22	20
	2,867	2,863	382	380
Defined contribution benefits	298	298	-	-
	3,165	3,161	382	380
Directors of the Subsidiaries				
Short-term employee benefits:				
- salaries, bonuses and other benefits	266	246	-	-
Defined contribution benefits	32	30	-	-
	298	276	-	-
Total directors' remuneration (Note 22)	3,463	3,437	382	380

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	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
(b) Other Key Management Personnel				
Short-term employee benefits	1,470	824	-	-
Defined contribution benefits	175	96	-	-
Total compensation for other key management personnel	1,645	920	-	-

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	
		2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Subsidiaries					
- Dividend income		-	-	8,000	8,000
- Inter-company loan interest expense		-	-	1,330	563
Related Parties					
- Progress billing	(a)	-	1,170	-	-
- Consultation fee	(a)	100	100	-	-

(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.

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.

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
2022							
Revenue							
External revenue	111,315	15,767	4,779	101,656	-	-	233,517
Inter-segment revenue	98,870	3,733	707	4,942	8,520	(116,772)	-
	210,185	19,500	5,486	106,598	8,520	(116,772)	233,517
Results							
Segment (loss)/profit	1,387	3,575	1,253	16,777	6,915	(27,357)	2,550
Accretion of fair value on non-current trade receivables	-	25,383	-	-	-	-	25,383
Impairment losses	(896)	(522)	(15)	(2,615)	-	-	(4,048)
Depreciation:							
- property, plant and equipment	(553)	(148)	(485)	(129)	-	(234)	(1,549)
- right-of-use assets	(1,341)	-	-	(22)	-	551	(812)
Gain on disposal of property, plant and equipment	40	-	47	-	-	-	87
Finance income	1,817	530	76	67	1,390	(2,887)	993
Finance costs	(526)	(11,093)	-	(7,807)	(81)	2,942	(16,565)
Reversal of impairment losses	-	-	9	-	-	-	9
(Loss)/Profit before taxation	(72)	17,725	885	6,271	8,224	(26,985)	6,048
Income tax expense	-	(4,853)	(168)	(3,277)	(435)	92	(8,641)
(Loss)/Profit after taxation	(72)	12,872	717	2,994	7,789	(26,893)	(2,593)

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
2022							
Assets							
Segment assets	130,368	547,213	15,260	282,244	18,945	(16,874)	977,156
Unallocated asset:							
- current tax assets							6,713
Consolidated total assets							983,869
Additions to non-current assets other than financial instruments are:							
- property, plant and equipment	208	-	384	711	-	-	1,302
Liabilities							
Segment liabilities	121,159	197,410	4,138	141,611	3,240	(7,133)	460,425
Unallocated liabilities:							
- deferred tax liabilities							75,299
- current tax liabilities							1,739
Consolidated total liabilities							537,463

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							
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

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

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
	2022 RM'000	2021 RM'000	
Customer A	61,413	88,844	Construction
Customer B	37,446	-	Construction

30. CAPITAL COMMITMENTS

	The Group	
	2022 RM'000	2021 RM'000
Purchase of property, plant and equipment	967	233

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	
	2022 RM'000	**2021 RM'000**
Effects on (Loss)/Profit After Taxation		
Increase of 100 basis points	(1,638)	(1,468)
Decrease of 100 basis points	1,638	1,468

(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.

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

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

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

The gross carrying amounts of financial assets are written off against the associated 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 difficulties of the receivable;
- A breach of contract, such as a default or past due event;
- Restructuring of a debt in relation to the receivable's financial difficulty;
- It is becoming probable that the receivable will enter bankruptcy or other financial reorganisation.

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

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)

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.

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				
2022				
Current (not past due)	536,454	(1,587)	(257)	534,610
1 to 30 days past due	1,703	-	(206)	1,497
31 to 60 days past due	900	-	(127)	773
More than 60 days but less than a year past due	6,515	-	(2,712)	3,803
Trade receivables	545,572	(1,587)	(3,302)	540,683
Contract assets	143,639	-	-	143,639
	689,211	(1,587)	(3,302)	684,322

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 (Cont'd)

	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

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.

Other Receivables

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

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

Under this approach, the Group assesses whether there is a significant increase in credit risk for receivables by comparing the risk of a default as at the reporting date with the risk of default as at the date of initial recognition. The Group considers there has been a significant increase in credit risk when there are changes in contractual terms or delay in payment. Regardless of the assessment, a significant increase in credit risk is presumed if a receivable is more than 30 days past due in making a contractual payment.

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 (Cont'd)

Inputs, Assumptions and Techniques used for Estimating Impairment Losses (Cont'd)

The Group uses 3 categories to reflect their credit risk and how the loss allowance is determined for each category:-

Category	Definition of Category	Loss Allowance
Performing:	Receivables have a low risk of default and a strong capacity to meet contractual cash flows	12-months expected credit losses
Underperforming:	Receivables for which there is a significant increase in credit risk	Lifetime expected credit losses
Not performing:	There is evidence indicating the receivable is credit impaired or more than 90 days past due	Lifetime expected credit losses

The Group measures the expected credit losses of receivables having significant balances, receivables that are credit impaired and receivables with a high risk of default on individual basis. Other receivables are grouped based on shared credit risk characteristics and assessed on collective basis.

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.

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				
2022				
Low credit risk	11,099	-	(2,114)	8,985
Credit impaired	5,000	(5,000)	-	-
	16,099	(5,000)	(2,114)	8,985

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 (Cont'd)

Allowance for Impairment Losses (Cont'd)

	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

The movements in the loss allowances in respect of other receivables are disclosed in Note 11 to the financial statements.

Fixed Deposits with Licensed Banks, Cash and Bank Balances

The Group considers these banks and financial institutions have low credit risks. Therefore, the Group is of the view that the loss allowance is immaterial and hence, it is not provided for.

Amount Owing by Subsidiaries (Non-trade Balances)

The Company applies the 3-stage general approach to measuring expected credit losses for all inter-company balances.

Inputs, Assumptions and Techniques used for Estimating Impairment Losses

The Company measures the expected credit losses on individual basis, which is aligned with its credit risk management practices on the inter-company balances.

The Company considers loans and advances to subsidiaries have low credit risks. The Company assumes that there is a significant increase in credit risk when a subsidiary's financial position deteriorates significantly. As the Company is able to determine the timing of payments of the loans and advances when they are payable, the Company considers the loans and advances to be in default when the subsidiaries are not able to pay when demanded.

For loans and advances that are repayable on demand, impairment loss is assessed based on the assumption that repayment of the outstanding balances is demanded at the reporting date. If the subsidiary does not have sufficient highly liquid resources when the loans and advances are demanded, the Company will consider the expected manner of recovery to measure the impairment loss; the recovery manner could be either through 'repayable over time' or a fire sale of less liquid assets by the subsidiary.

For loans and advances that are not repayable on demand, impairment loss is measured using techniques that are similar for estimating the impairment losses of other receivables as disclosed above.

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

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)

Amount Owing by Subsidiaries (Non-trade Balances) (Cont'd)

Allowance for Impairment Losses

At the end of the reporting period, there was no indication that the amount owing is not recoverable.

Financial Guarantee Contracts

All of the financial guarantee contracts are considered to be performing, have low risks of default and historically there were no instances where these financial guarantee contracts were called upon by the parties of which the financial guarantee contracts were issued to. Accordingly, no loss allowances were identified based on 12-month expected credit losses.

(c) Liquidity Risk

Liquidity risk arises mainly from general funding and business activities. The Group practises prudent risk management by maintaining sufficient cash balances and the availability of funding through certain committed credit facilities.

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	Interest 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
2022						
Non-derivative Financial Liabilities						
Lease liabilities	4.00 - 5.65	753	798	369	429	-
Lease liabilities (Ijarah)	4.22 - 4.83	480	503	253	250	-
Term loans	4.36	1,437	1,474	1,179	295	-
Islamic financing facilities	3.45 - 6.45	209,119	232,519	17,586	176,675	38,258
Bonds	4.75 - 5.20	100,000	111,751	24,335	87,416	-
Bank overdrafts	4.45 - 7.53	4,925	4,925	4,925	-	-
Trade payables	-	97,506	97,506	97,506	-	-
Other payables and accruals	-	14,924	14,924	14,924	-	-
		429,144	464,400	161,077	265,065	38,258

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 cost payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):- (Cont'd)

The Group	Interest 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

The Company	Interest/Profit Rate %	Carrying Amount RM'000	Contractual Undiscounted Cash Flows RM'000	Within 1 Year RM'000
2022				
Non-derivative financial liabilities				
Other payables and accruals	-	345	345	345
2021				
Non-derivative financial liabilities				
Other payables and accruals	-	304	304	304

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.

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	
	2022 RM'000	**2021 RM'000**
Borrowings (Note 15)	316,714	315,216
Less: Cash and cash equivalents (Note 26(c))	(71,958)	(77,864)
Net debt	244,756	237,352
Total equity	446,406	450,999
Debt-to-equity ratio	0.55	0.53

There was no change in the Group's approach to capital management during the financial year.

31.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Financial Assets				
Amortised Cost	540,683	581,451	-	-
Trade receivables				
Other receivables	8,985	8,905	101	-
Amount owing by subsidiaries	-	-	60,778	46,942
Fixed deposits with licensed banks	41,940	38,151	-	-
Cash and bank balances	52,314	66,582	3,921	9,449
	643,922	695,089	64,800	56,391

31. FINANCIAL INSTRUMENTS (CONT'D)

31.3 CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial Liabilities				
Amortised Cost				
Lease liabilities	753	1,351	-	-
Lease liabilities (Ijarah)	480	711	-	-
Term loans	1,437	2,535	-	-
Islamic financing facilities	209,119	185,852	-	-
Bonds	100,000	120,000	-	-
Bank overdrafts	4,925	4,767	-	-
Trade payables	97,506	84,106	-	-
Other payables and accruals	14,924	8,032	345	304
	429,144	407,354	345	304

31.4 GAINS OR LOSSES ARISING FROM FINANCIAL INSTRUMENTS

	The Group		The Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Financial Assets				
Amortised Cost				
Net (losses)/gains recognised in profit or loss	(3,046)	1,730	1,390	713
Financial Liabilities				
Amortised Cost				
Net losses recognised in profit or loss	16,565	16,068	-	-

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 FAIR VALUE INFORMATION

The fair values of the financial assets and financial liabilities of the Group and of the Company which are maturing within the next 12 months approximated their carrying amounts due to the relatively short-term maturity of the financial instruments or repayable on demand terms.

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				
	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000	Total Fair Value RM'000	Carrying Amount RM'000
The Group					
2022					
Financial Asset					
Trade receivables	-	540,683	-	540,683	540,683
Financial Liabilities					
Lease liabilities	-	753	-	753	753
Lease liabilities (Ijarah)	-	480	-	480	480
Term loans	-	1,437	-	1,437	1,437
Islamic financing facilities	-	209,119	-	209,119	209,119
Bonds	-	100,000	-	100,000	100,000
Bank overdrafts	-	4,925	-	4,925	4,925
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

31. FINANCIAL INSTRUMENTS (CONT'D)

31.5 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 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 Kwasa Development 13 Sdn Bhd ("KD13") for the proposed development on the two parcels of land.

(b) On 26 July 2022, Nadi Cergas Sdn. Bhd. ("NCSB") has accepted the letter of award from Paramount Property Development Sdn. Bhd. involving the designing, execution, construction and completion of the proposed high rise affordable homes development for Kemuning Utama, Selangor comprising 929 units of affordable homes for a total contract value of RM189,790,000.

List of Properties

No	Location	Description/ Existing Use	Area (Sq. Metres)	Tenure	Age of Building (Years)	Carrying Amount as at 31/12/2022 (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	9	4,851	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	9	4,784	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	16	1,098	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	16	1,098	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	-	57,476	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	-	19,532	2020
9	Lot 93270, GRN 338148, Mukim Damansara, Daerah Petaling, Selangor.	Land under development	Land area: 42,480.00	Freehold	-	28,627	2020

Analysis of Shareholdings

as at 31 March 2023

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	Percentage of Shares (%)
1 – 99	2	100	0.000
100 - 1,000	176	107,900	0.014
1,001 - 10,000	262	1,625,200	0.215
10,001 - 100,000	315	13,318,600	1.768
100,001 to less than 5% of issued shares	174	184,948,200	24.561
5% and above of issued shares	2	553,000,000	73.439
Total	931	753,000,000	100.000

SUBSTANTIAL SHAREHOLDERS AS AT 31 MARCH 2023

(This is an aggregation of securities from different securities accounts belonging to the same registered holder)

		No. of Shares held		No. of Shares held	
No.	Name of Substantial Shareholders	Direct	Percentage (%)	Indirect	Percentage (%)
1	SUBAHAN BIN KAMAL	51,083,337	6.783	-	-
2	WAN AZMAN BIN WAN KAMAL	501,916,663	66.655	-	-
	Total	553,000,000	73.439	-	-

DIRECTORS' INTERESTS IN SHARES AS AT 31 MARCH 2023

(This is an aggregation of securities from different securities accounts belonging to the same registered holder)

		No. of Shares held		No. of Shares held	
No.	Name of Directors	Direct	Percentage of shares held (%)	Indirect	Percentage of shares held (%)
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	73.625	-	-

Analysis of Shareholdings

as at 31 March 2023

LIST OF TOP 30 LARGEST SECURITIES ACCOUNTS HOLDERS

(Without aggregating securities from different securities accounts belonging to the same registered holder)

No.	Name of Shareholders	No. of Shares	Percentage of shares held (%)
1	WAN AZMAN BIN WAN KAMAL	194,362,540	25.811
2	WAN AZMAN BIN WAN KAMAL	102,518,041	13.614
3	WAN AZMAN BIN WAN KAMAL	102,518,041	13.614
4	WAN AZMAN BIN WAN KAMAL	102,518,041	13.614
5	SUBAHAN BIN KAMAL	30,219,419	4.013
6	SUBAHAN BIN KAMAL	20,863,918	2.770
7	LIM ENG KEONG	19,600,000	2.602
8	SERI DELIMA ANGGUN SDN. BHD.	18,940,000	2.515
9	LOO TANG KIM	9,870,000	1.310
10	CHONG NGU CHONG	9,569,500	1.270
11	RHB NOMINEES (TEMPATAN) SDN BHD OOI TENG KOK	9,337,800	1.240
12	CHONG NGU CHONG	6,654,100	0.883
13	JENNY WONG	6,393,600	0.849
14	DAVID LIM KERN YEN	3,445,000	0.457
15	CHONG SHEN CHONG	2,815,000	0.373
16	UOB KAY HIAN NOMINEES (TEMPATAN) SDN BHD EXEMPT AN FOR UOB KAY HIAN PTE LTD (A/C CLIENTS)	2,500,000	0.332
17	SAW LIP HEAN	2,426,100	0.322
18	CHONG FUN LING	2,310,000	0.306
19	CHONG YAW TING	2,218,000	0.294
20	CHANG AH KAU @ CHONG HON CHONG	2,200,000	0.292
21	CHONG YAW WEN	2,030,000	0.269
22	KHAW CHONG JIN	2,030,000	0.269
23	LIM SHI JIA	2,028,000	0.269
24	SAW HOAY THENG	1,935,000	0.256
25	LIM YOKE CHIN	1,900,000	0.252
26	BO CHUN PING	1,850,000	0.245
27	LIEW CHOOI LYNN	1,773,000	0.235
28	NIK PA'EZAH BINTI ISMAIL	1,720,500	0.228
29	CHONG YAW WOO	1,700,000	0.225
30	CHONG FUN LING	1,620,400	0.215
	Total	**669,866,000**	**88.959**

Notice of the Annual General Meeting

for the financial year ended 31 December 2022

NOTICE IS HEREBY GIVEN that the Sixth Annual General Meeting ("6th AGM") of Gagasan Nadi Cergas Berhad ("the Company") to be conducted on a fully virtual basis by way of live streaming and online remote voting through the online meeting platform of TIIH Online using Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at https://tiih.online or http://tiih.com.my (Domain Registration No. with MYNIC: D1A282781) on **Wednesday, 7 June 2023** 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 2022 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. Chng Boon Huat **(Ordinary Resolution 1)**
   ii. Professor Emerita Siti Naaishah Bt. Hambali **(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 2023:
   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, with or without modifications, the following resolutions:-

6. **WAIVER OF PRE-EMPTIVE RIGHTS PURSUANT TO SECTION 85 OF THE COMPANIES ACT, 2016** **(Special Resolution 1)**

   "THAT the shareholders of the Company do hereby waive their statutory pre-emptive rights to be offered new shares ranking equally to the existing issued shares of the Company pursuant to Section 85 of the Companies Act, 2016 ("the Act"), read together with Clause 15 of the Company's Constitution.

   THAT the Directors be and are hereby authorised to issue any new shares (including rights or options over subscription of such shares) and with such preferred, deferred, or other special rights or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, for such consideration and to any person as the Directors may determine subject to passing Ordinary Resolution 9 – Authority to Issue and Allot Shares of the Company pursuant to Sections 75 and 76 of the Act."
   [Please refer to Note (f)]

7. **PROPOSED RENEWAL OF AUTHORITY TO ISSUE AND ALLOT SHARES PURSUANT TO SECTIONS 75 AND 76 OF THE COMPANIES ACT, 2016** **(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 10% of the total number of issued shares (excluding any treasury shares) of the Company for the time being ("Proposed Mandate").

THAT such approval on the Proposed 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.

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 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 Mandate."
[Please refer to Note (g)]

8. 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

Lim Hooi Mooi (SSM PC No. 201908000134) (MAICSA No. 0799764)
Ong Wai Leng (SSM PC No. 202208000633) (MAICSA No. 7065544)
Nadiah Ili Binti Adnan (SSM PC No. 202008001698) (MAICSA No. 7062952)

Company Secretaries
28 April 2023
Kuala Lumpur

NOTES: -

1. The Company's Annual General Meeting ("AGM") will be conducted on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities via Tricor Investor & Issuing House Services Sdn Bhd's ("**Share Registrar**", "**Tricor**" or "**TIIH**") Online websites 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 6th AGM in order to register, participate and vote remotely via the RPV facilities.

   A fully virtual general meeting is conducted online in line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Listed Issuers issued by Securities Commission Malaysia and Section 327(2) of the Companies Act 2016 where all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are required to participate the meeting via 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 30 May 2023** 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 6th 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) In hard copy form

   In the case of an appointment made in hard copy form, the Proxy Form 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) **By Electronic Form**

   The Proxy Form can be electronically lodged via **TIIH Online** website at https://tiih.online. Please refer to the Administrative Guide for the 6th AGM on the procedure for electronic lodgement of Proxy Form via TIIH Online.

10. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.

11. Last date and time for lodging the Proxy Form is on **Monday, 5 June 2023** 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.

Explanatory Notes:

a. Agenda No. 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 with the assistance of the Company Secretaries, had conducted a Board effectiveness Assessment ("BEA") of the Directors, in the areas of performance, contribution to interaction, quality of input, understanding of their roles and independence of Independent Directors, including fit and proper assessment.

Based on the results of the BEA for the financial year 2022, the Board approved the NC's recommendation on the re-election of Chng Boon Huat and Professor Emerita Siti Naaishah Bt. Hambali who are due to retire at the 6th AGM in accordance with Clause 125 of the Company's Constitution based on the following justifications:

- They have relevant mix of experience, skills, industry knowledge on finance and law requirements, expertise and core competency that is beneficial to the Company.
- They have met the fit and proper criteria as stated in the Directors' Fit and Proper Policy in discharging their roles and responsibilities.
- They are unafraid to pursue views or opinions on issues presented.
- They devote adequate time in discharging their duties and responsibilities as Directors, work constructively with other Board members, attend meetings with well preparation and add values to Board meetings.

c. Ordinary Resolutions No. 3 to 6

Resolutions no. 3 to 5 are to facilitate payment of Directors' fees for the financial year ending 31 December 2023, while resolution no. 6 is to facilitate payment of additional Directors' fees for the financial year ending 31 December 2023 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 2024. 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 18 April 2023 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. Special Resolution No. 1

The Special Resolution is pertaining to the waiver of pre-emptive rights granted to the shareholders pursuant to Section 85 of the Companies Act, 2016. By voting in favour of the Special Resolution, the shareholders of the Company would be waiving their statutory pre-emptive rights. The Special Resolution, if passed, would allow the Directors to issue new shares to any person under the Proposed Mandate without having to offer the new Company shares to be issued equally to all existing shareholders of the Company prior to issuance.

g. 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 10% of the total number of issued shares (excluding treasury shares) of the Company for the time being ("Proposed Mandate").

The authority for the Proposed 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 purpose of this Proposed 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 Proposed Mandate pursuant to Sections 75 and 76 of the Companies Act 2016 which was approved by the shareholders at the 5th AGM held on 30 May 2022 and will lapse at the conclusion of the 6th AGM to be held on 7 June 2023. 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 Proposed 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(2) 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 Mr. Chng Boon Huat and Professor Emerita Siti Naaishah Hambali ("Retiring Directors").

   The details of the Retiring Directors who are standing for re-election as per Agenda 2 of the Notice of 6th AGM are as follows:

   I. **CHNG BOON HUAT**
   (Independent Non-Executive Director)

   Nationality | Malaysian
   Age | 63
   Gender | Male
   Date of Appointment | 15 September 2017
   Length of Tenure (as at 15 March 2023) | 5 years 6 months

   MEMBERSHIP OF BOARD COMMITTEES
   - Chairman of Audit and Risk Management Committee
   - Member of Remuneration Committee
   - Member of Nomination Committee

   QUALIFICATION
   - Fellow Member of The Association of Chartered Certified Accountants, United Kingdom
   - Chartered Accountant of the Malaysian Institute of Accountants (MIA)

   OTHER DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ENTITIES
   - Independent Non-Executive Director of Atrium REIT Managers Sdn Bhd (the manager of Atrium REIT)

   RELEVANT EXPERIENCE
   Chng Boon Huat was appointed as an Independent Non-Executive Director of Gagasan Nadi Cergas Berhad on 15 September 2017.

   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.

   Chng Boon Huat possess relevant qualification, knowledge and experience which complement the current Board's competencies. The Board is of the opinion that he has exercised due care and carried out his professional duties proficiently during their tenure as Independent Non-Executive Directors and remains objective and independent in expressing his view and participating in Board's deliberation and decision-making process.

   Chng Boon Huat has no family relationship with other Directors and/or major shareholders of Gagasan Nadi Cergas Berhad, and has no conflict of interest.

   The Board hereby recommends the re-election of Chng Boon Huat as an Independent Non-Executive Director of the Company for shareholders' approval.

II. **PROFESSOR EMERITA SITI NAAISHAH HAMBALI**
(Independent Non-Executive Director)

Nationality | Malaysian
Age | 68
Gender | Female
Date of Appointment | 15 September 2017
Length of Tenure (as at 15 March 2023) | 5 years 6 months

MEMBERSHIP OF BOARD COMMITTEES
- Member of Audit and Risk Management Committee
- Chairman of Remuneration Committee
- Member of Nomination Committee

QUALIFICATION
- Master of Comparative Laws Degree from the International Islamic University, Malaysia
- Bachelor of Law Degree from the University of Malaya

OTHER DIRECTORSHIPS IN PUBLIC COMPANIES AND LISTED ENTITIES
- Nil

RELEVANT EXPERIENCE

Professor Emerita Siti Naaishah Hambali was appointed as an Independent Non-Executive Director of Gagasan Nadi Cergas Berhad on 15 September 2017.

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. Professor Emerita Siti Naaishah Hambali possess relevant qualification, knowledge and experience which complement the current Board's competencies. The Board is of the opinion that she has exercised due care and carried out his professional duties proficiently during their tenure as Independent Non-Executive Directors and remains objective and independent in expressing his view and participating in Board's deliberation and decision-making process.

Professor Emerita Siti Naaishah Hambali has no family relationship with other Directors and/or major shareholders of Gagasan Nadi Cergas Berhad, and has no conflict of interest.

The Board hereby recommends the re-election of Professor Emerita Siti Naaishah Hambali as an Independent Non-Executive Director of the Company for shareholders' approval.

2. Proposed Mandate for issue of securities

Kindly refer to the Explanatory Notes (g) on Special Business – Proposed Renewal of Authority to Issue and Allot Shares pursuant to Sections 75 and 76 of the Companies Act 2016.

GAGASAN NADI CERGAS
BERHAD 201701024800 (1238966-U)

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 Sixth Annual General Meeting ("6th AGM") of the Company to be conducted on a fully virtual basis by way of live streaming and online remote voting through the online meeting platform of TIIH Online using Remote Participation and Voting ("RPV") facilities provided by Tricor Investor & Issuing House Services Sdn Bhd via its website at https://tiih.online or http://tiih.com.my (Domain Registration No. with MYNIC: D1A282781) on **Wednesday, 7 June 2023** 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 Chng Boon Huat as Director of the Company.		
Ordinary Resolution 2	To re-elect Professor Emerita Siti Naaishah Bt. Hambali 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 2023.		
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 2023.		
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 2023.		
Ordinary Resolution 6	To approve the payment of additional Directors' fees amounting to RM140,000.00 in respect of financial year ending 31 December 2023.		
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.		
Special Resolution 1	Waiver of Pre-Emptive Rights under Section 85 of the Companies Act, 2016.		
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 ______________ 2023.

____
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: -

1. The Company's Annual General Meeting ("AGM") will be conducted on a fully virtual basis through live streaming and online remote voting using the Remote Participation and Voting ("RPV") facilities via Tricor Investor & Issuing House Services Sdn Bhd's ("**Share Registrar**", "**Tricor**" or "**TIIH**") Online 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 6th AGM in order to register, participate and vote remotely via the RPV facilities.

   A fully virtual general meeting is conducted online in line with the revised Guidance Note and Frequently Asked Questions on the Conduct of General Meetings for Lited Issuers issued by Securities Commission Malaysia and Section 327(2) of the Companies Act 2016 where all meeting participants including the Chairman of the meeting, board members, senior management and shareholders are required to participate the meeting via 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 30 May 2023** 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.
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 6th AGM.

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AFFIX
STAMP

GAGASAN NADI CERGAS BERHAD
Unit 32-01, Level 32 Tower A, Vertical
Business Suite Avenue 3, Bangsar
South No. 8, Jalan Kerinchi 59200
Kuala Lumpur

Fold
Here

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) In hard copy form

   In the case of an appointment made in hard copy form, the Proxy Form 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) By Electronic Form

   The Proxy Form can be electronically lodged via TIIH Online website at https://tiih.online. Please refer to the Administrative Guide for the 6th AGM on the procedure for electronic lodgement of Proxy Form via TIIH Online.
10. Please ensure ALL the particulars as required in the Proxy Form are completed, signed and dated accordingly.
11. Last date and time for lodging the Form of Proxy is on **Monday, 5 June 2023 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.

GAGASAN NADI CERGAS
BERHAD 201701024800(1238966-U)

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Reuters: GAGA.KL

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